



DATA TO INFORM HONEST CONVERSATIONS

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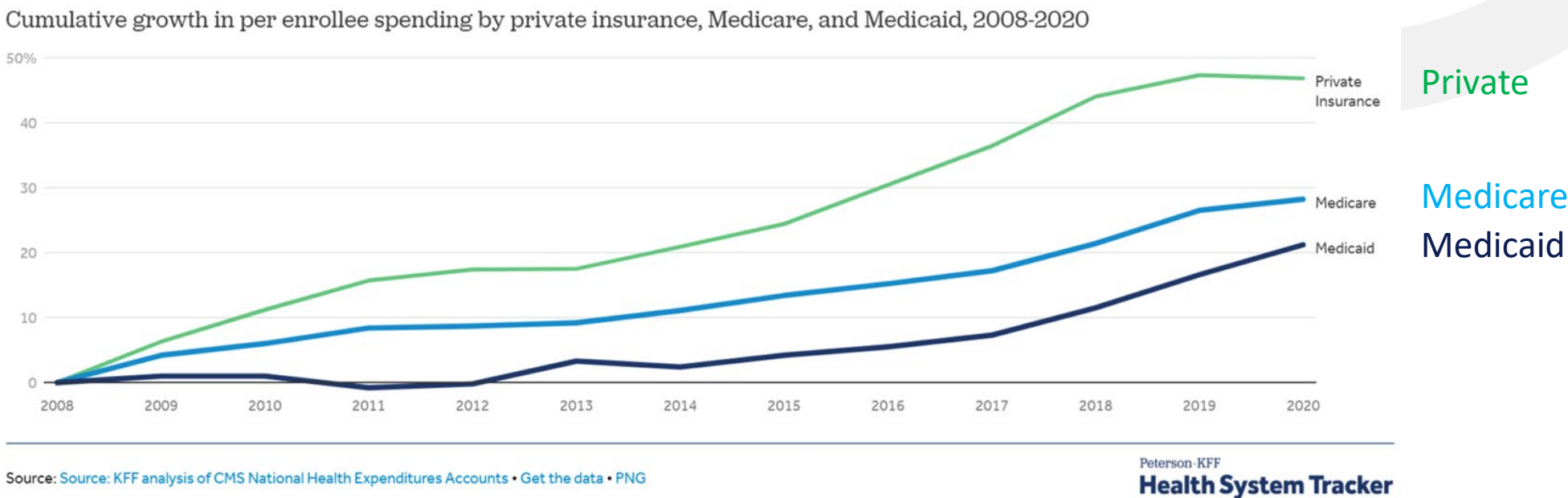
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Kentuckiana Health Collaborative
Louisville, Kentucky
December 6, 2022


