



RAND 4.0 Report: What the Hospital Price Transparency Study Reveals About Kentucky and Southern Indiana

A KHC Webinar | July 26, 2022

Welcoming Remarks



Jenny Goins, SPHR, MA

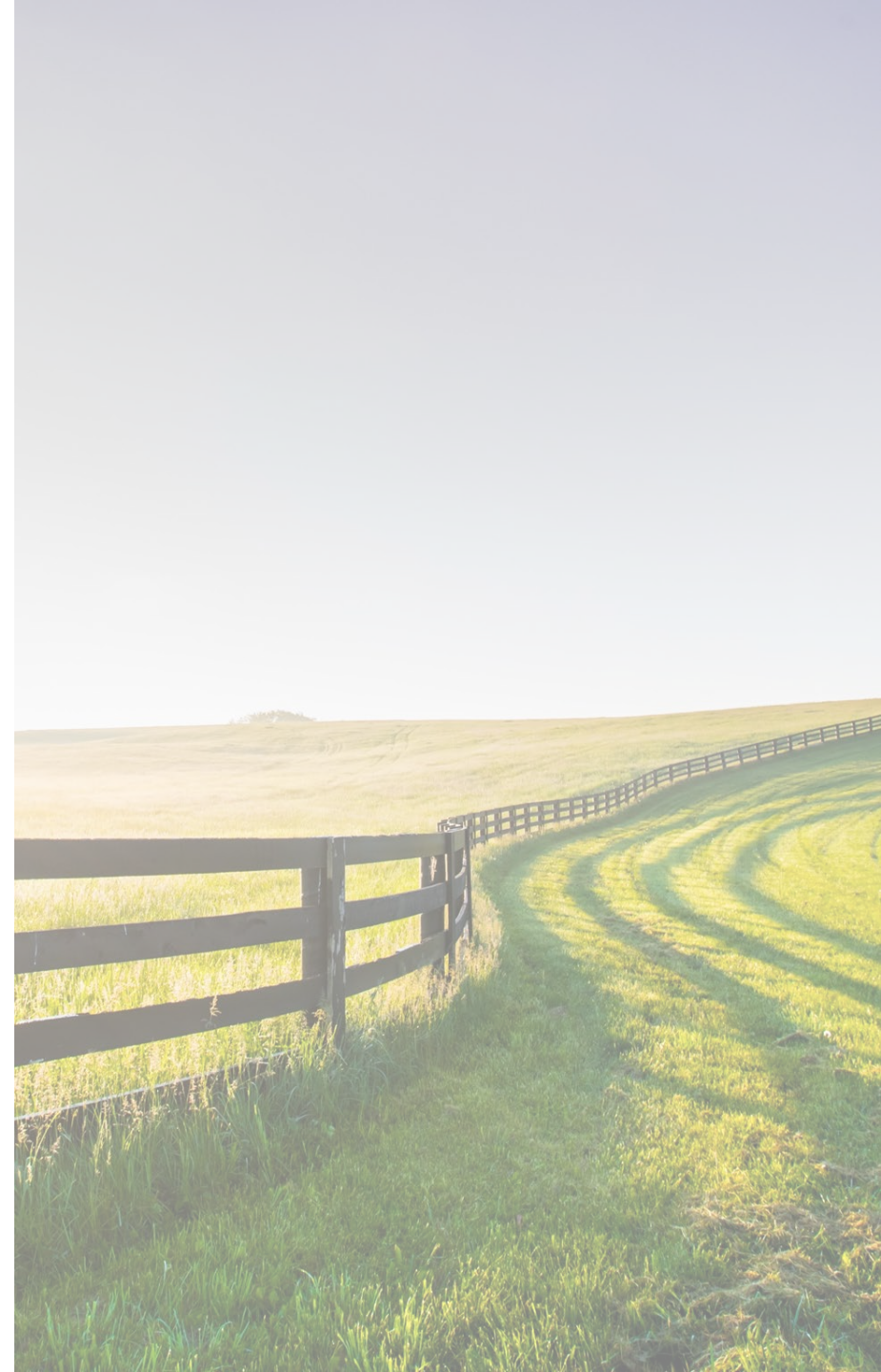
President and CEO

Kentuckiana Health Collaborative

Webinar Agenda

- **About the RAND Hospital Price Transparency Studies**
- **Kentucky and Southern Indiana Study Results**
- **Upcoming Plans for RAND Studies**
- **Sage Transparency Hospital Value Dashboard**
- **Q&A**

**RAND Hospital
Price
Transparency
Studies**



The Challenge:

Throughout America, we spend large amounts of dollars in healthcare each year.

Employer-sponsored plans cover half of Americans

\$1.2 trillion

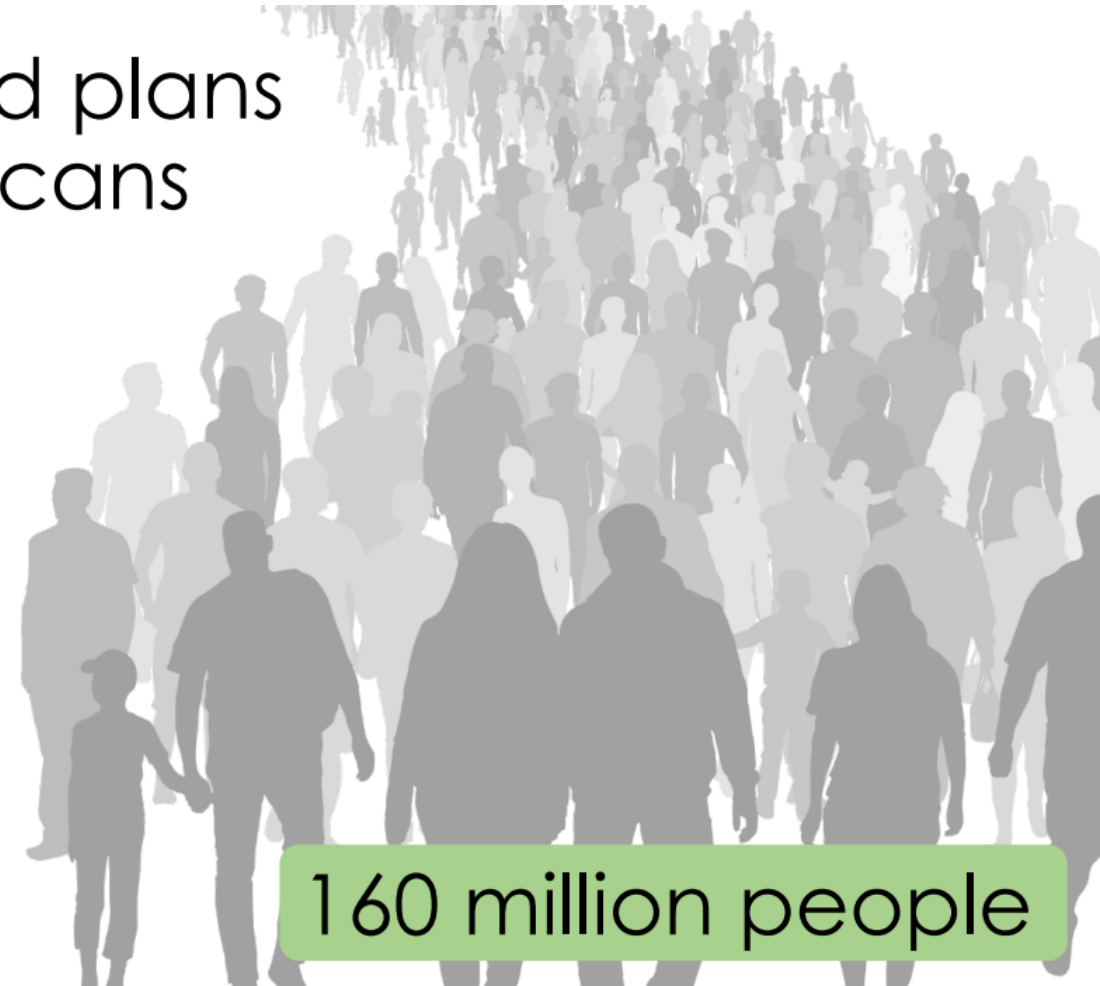
healthcare costs in 2019

\$434 billion

hospital costs in 2019

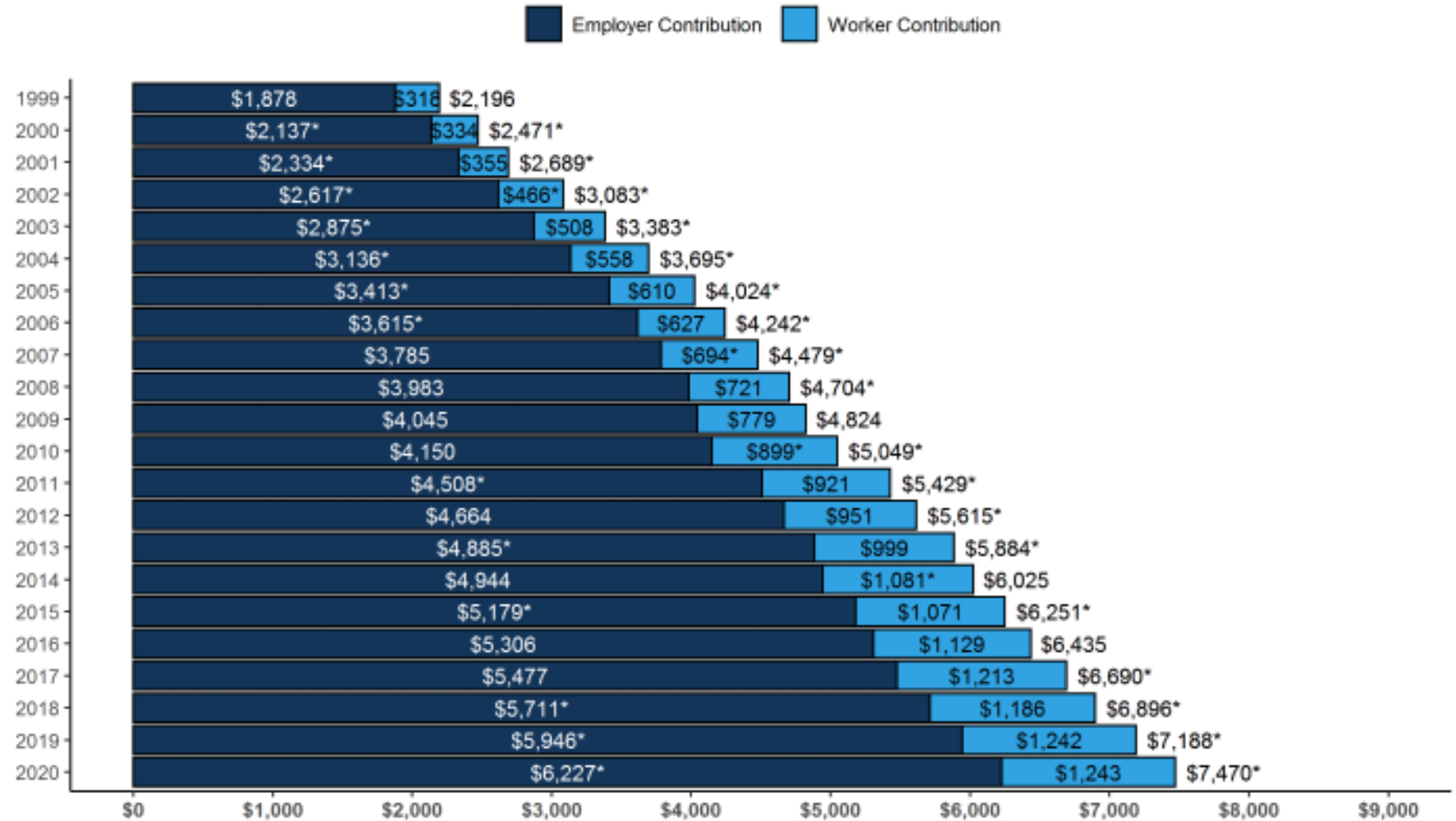
160 million people

Source: Christopher Whaley, RAND Corporation



The Challenge:
 Employer premiums have risen, and so have employee contributions.

Figure 6.4
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999-2020

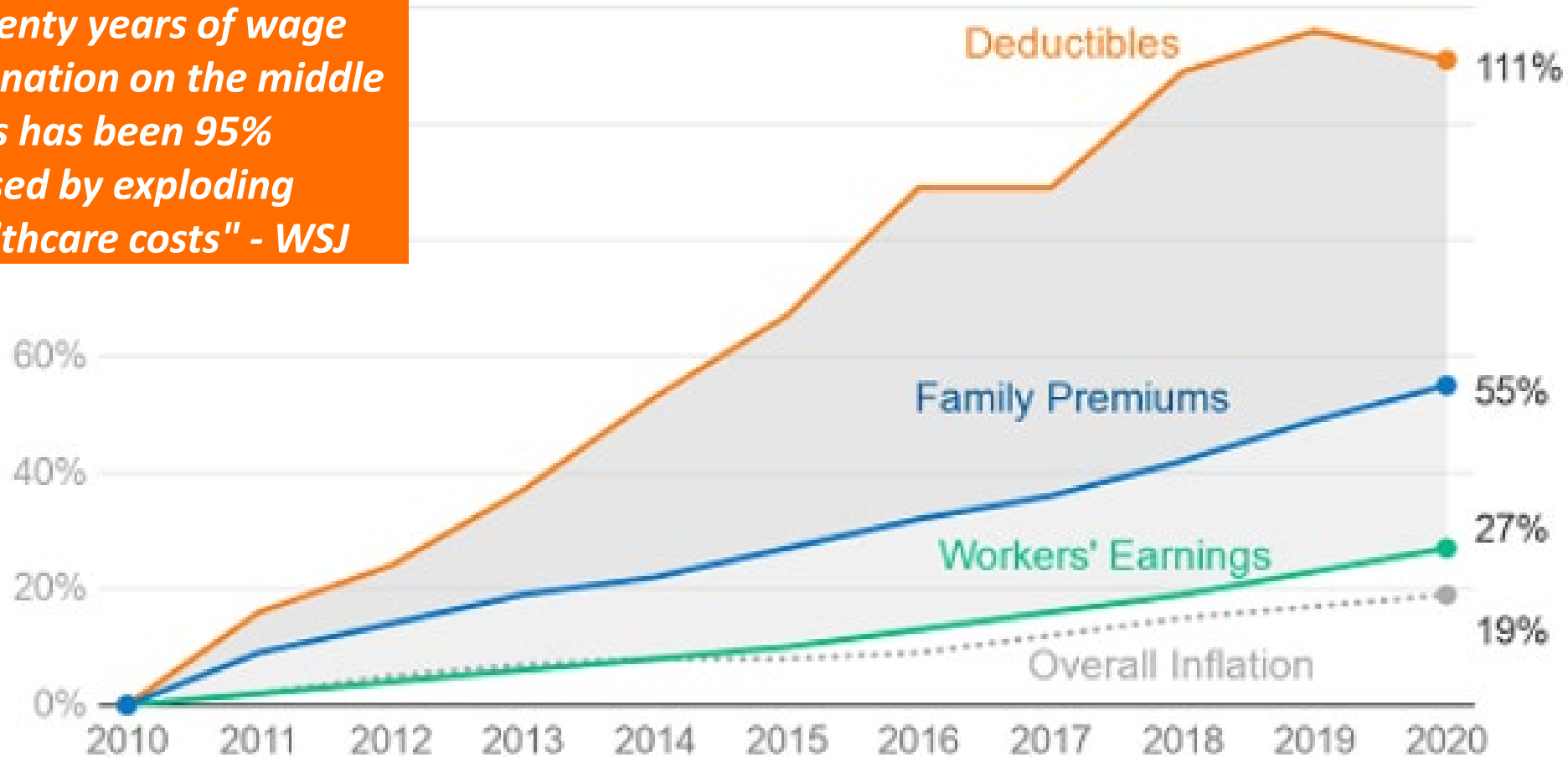


* Estimate is statistically different from estimate for the previous year shown (p < .05).

SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

The Challenge: Employer premiums and deductibles have risen much faster than wages since 2010.

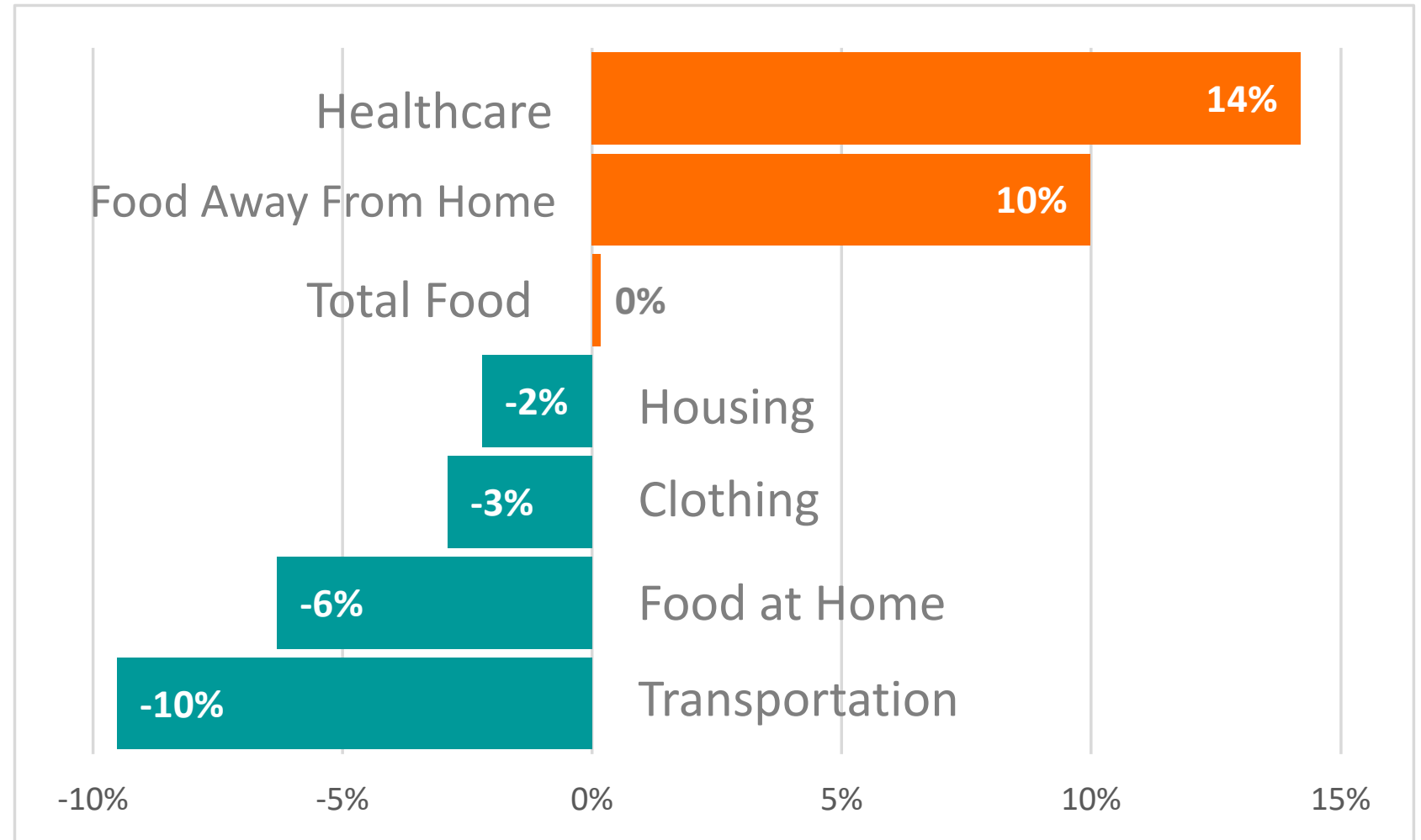
“Twenty years of wage stagnation on the middle class has been 95% caused by exploding healthcare costs” - WSJ



Source: KFF Employer Health Benefits Survey, 2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010 and 2015: <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>

The Challenge:
When families spend more money on healthcare, they have less to spend on other necessities.

Percent change in middle income households' spending on basic needs (2013-2018)



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey

RAND Study Background

In an effort to create transparent hospital pricing, Employers' Forum of Indiana and RAND Corporation have worked together since 2017 to compile claims data to compare hospital prices across the country.

RAND Study Background

	Pilot (2017)	Round 2 (2019)	Round 3 (2020)	Round 4 (2022)
States Included	Indiana	25 states	49 states	49 states plus D.C.
Data Source	Employers	Employers Health plans 2 APCDs	Employers Health plans 6 APCDs	Employers Health plans 11 APCDs
Fee Types	Facility Fees	Facility fees Inpatient/outpatient fees	Facility fees Inpatient/outpatient fees Professional fees	Facility fees Inpatient/outpatient fees Professional fees
Calculation Types	Relative Prices	Relative Prices Standardized prices	Relative Prices Standardized prices Service-line prices	Relative Prices Standardized prices Service-line prices ASC prices COVID hospitalizations

Hospital Prices Measured in Two Ways

$$\text{Relative Prices} = \frac{\text{Allowed Amount}}{\text{Simulated Medicare Allowed Amount}}$$

Adjusted for:

- Casemix
- Local wages
- Teaching
- Uncompensated care

Comparable across service lines

$$\text{Standardized Prices} = \frac{\text{Allowed Amount}}{\text{Casemix weights}}$$

Adjusted for

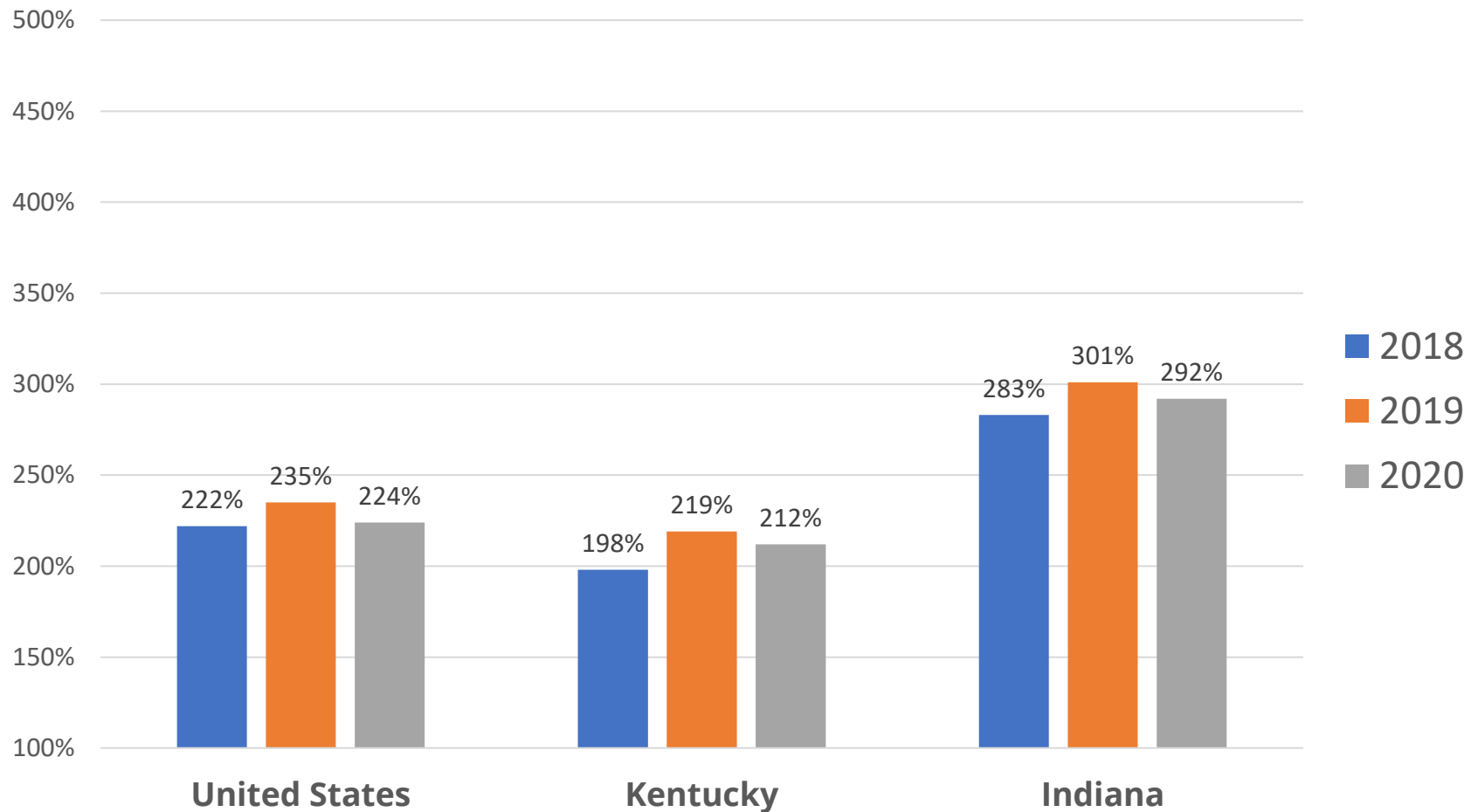
- Casemix

Not comparable across service lines

Why are the studies done this way?

- Allows for comparison on an apples-to-apples basis
- Medicare prices and methods are empirically based and transparent
- What is actually being paid, not what is being charged
- Large set of data (getting larger every round)

Trends in Overall Relative Price



New to the 2022 Study

- Prices for common COVID-19 hospitalizations
- More data from APCDs
- Ambulatory Surgery Center (ASC) data
- Leapfrog Safety Grade data

RAND 4.0 Key Takeaways

- Wide variation in hospital prices across states and within states
 - State overall relative prices range from 147% to 321%
- Facility fees are much higher than professional fees
- Prices for ASCs lower than hospital-based outpatient departments
- Prices for COVID hospitalizations mirror inpatient prices

Download the Report and Supplemental Data

The screenshot shows the RAND Corporation website interface. At the top, there is a navigation bar with the RAND logo and tagline 'OBJECTIVE ANALYSIS. EFFECTIVE SOLUTIONS.' on the left. The navigation menu includes 'About', 'RAND Campaign', 'Press Room', and 'Events'. A secondary menu features 'RESEARCH', 'LATEST INSIGHTS', 'POLICY EXPERTS', 'CAPABILITIES', and 'GRADUATE SCHOOL'. On the right, there are language options for '中文(简体)' and 'العربية', and a 'Sign' button. A search bar is also present.

Below the navigation, the breadcrumb trail reads: 'RAND > Published Research > Research Reports >'. The main content area features a large heading: 'Prices Paid to Hospitals by Private Health Plans' with a subtitle: 'Findings from Round 4 of an Employer-Led Transparency Initiative'. The authors are listed as 'by Christopher M. Whaley, Brian Briscoombe, Rose Kerber, Brenna O'Neill, Aaron Kofner'. Related topics include 'Employer Sponsored Health Insurance', 'Health Care Costs', 'Health Insurance Markets', and 'Medicare'. There are icons for 'Citation', 'Synopsis (print-friendly)', 'Embed', and 'View related products'. Social media icons for Facebook, Twitter, and LinkedIn are also visible.

To the right of the main text is a thumbnail of the report cover with a 'Read Online' button. Further right is a 'DOWNLOAD EBOOK FOR FREE' section with a table:

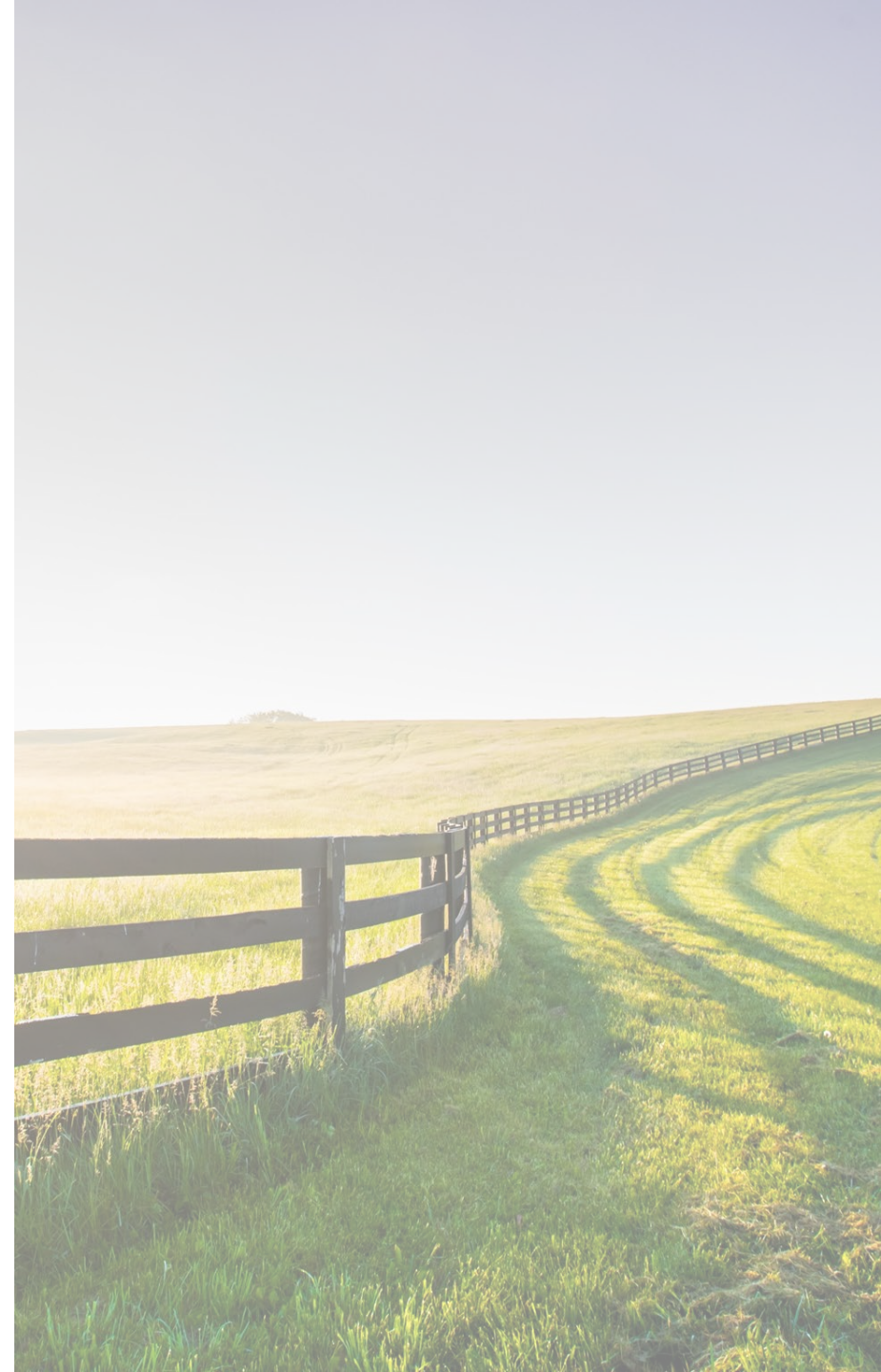
Format	File Size	Notes
PDF file	3.1 MB	Technical Details »

Below this is a 'DOWNLOAD SUPPORT FILES' section with another table:

Format	File Size	Notes
zip file	3.3 MB	Technical Details »

www.rand.org/health-care/projects/price-transparency.html

Kentucky and Southern Indiana Study Results



Study Results Summary

U.S. hospital prices for private insurance is:

224%

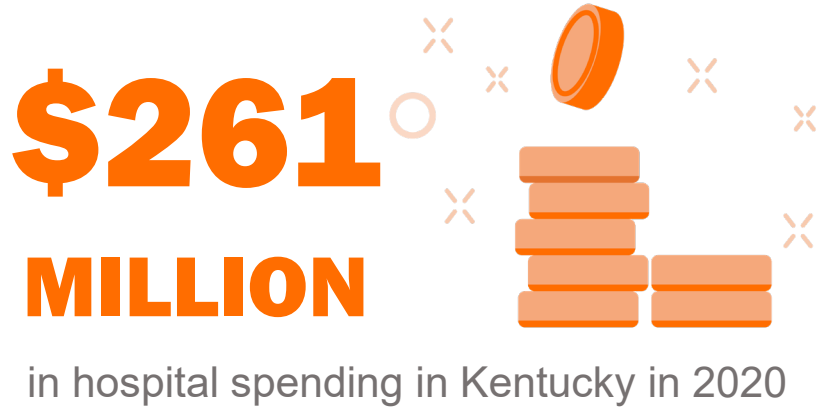
of Medicare prices for the same services