$$\text{TOTAL COST TO EMPLOYER} = \text{PRICE} \times \text{UTILIZATION}$$

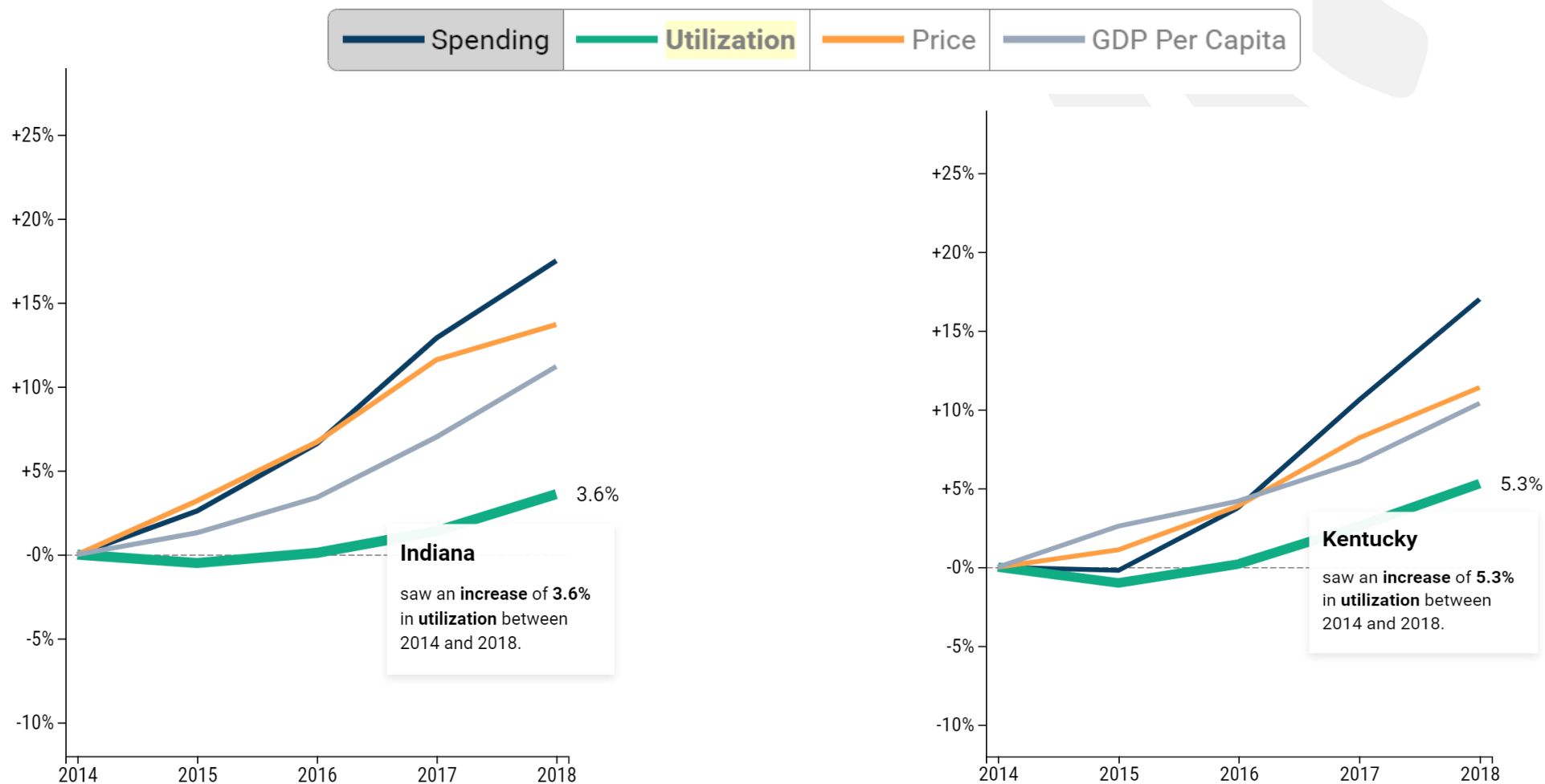
Private Insurance Spending (aka Total Cost) has Grown Faster than Medicare & Medicaid

On a per enrollee basis, private insurance spending has typically grown faster than Medicare and Medicaid spending



<https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#Relative%20contributions%20to%20total%20national%20health%20expenditures,%202020>