In Kentucky, prices are:

212%

of Medicare prices, lower than the national average

Scope of 2022 Study in Kentucky



Compared to \$474 million in most recent year of the previous study

85

Facilities with at least inpatient or outpatient data

84

Last study:

76

Facilities with overall relative price (both inpatient AND outpatient)

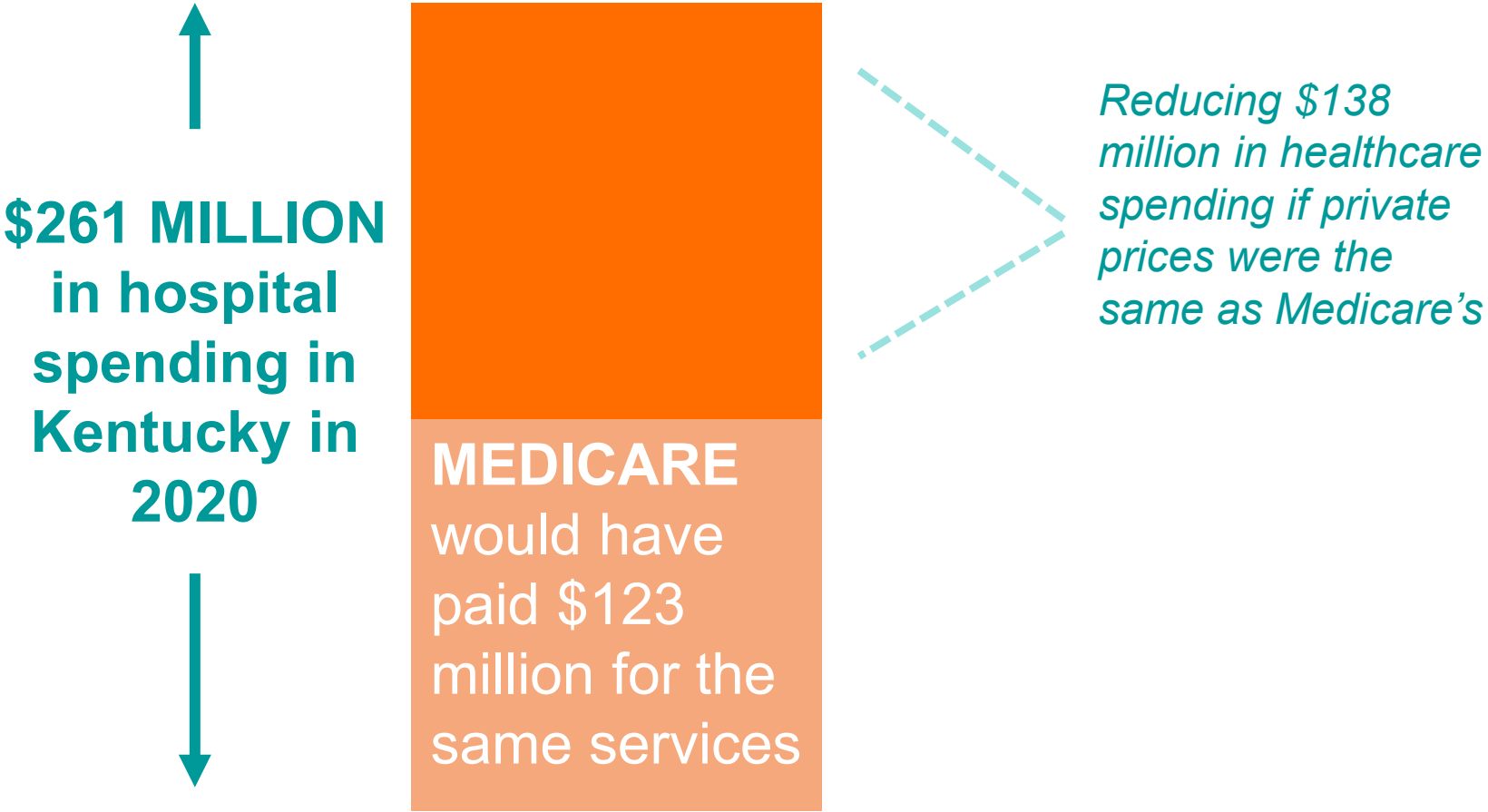
65

22

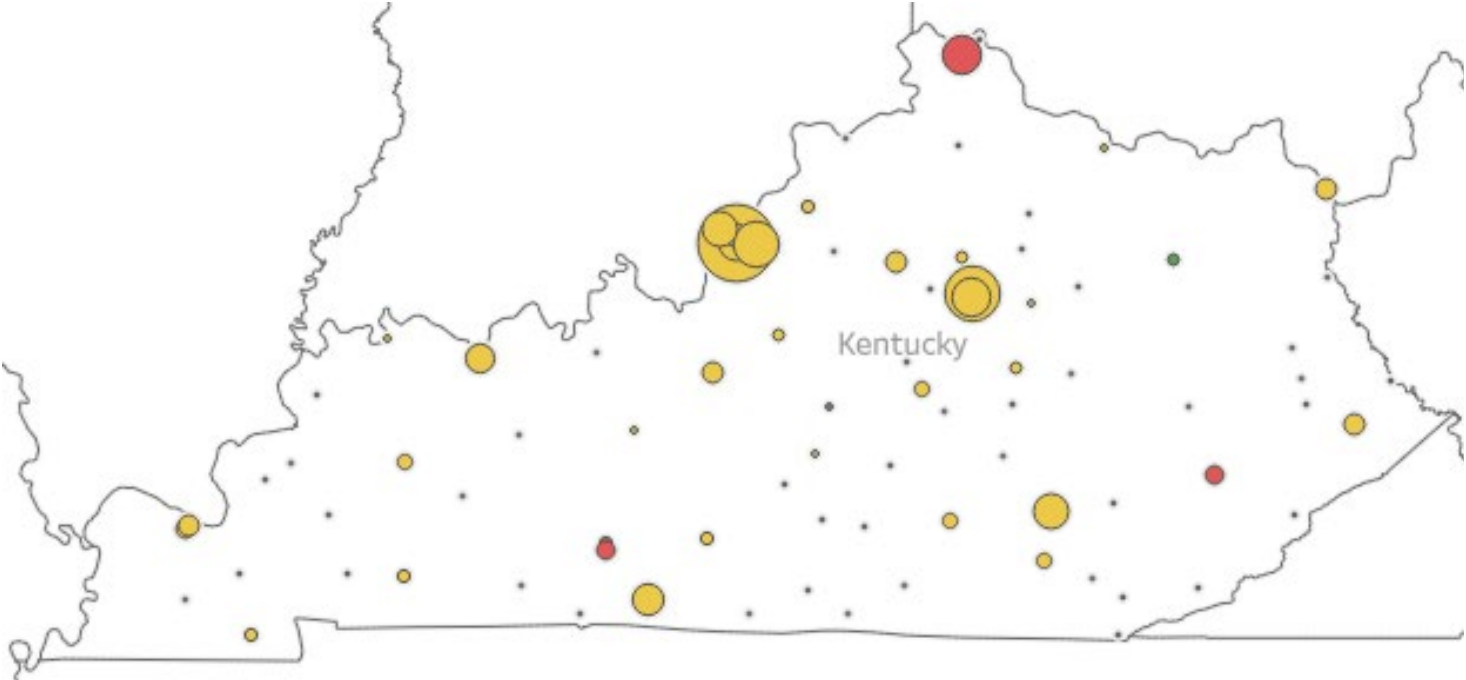
Systems with data from facilities rolled up

20

Scope of 2022 Study in Kentucky

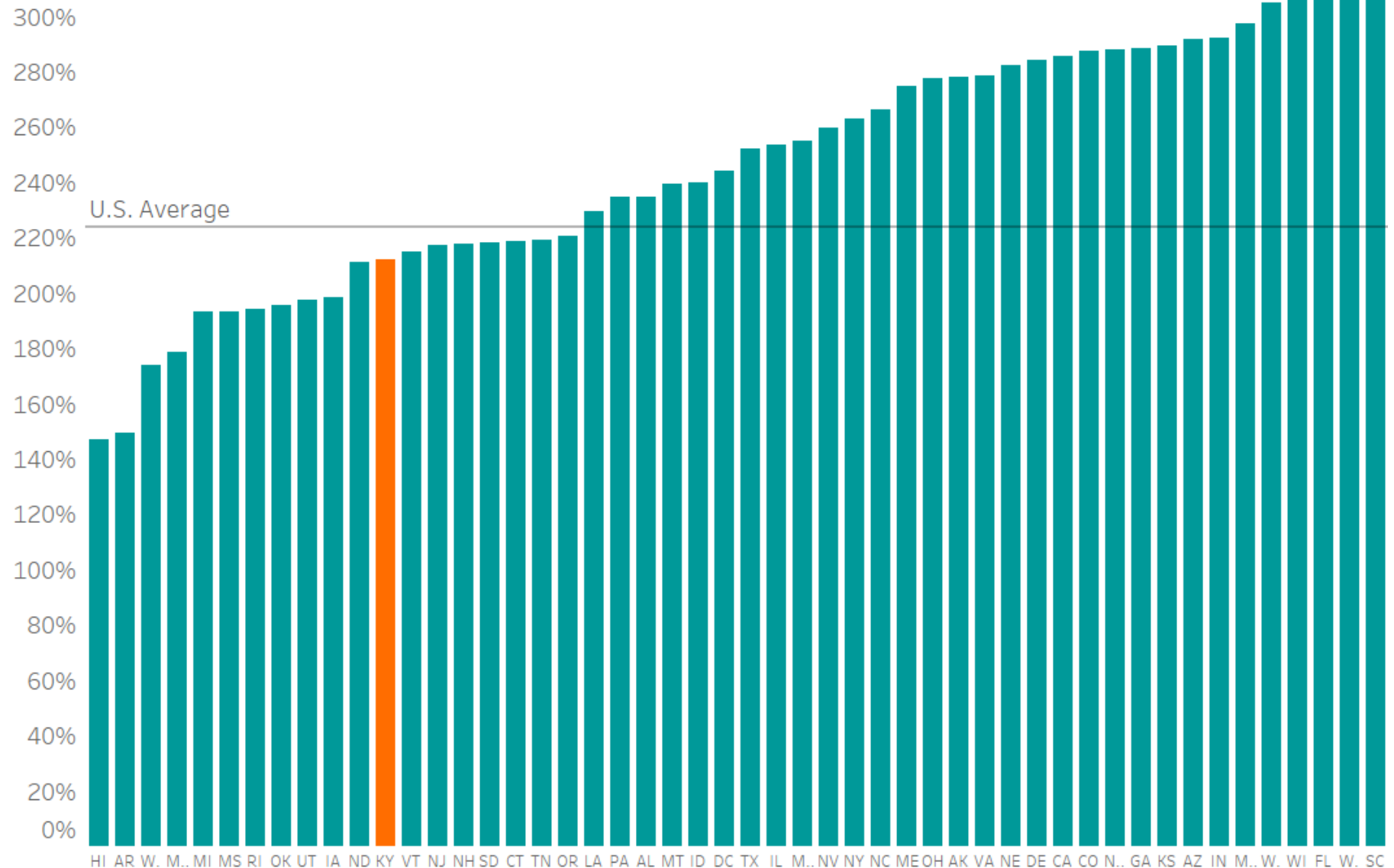


Scope of 2022 Study in Kentucky and Southern Indiana



- Less than 150%
- 150%-250%
- More than 250%

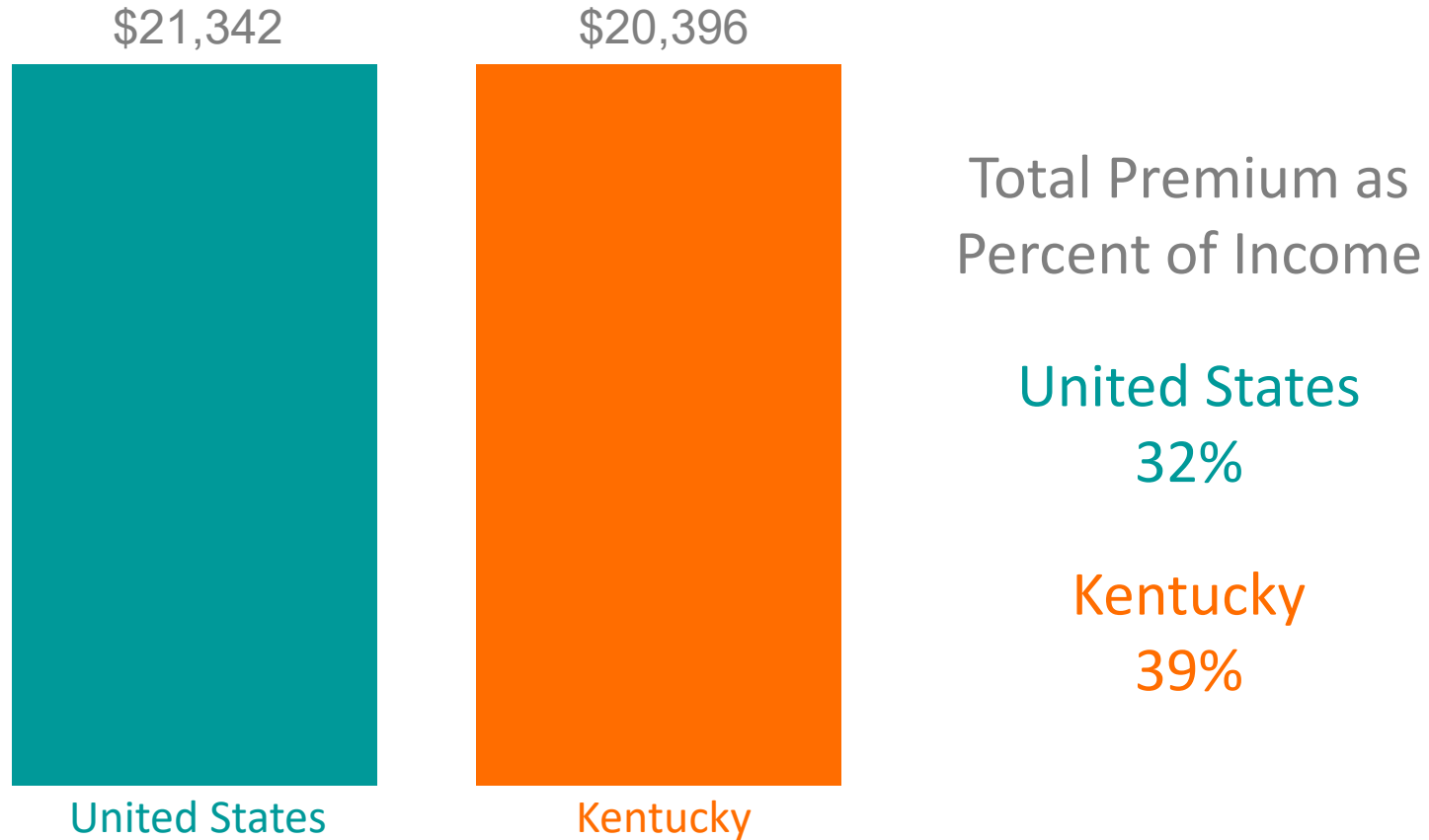
Kentucky ranks 12th lowest in price of the 50 states (49 states and Washington, DC) in the study.



AVERAGE DOES NOT MEAN EQUAL FAMILY BURDEN.

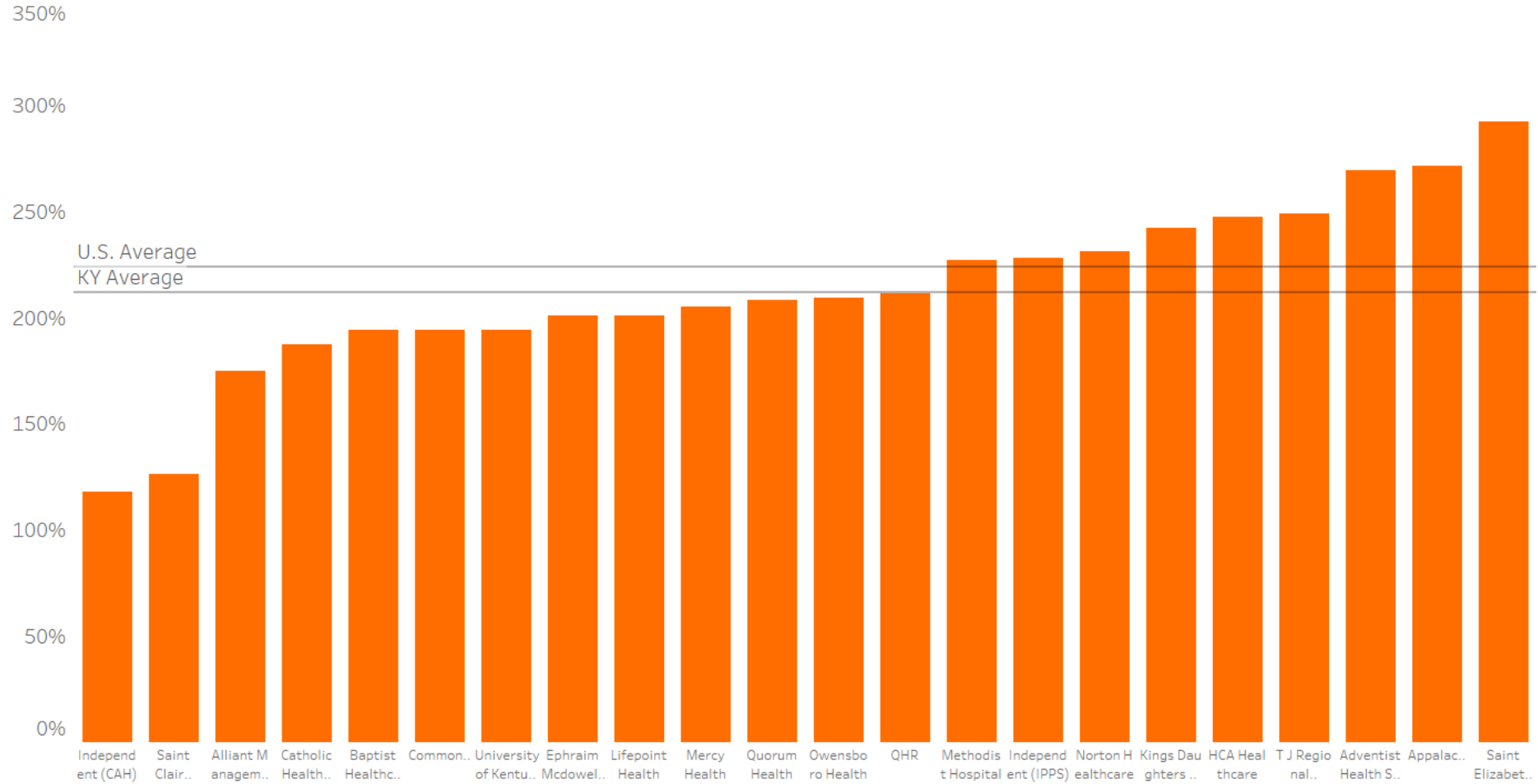
Increase in Employer Premiums Cause Wage Stagnation and Cost Shifting to Workers.

Employer and Employee Total Family Premium (2020)



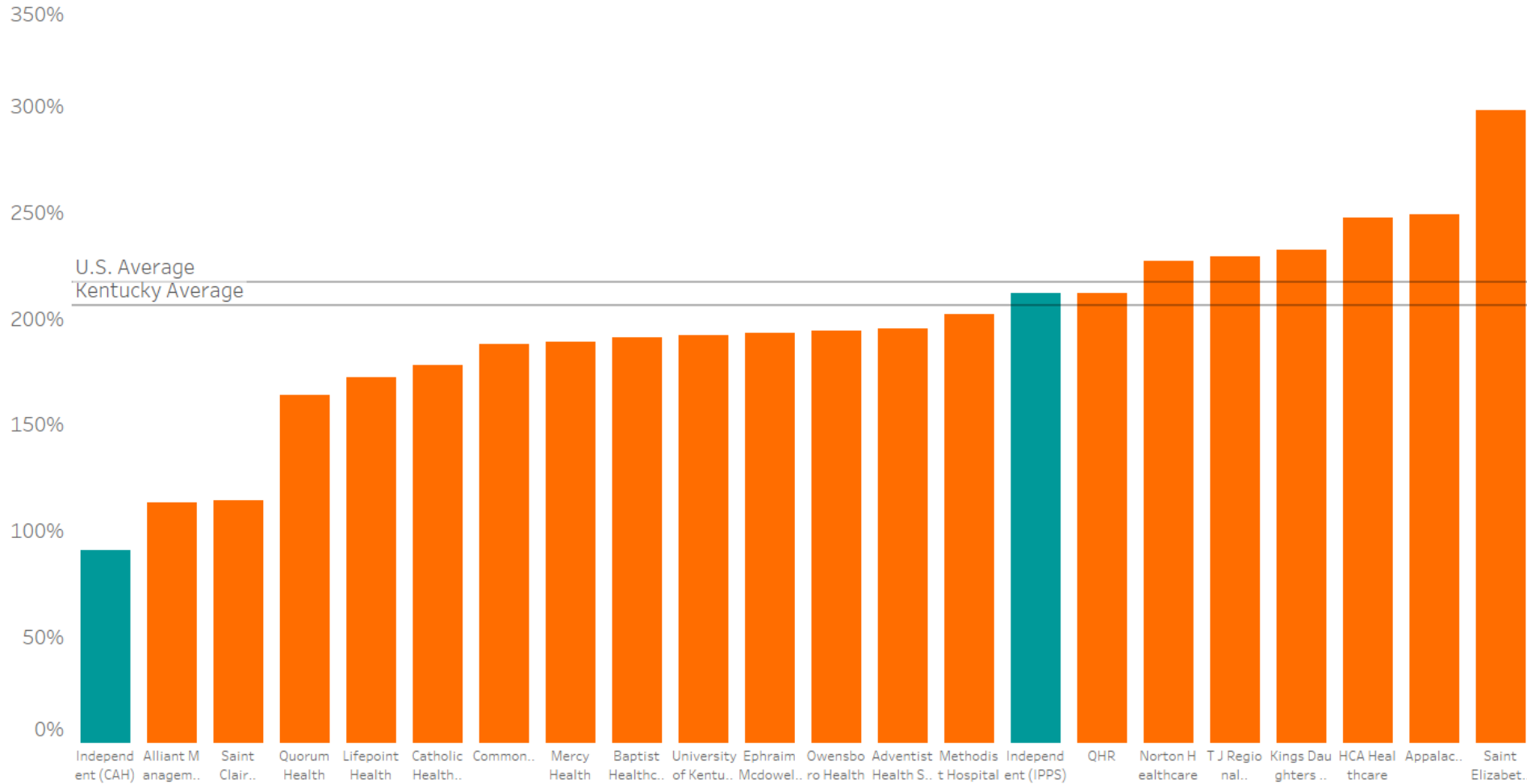
Overall Prices Relative to Medicare

**Kentucky's
systems
range from
118% to
292%.**



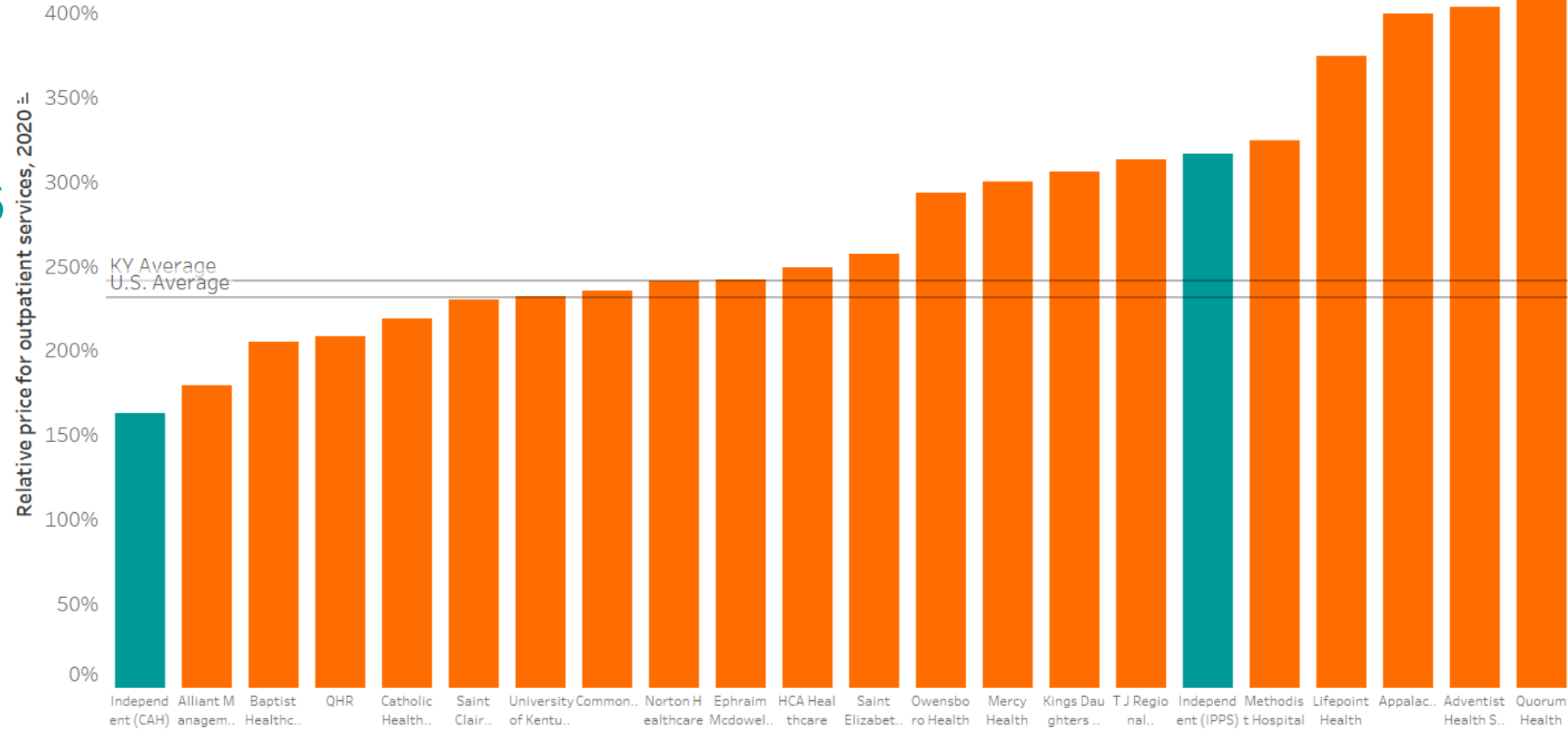
Inpatient Prices

Kentucky's systems range from 91% to 212%.

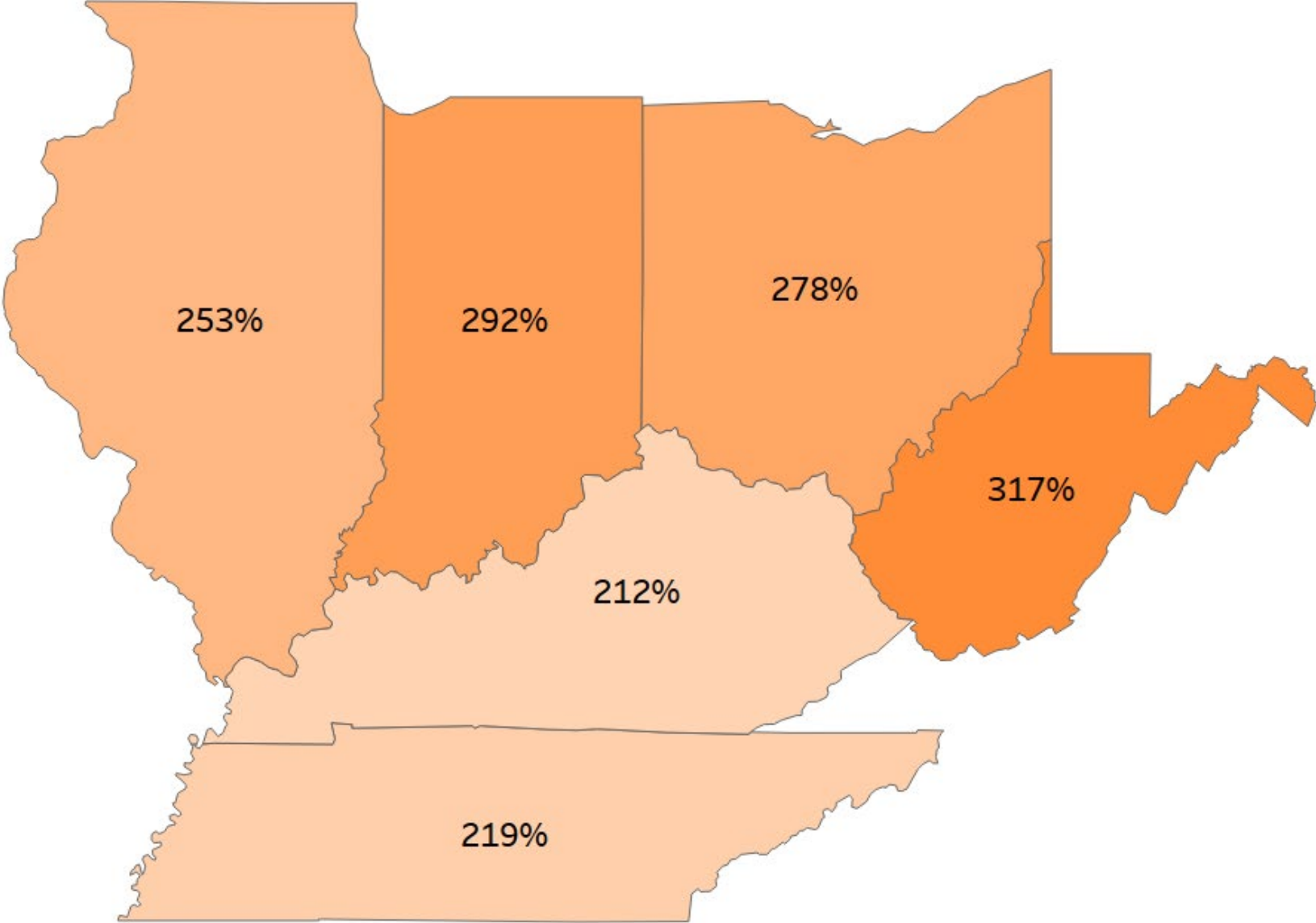


Outpatient Prices

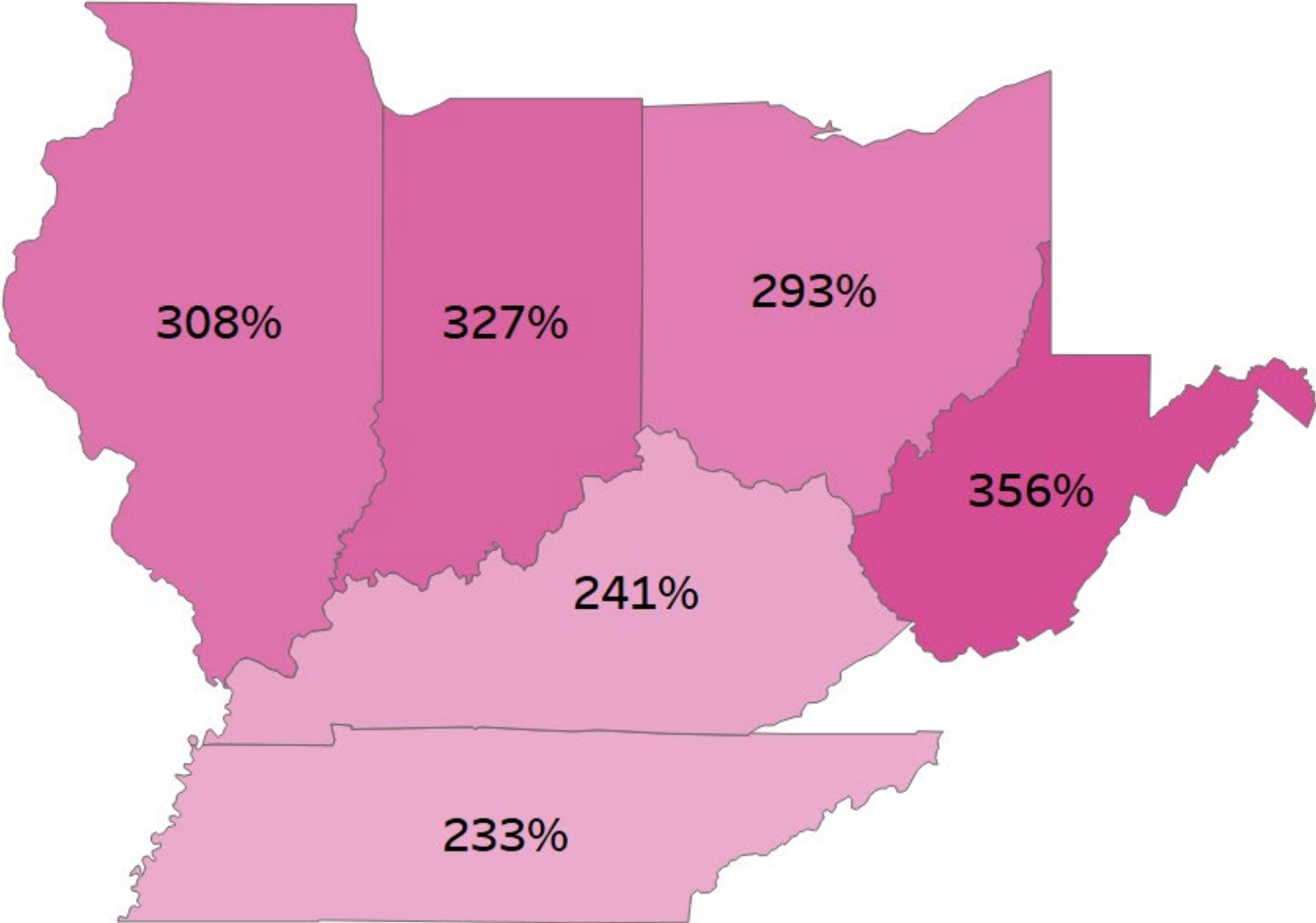
Kentucky's systems range from 163% to 420%.