PRICE is Driving Up Spending, Not Utilization

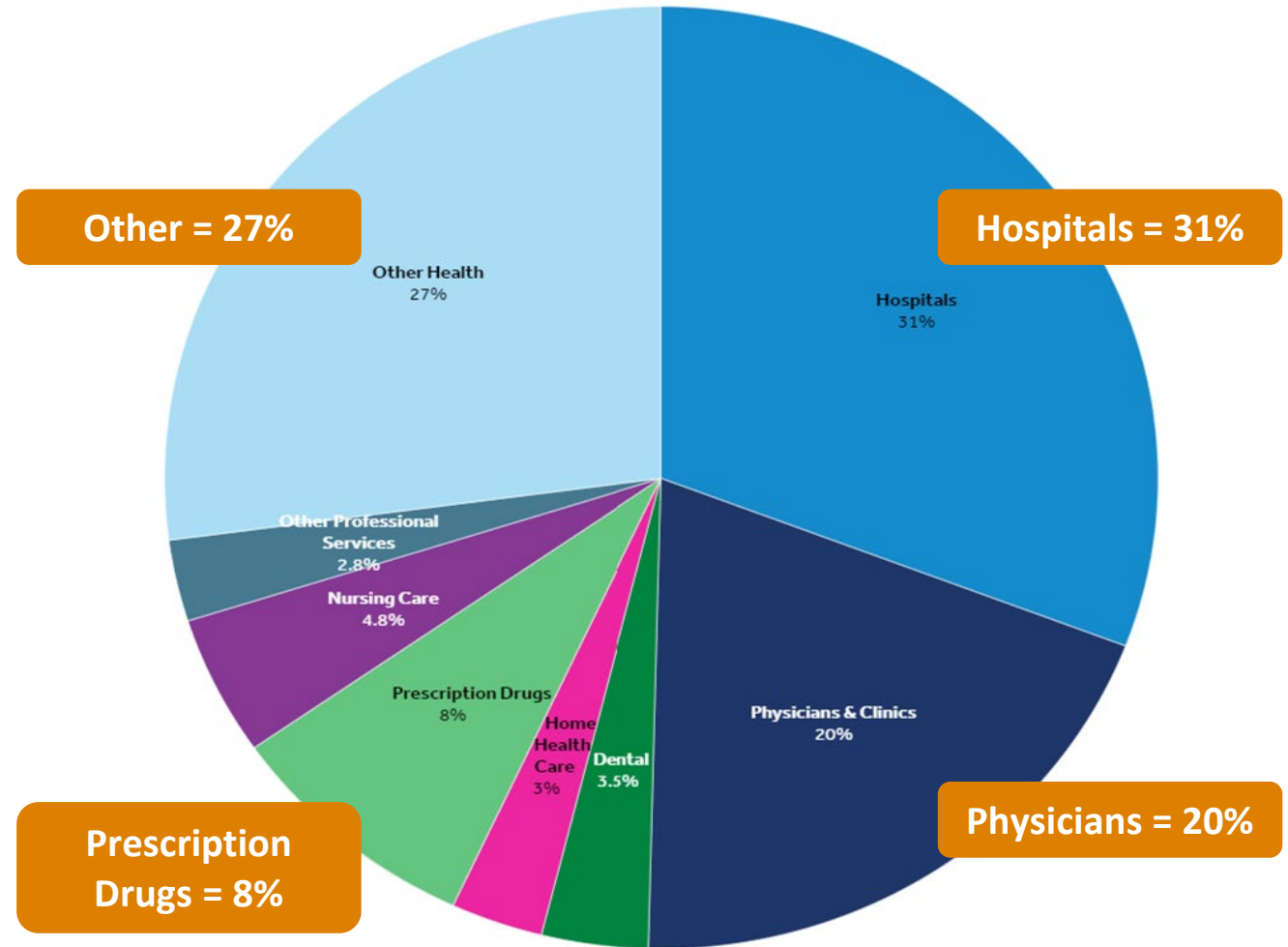


Hospital & Physician Services Represent Half Of Total U.S. Health Spending

*Note: 'Other Health' includes spending on durable and non-durable products; residential and personal care; administration; health insurance; and other state, private, and federal expenditures. 'Other professional services' includes spending for services provided by chiropractors, optometrists, physical, occupational, and speech therapists, podiatrists, private-duty nurses, and others. Nursing care represents expenditures for nursing care facilities and continuing care retirement communities.