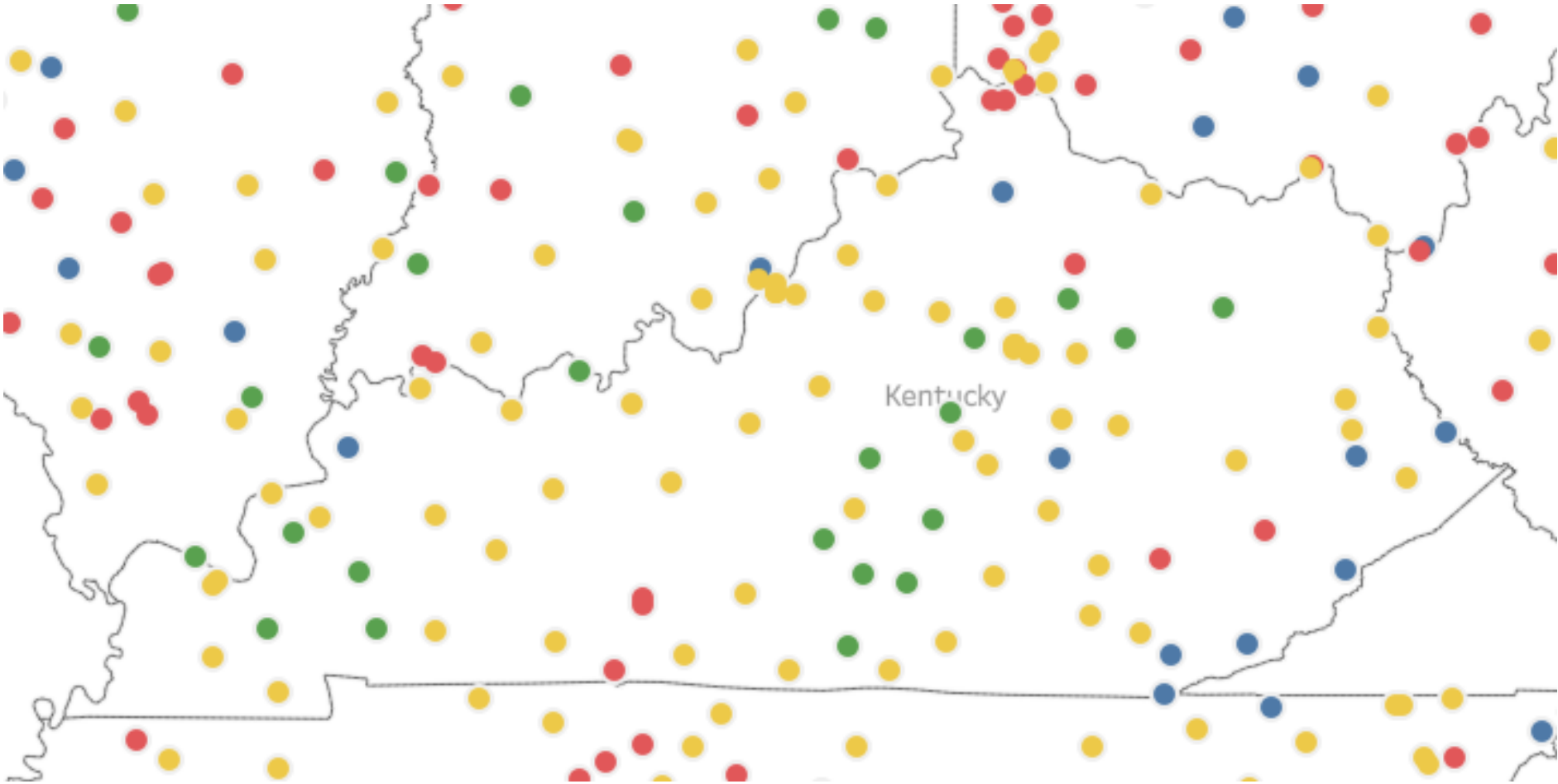
Overall Price, Comparison to Neighboring States



Outpatient Price, Comparison to Neighboring States

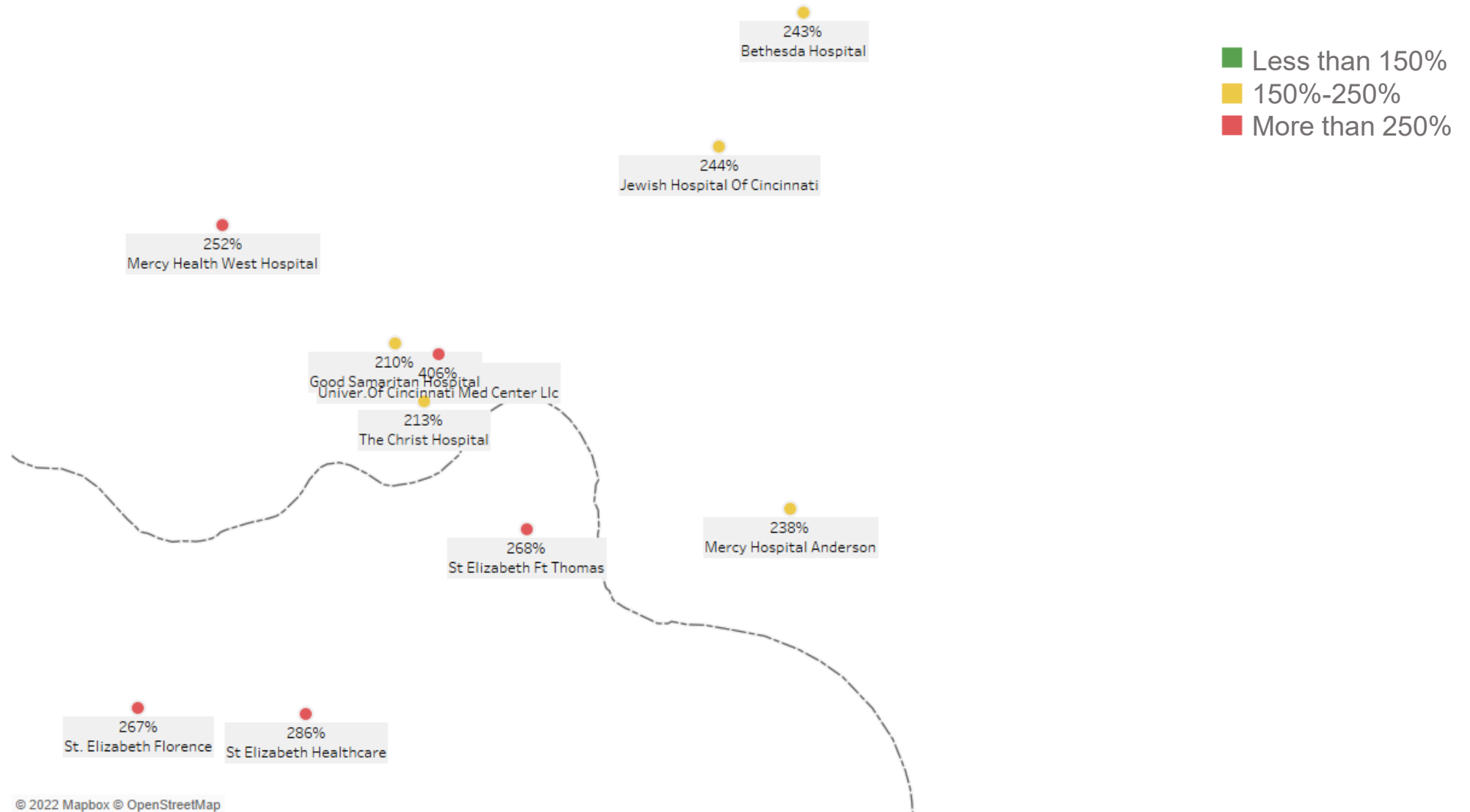


Overall Price, Comparison to Neighboring States



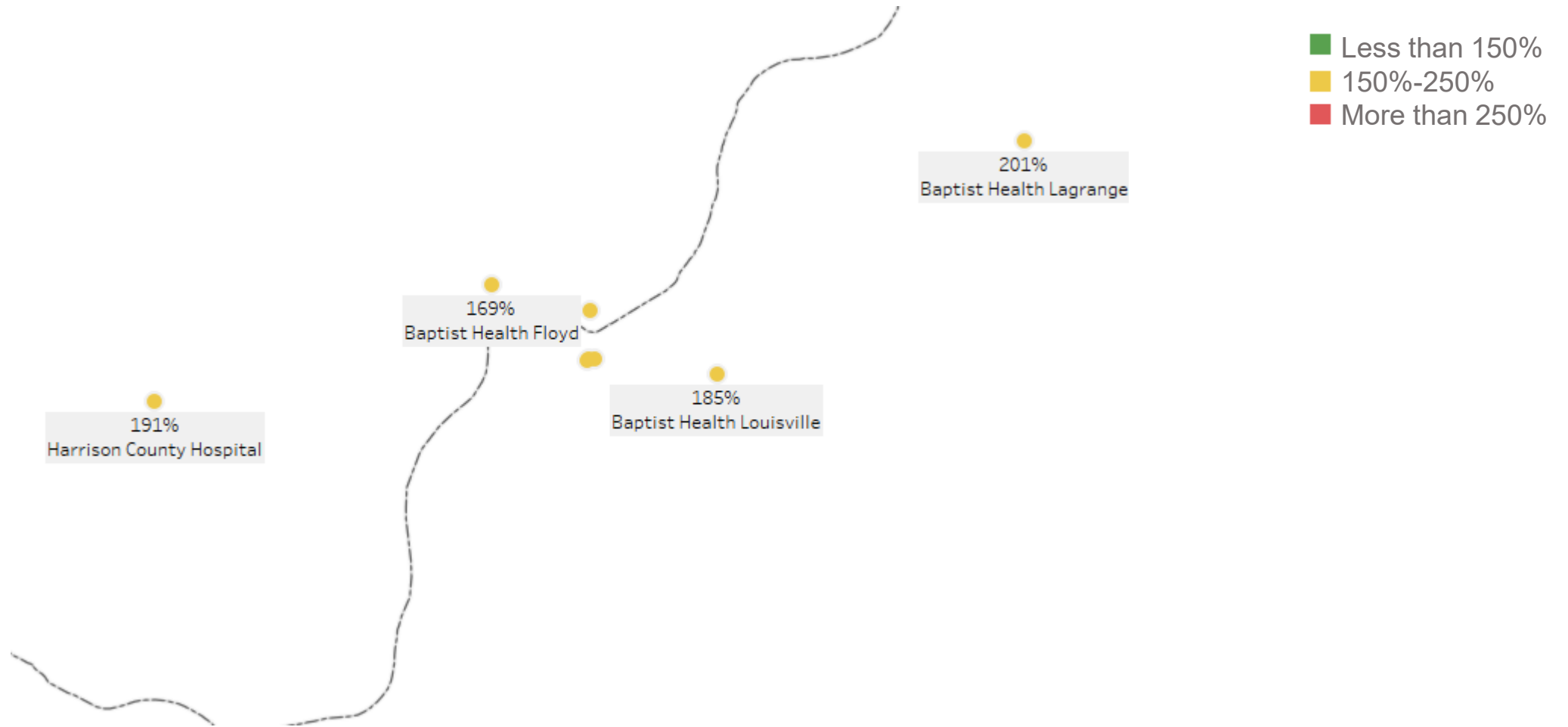
Overall Price, Comparison to Neighboring States

Northern Kentucky



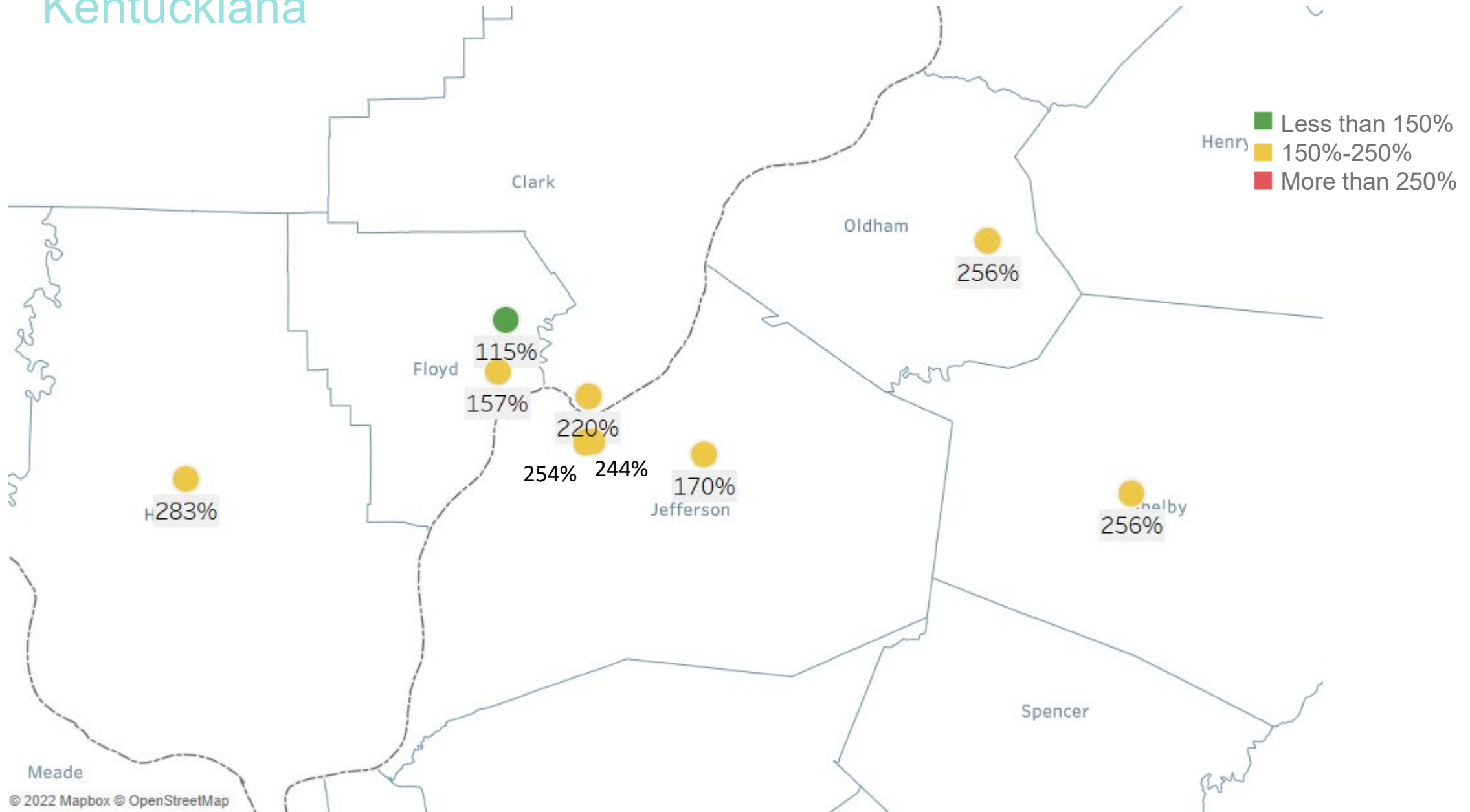
Overall Price, Comparison to Neighboring States