Relative contributions to total national health expenditures, 2020

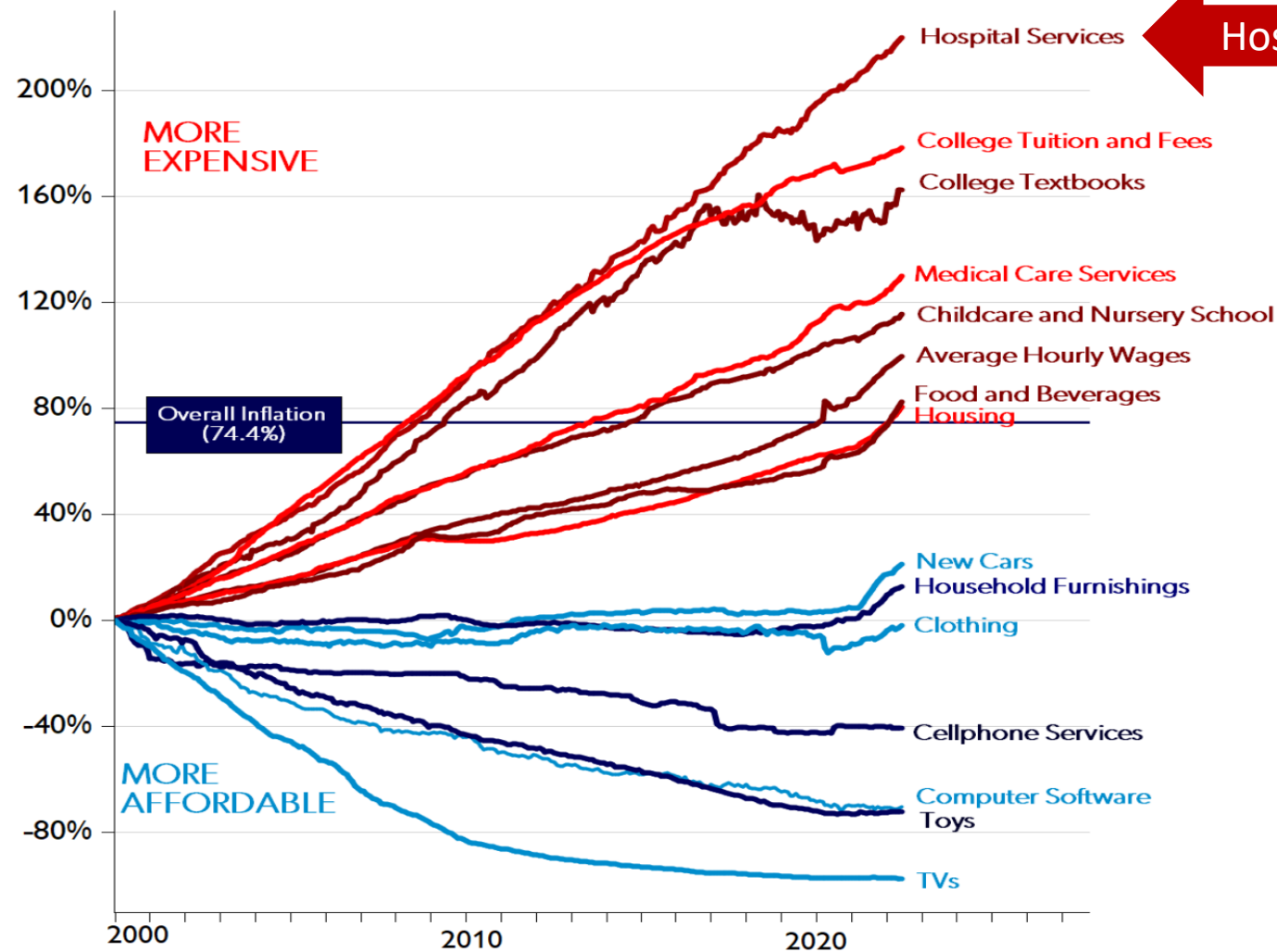
Hospitals Physicians & Clinics Dental Home Health Care Prescription Drugs Nursing Care Other Professional Services Other Health



Source: <https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#Relative%20contributions%20to%20total%20national%20health%20expenditures,%202020>

Price Changes: January 2000 to June 2022

Selected US Consumer Goods and Services, Wages



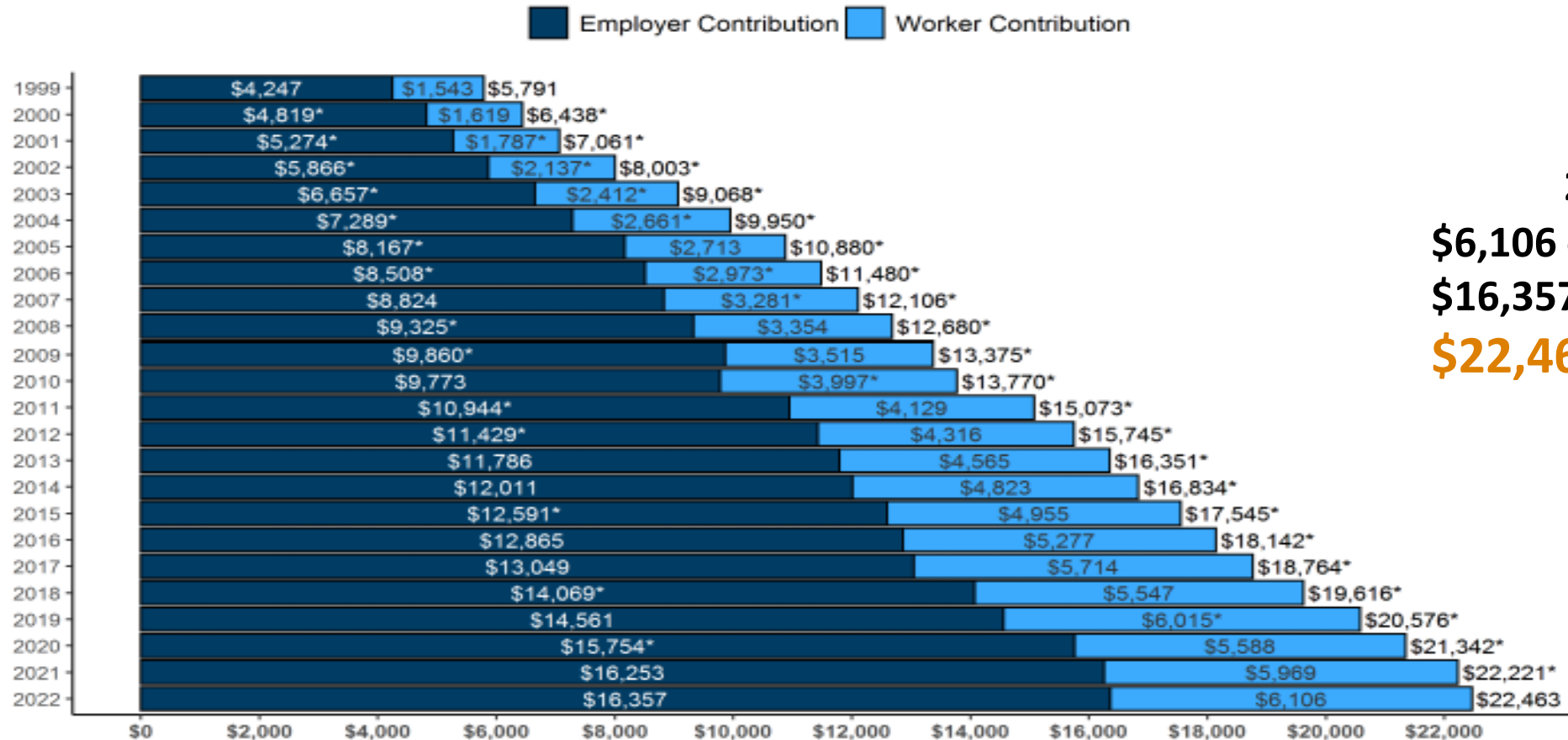
Source: Bureau of Labor Statistics

Carpe Diem **AEI**

U.S. EMPLOYEES & EMPLOYERS ARE PAYING A LOT MORE \$\$\$ FOR HEALTH INSURANCE PREMIUMS: FAMILY COVERAGE, TREND 1999-2022

Figure 6.5

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2022



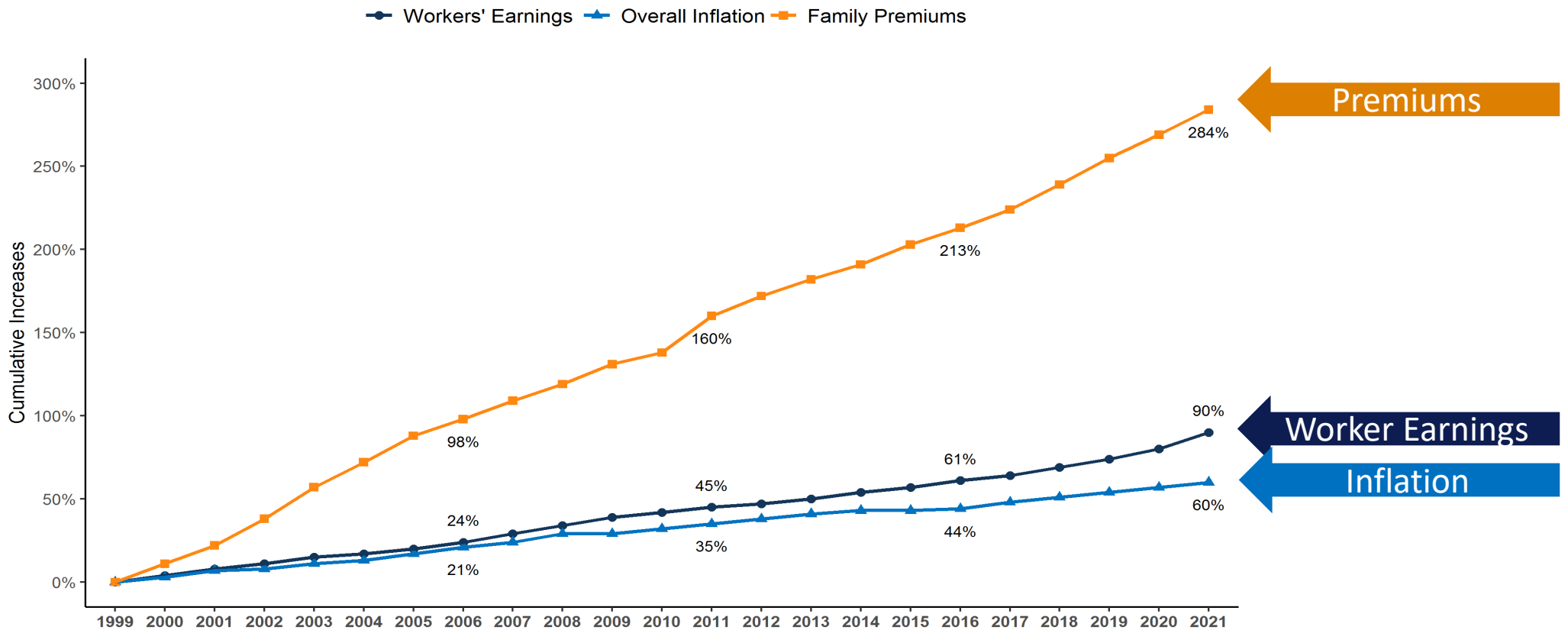
2022
\$6,106 employee +
\$16,357 employer =
\$22,463 total