Kentuckiana



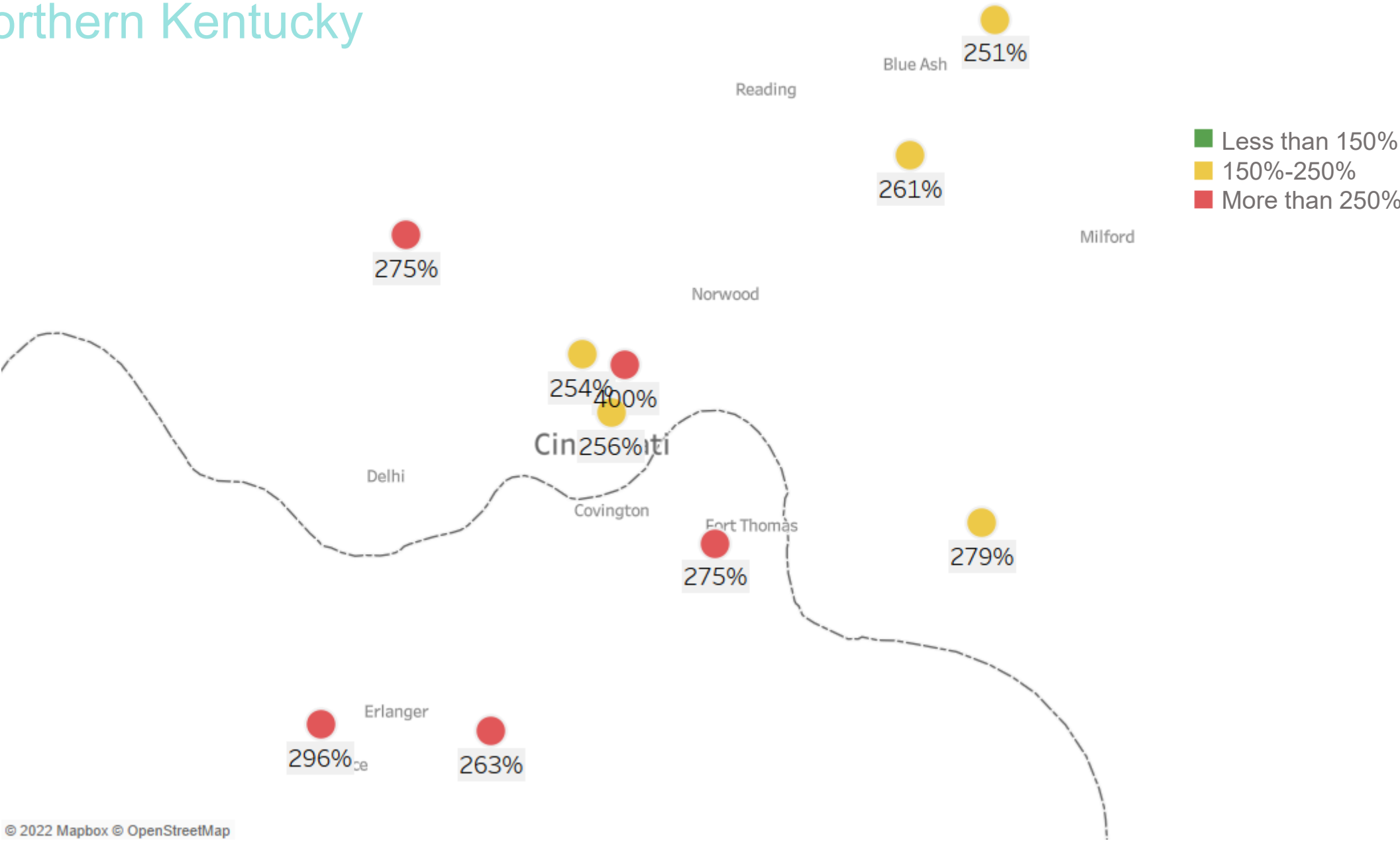
Outpatient Price, Comparison to Neighboring States

Kentuckiana



Outpatient Price, Comparison to Neighboring States

Northern Kentucky



Relative Facility and Professional Prices by State, 2018-2020

Figure 3.3. Relative Facility and Professional Prices by State, 2020



For each state, this figure denotes relative prices for facility and professional payments.

Source: Whaley, 2020, Nationwide Evaluation of Health Care Prices Paid by Private Health Plans findings from Round 3 of an Employer-Led Transparency Initiative

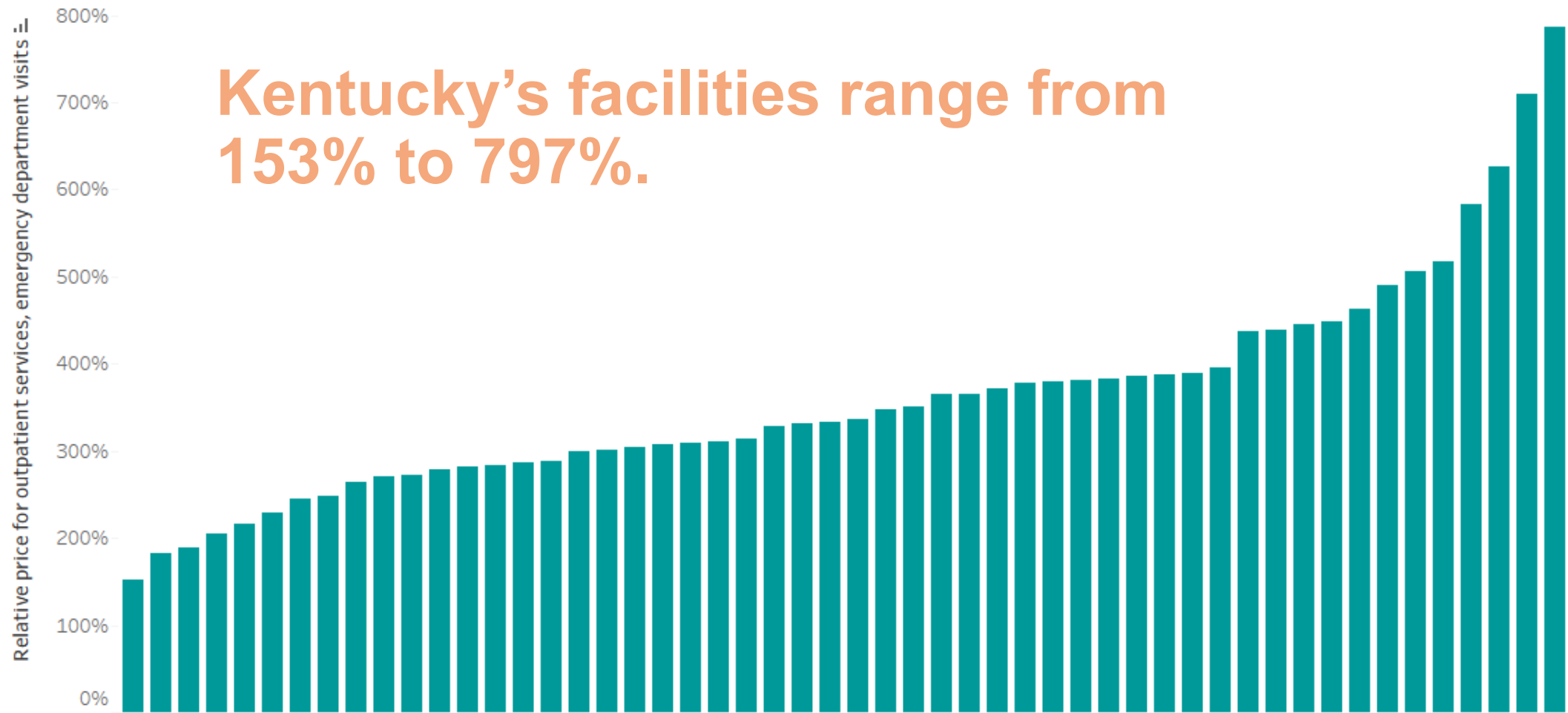
Outpatient Services

- ED Visits
- PCI
- Endoscopy
- Laparoscopic Surgery
- CT/MRI

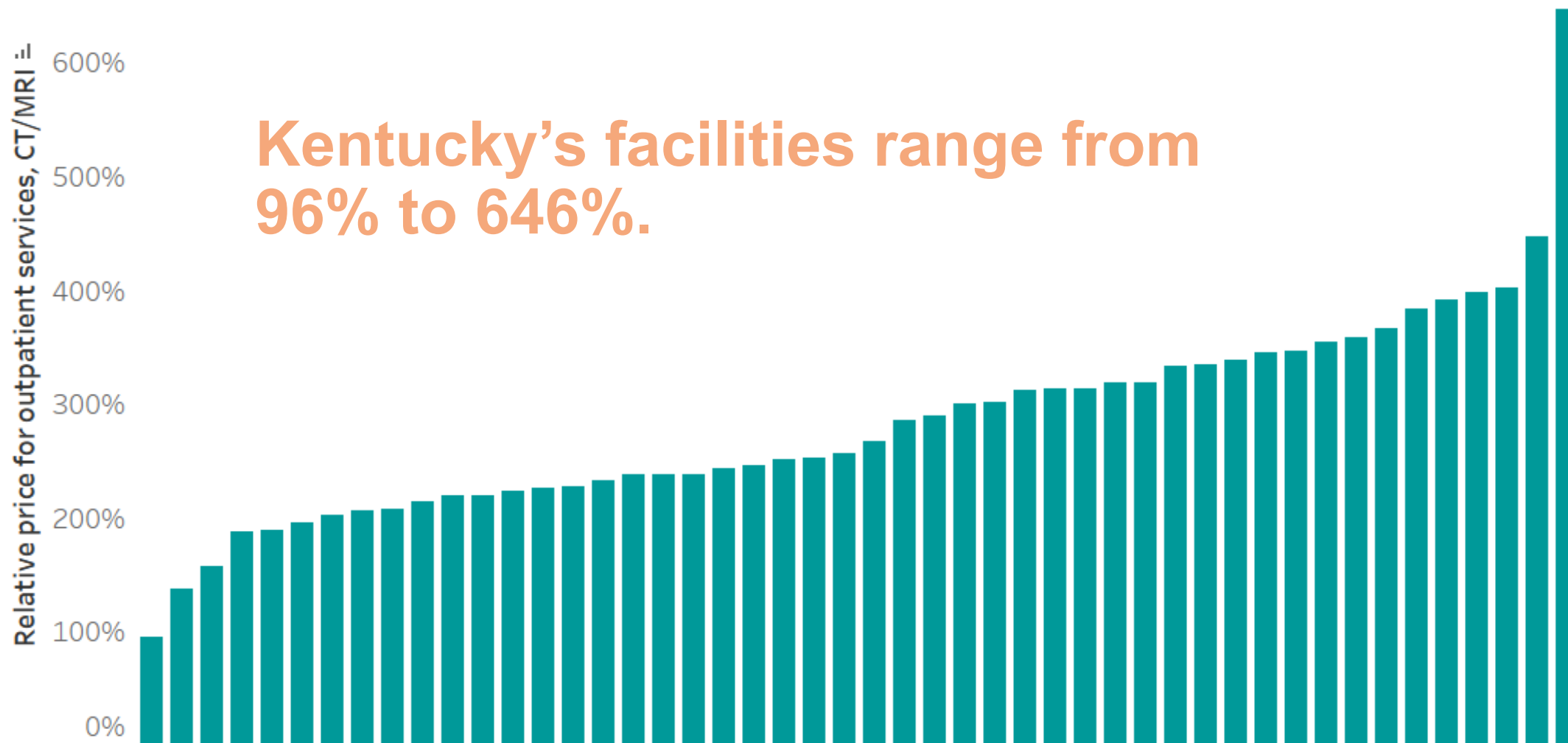
Inpatient Services

- Orthopedics
- Substance Use/Mental Health
- Circulatory System
- Respiratory System

ED Visits

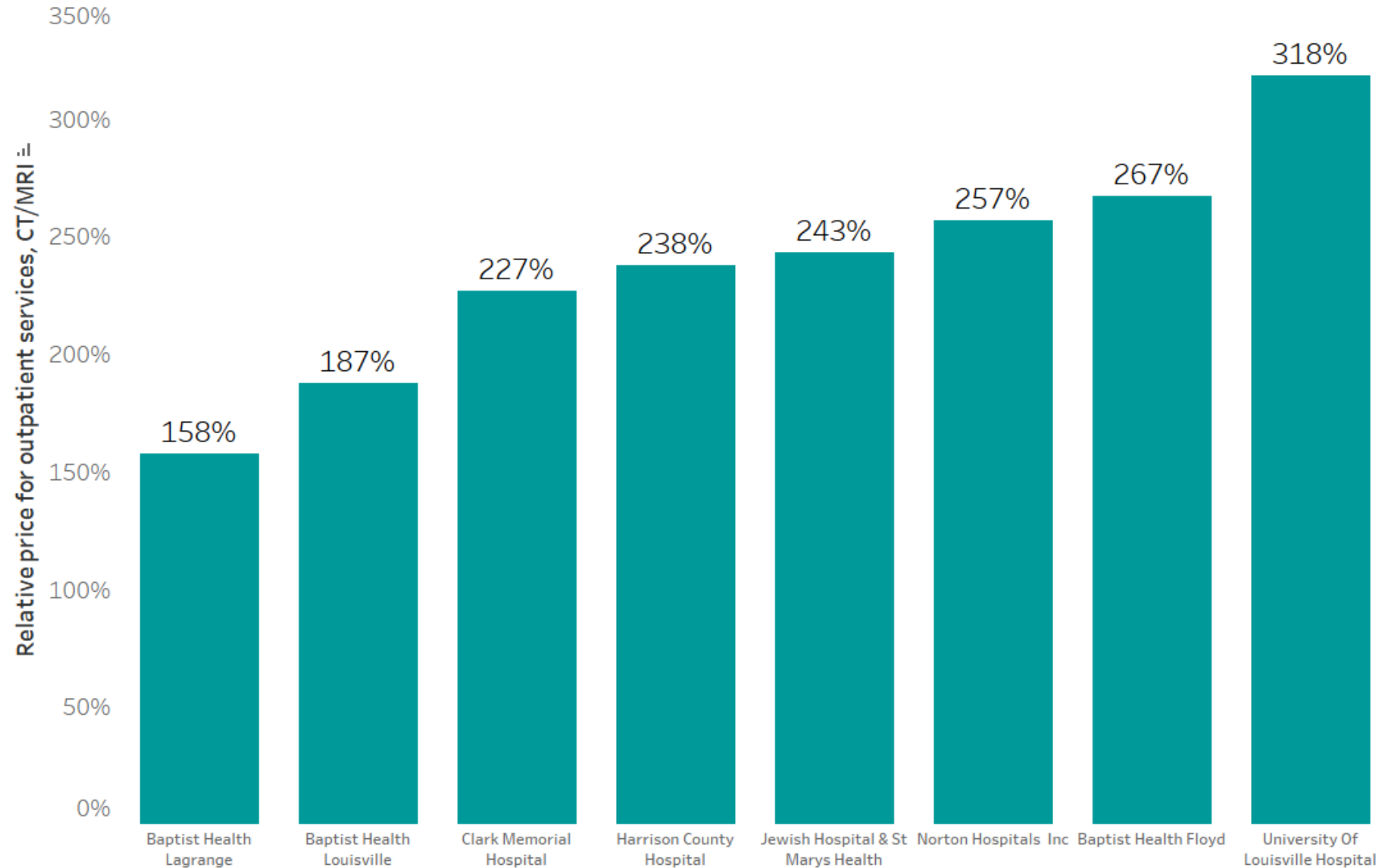


CT/MRI



Variation Within Cities (CT/MRI)

Louisville/
Southern
Indiana



Variation Within Cities (CT/MRI)

Lexington

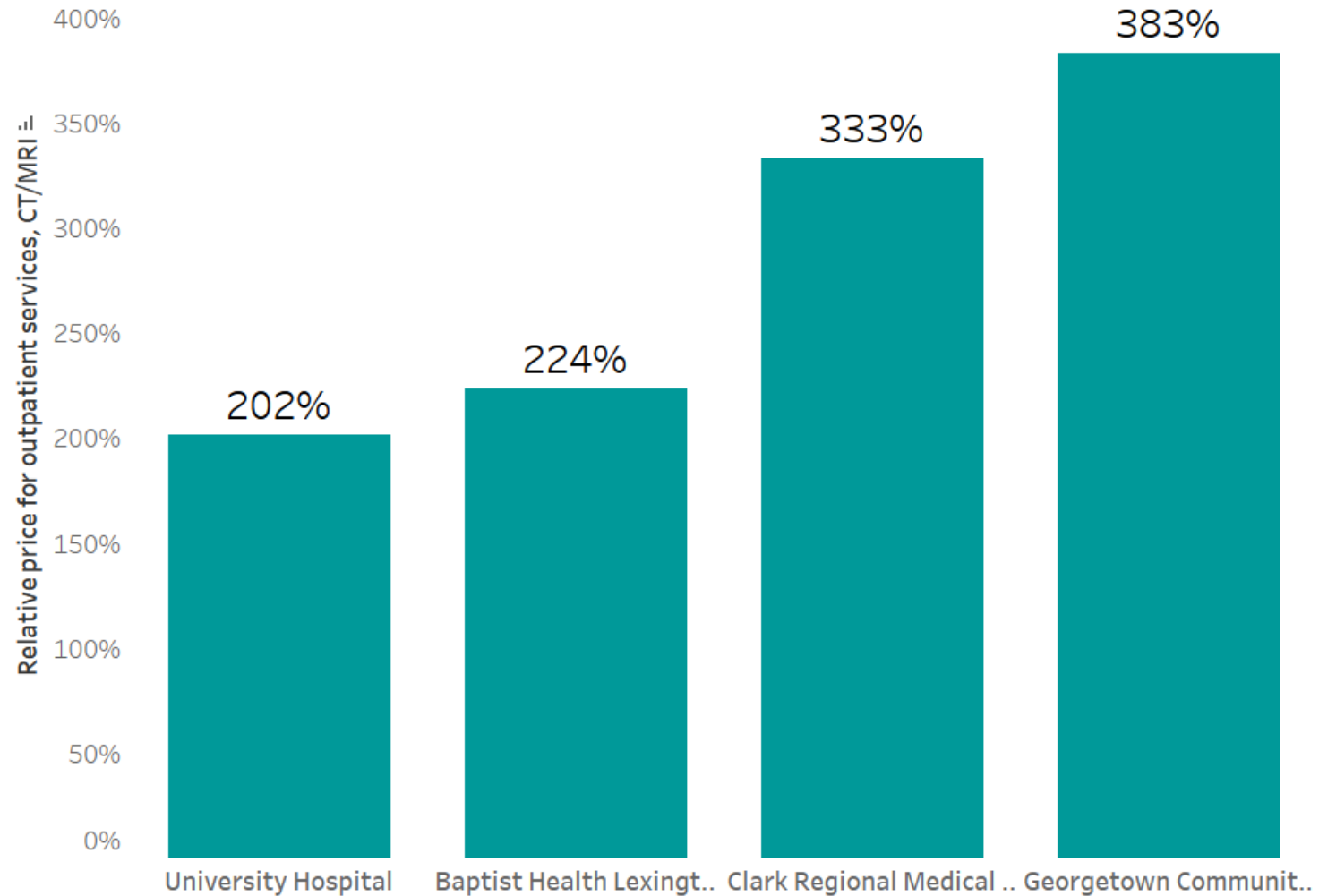
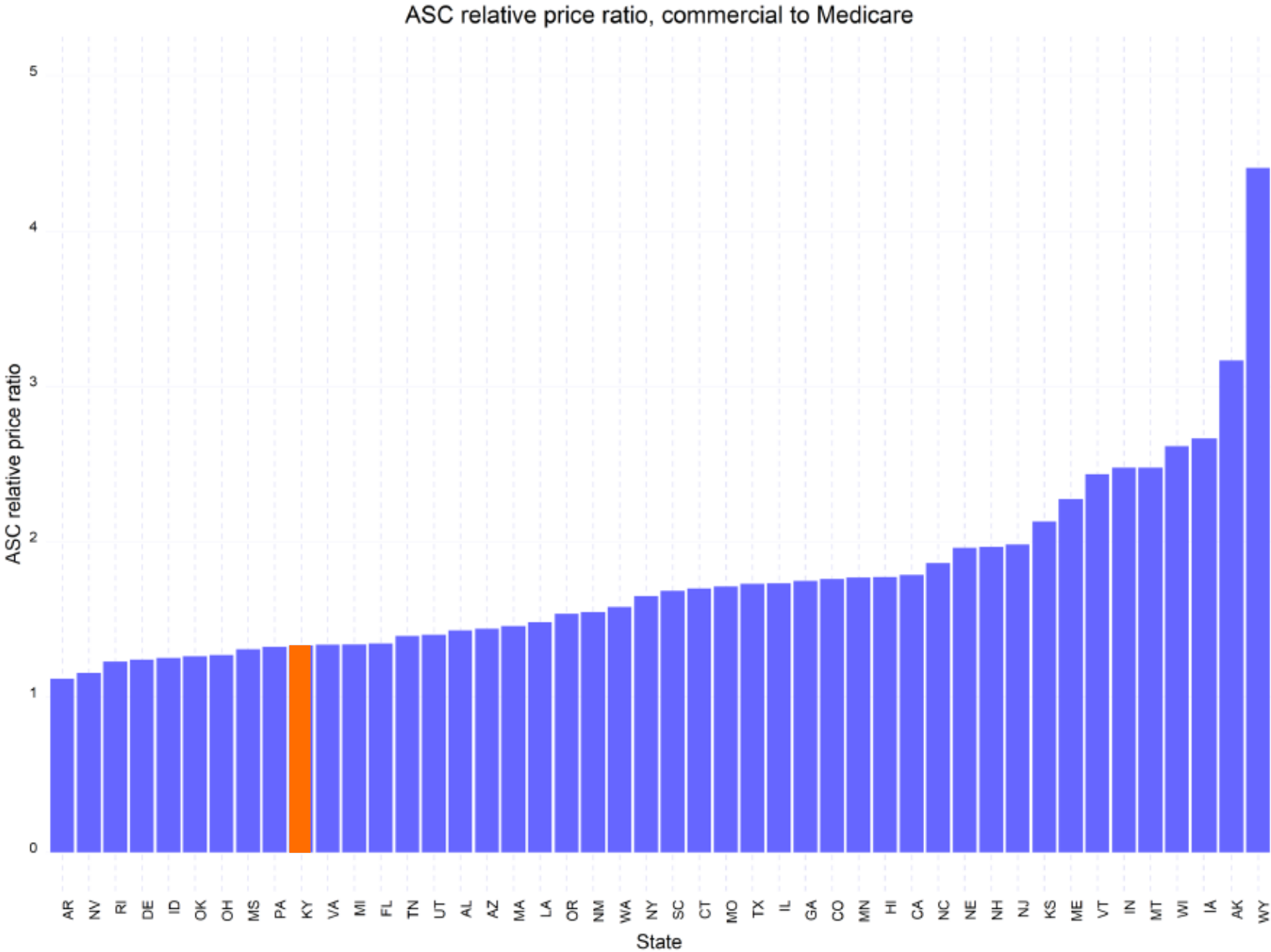
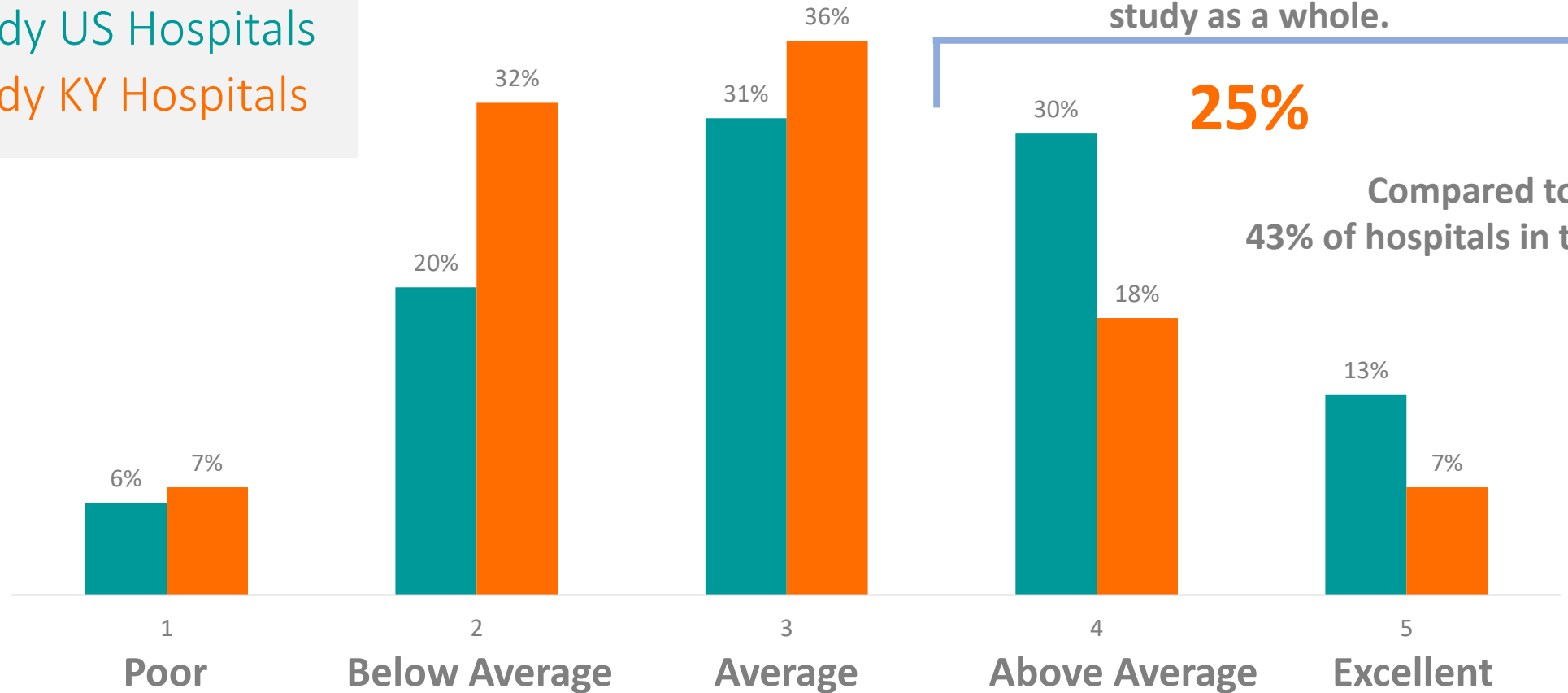


Figure 3.11. State-Level Ambulatory Surgical Center Commercial Prices Relative to Medicare



Kentucky Results | Quality

2,063 Study US Hospitals
74 Study KY Hospitals

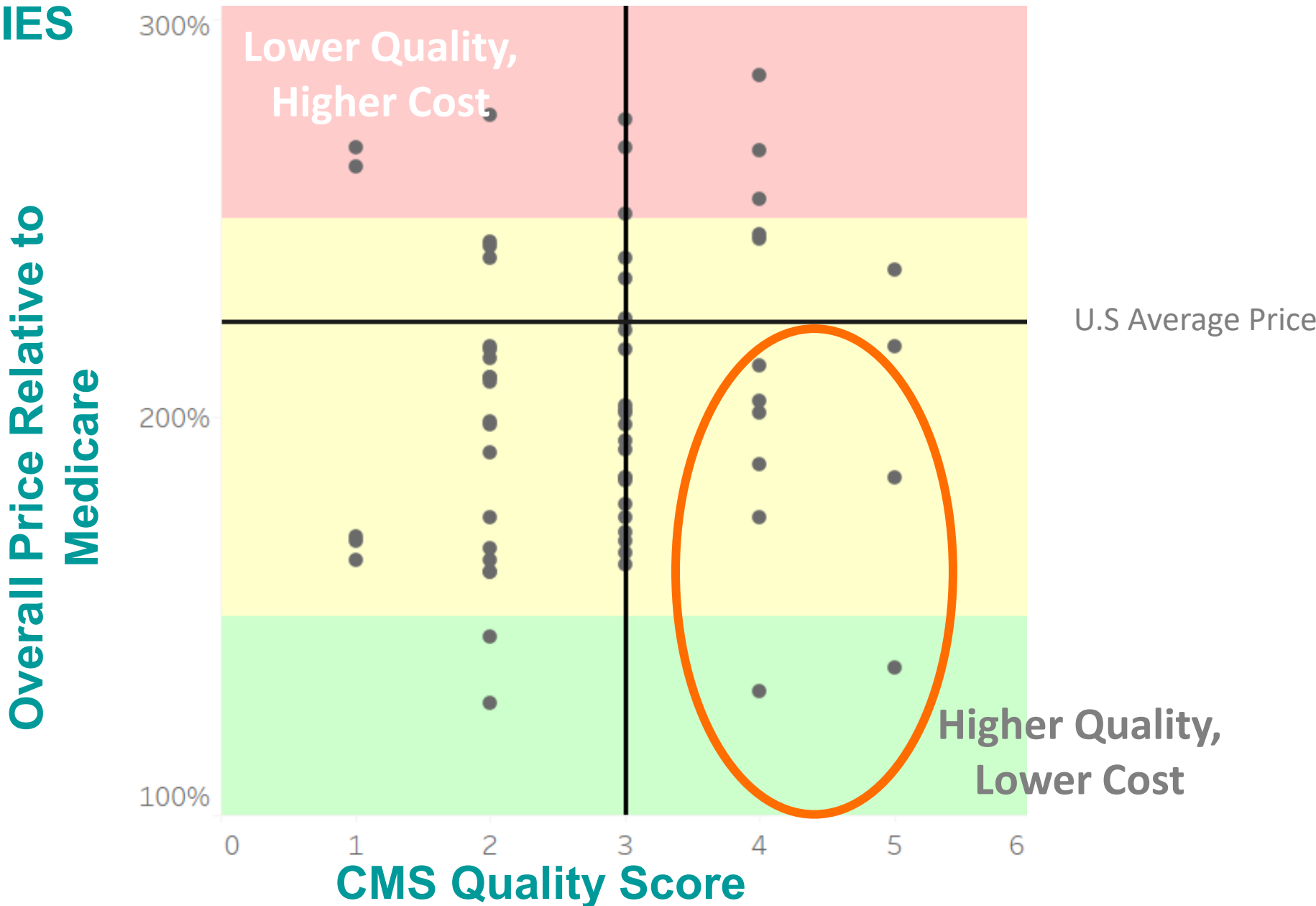


Fewer Kentucky facilities named in the study have above average or excellent CMS Hospital Ratings compared to the study as a whole.

25%

Compared to:
43% of hospitals in the study

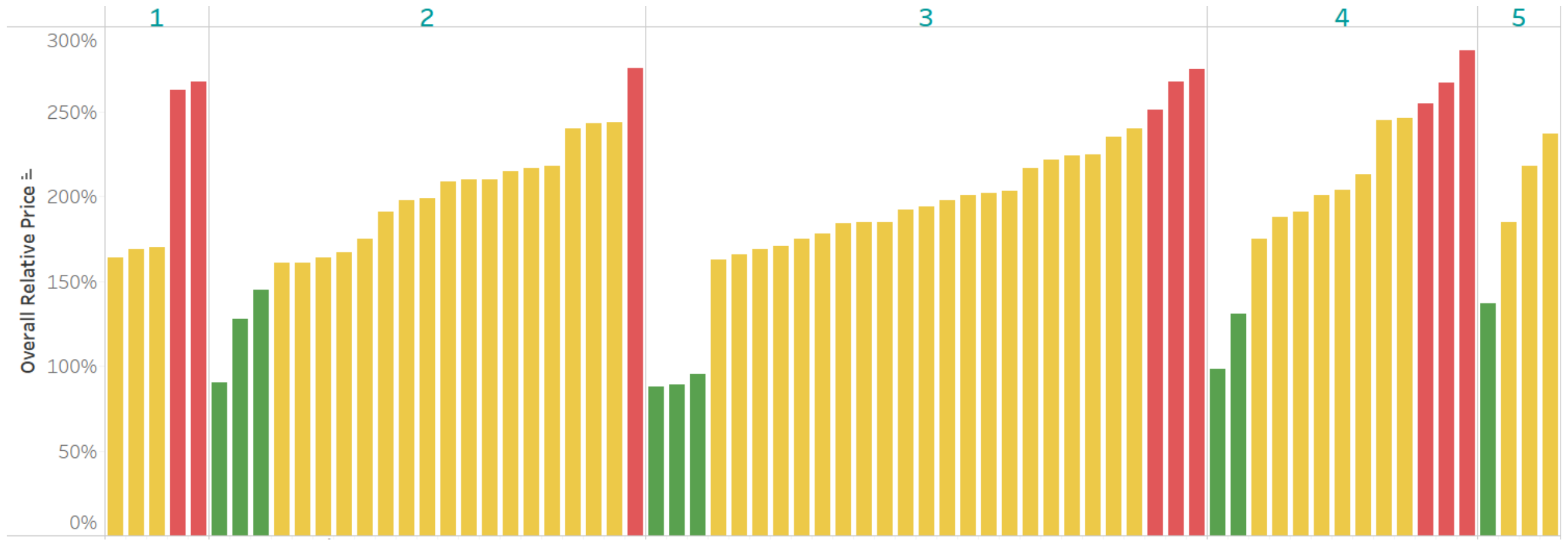
PRICE AND QUALITY KENTUCKY FACILITIES



Price and Quality Kentucky Facilities

- Less than 150%
- 150%-250%
- More than 250%

CMS Quality Score

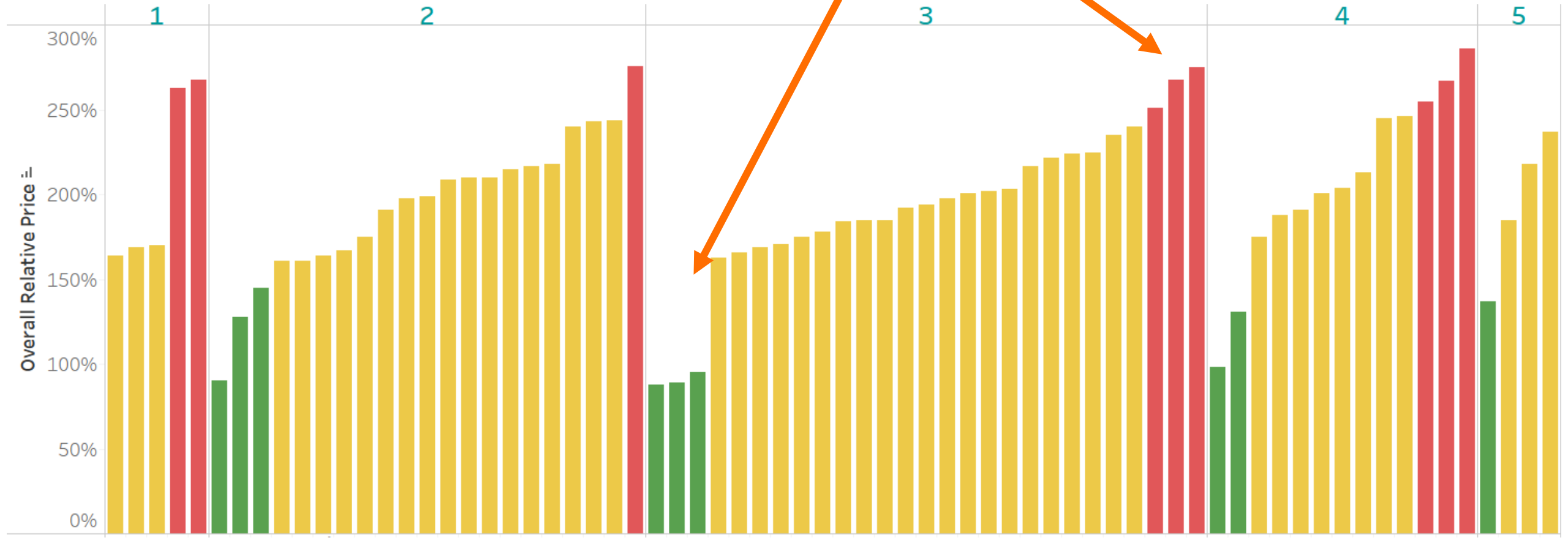


Price and Quality Kentucky Facilities

CMS Quality Score

- Less than 150%
- 150%-250%
- More than 250%

Same quality rating at very different overall price

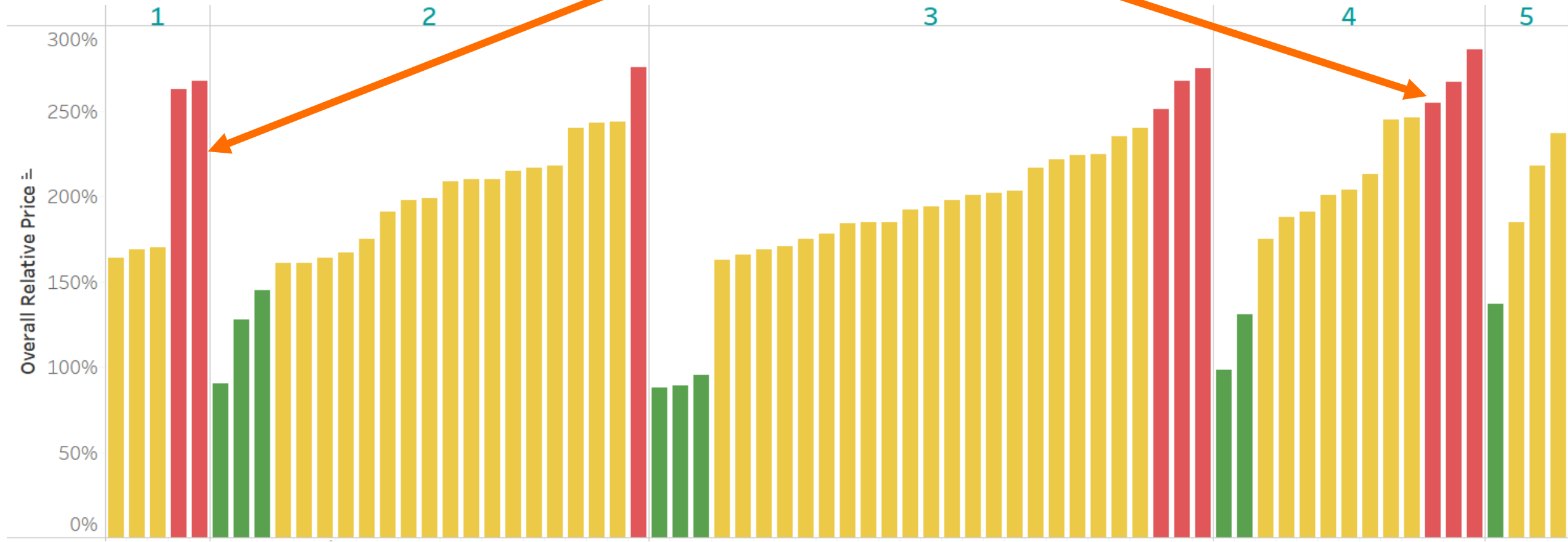


Price and Quality Kentucky Facilities

CMS Quality Score

Similar price with very different quality outcomes

- Less than 150%
- 150%-250%
- More than 250%



Price and Quality Kentucky Facilities

Leapfrog Safety Grade



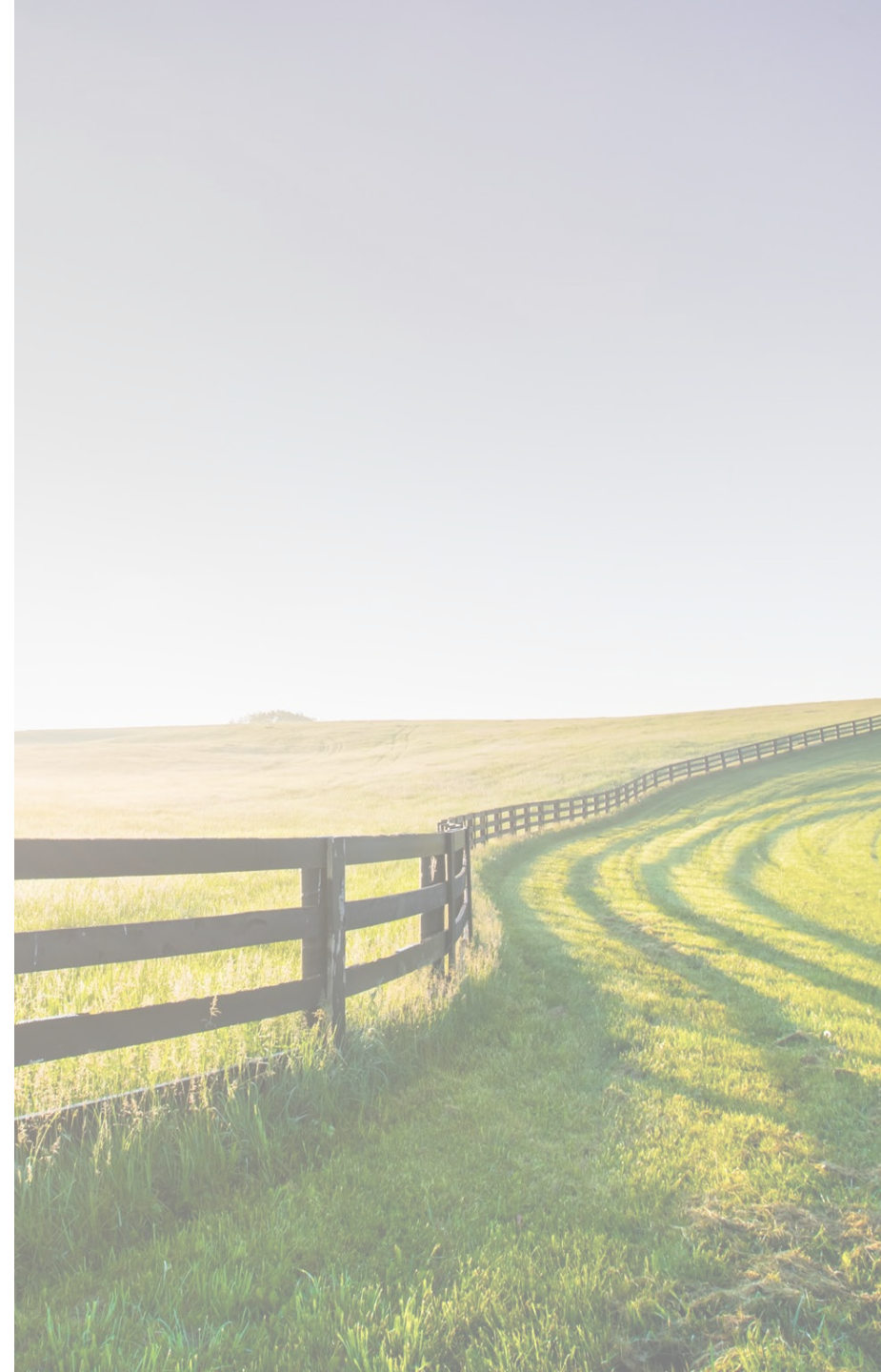
Key Takeaways for Our Region

- While our overall relative price is lower than the national rate, there is variation among hospitals in Kentucky and Southern Indiana
- For the first time, outpatient prices in the Commonwealth are higher than the national rate
- There is little to no relationship between cost and quality of care
- ASC Prices Relative to Medicare are lower than HOPD Prices

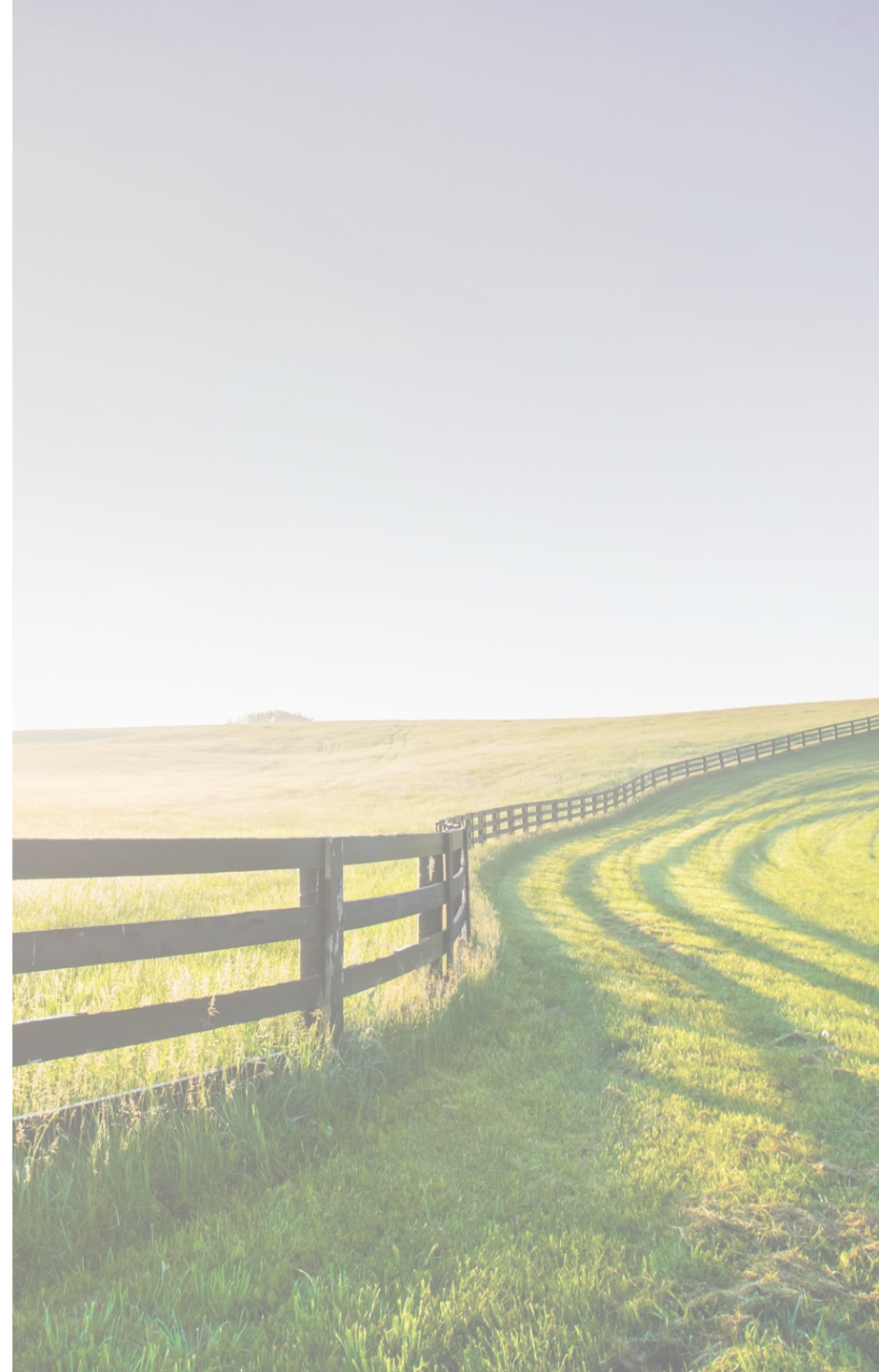
RAND 5.0

RAND is currently recruiting employers to participate in Round 5 of the Hospital Price Transparency Studies. If you or your company are interested, please use the form on the Contact Us page on the RAND website to express your interest.

<https://www.rand.org/health-care/projects/price-transparency/contact.html>



Sage Transparency



Sage Transparency

PUBLIC

RAND 4.0

Prices paid by employers & insurers

Claims data from employers, insurers, and APCDs

NASHP Hospital Cost Tool Commercial breakeven price

Federal government data submitted by hospital

CMS Hospital Star Rating Quality ratings

Posted by the federal government

PROPRIETARY

Turquoise Health Prices posted by payer

Hospitals' own websites aggregated by Turquoise Health into clinical categories

Quantros/Healthcare Bluebook Quality ratings

Determined by Quantros





KHC Community Health Forum

December 6, 2022 | 8 a.m. to 10:30

Planned hybrid event

Register for free: <https://khcollaborative.org/event/december-2022-community-health-forum/>



Thank You for joining.

This event has ended.

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