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

SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

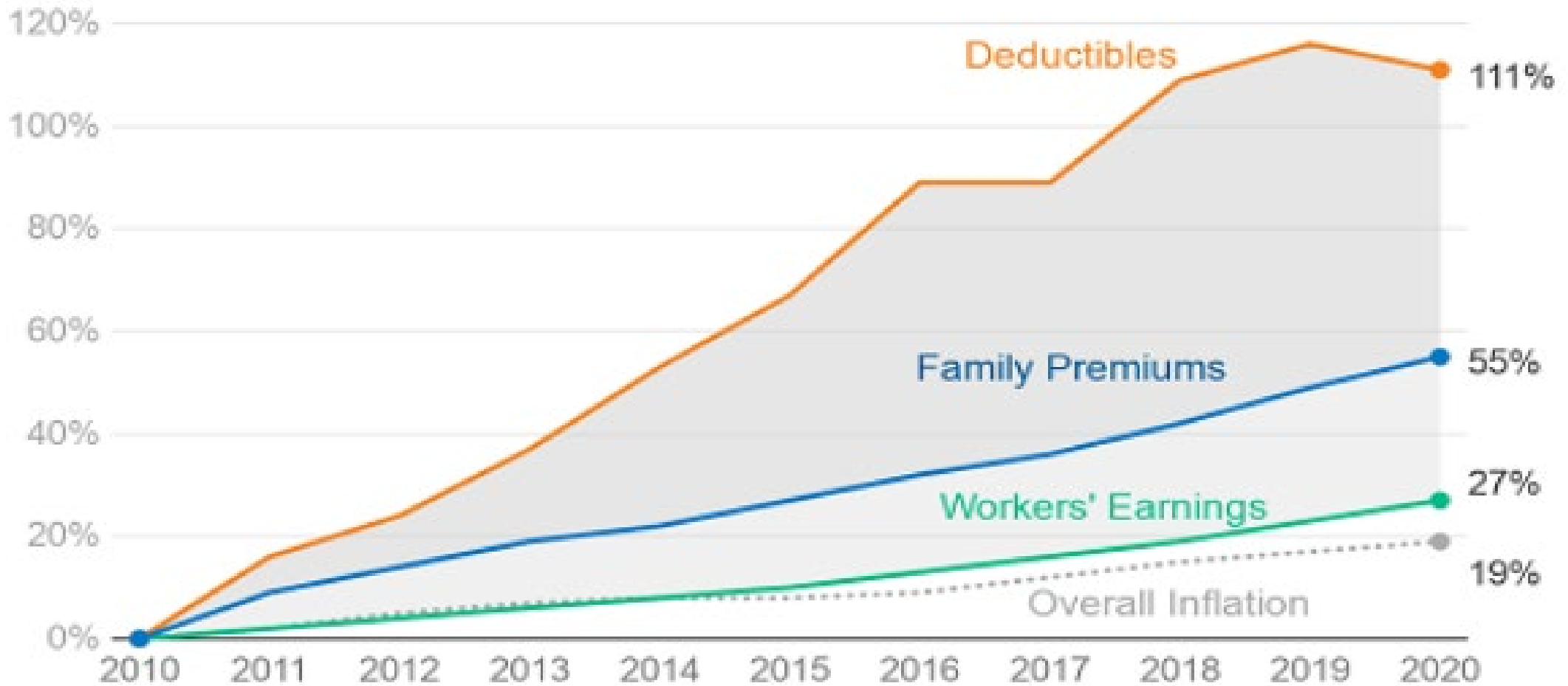
U.S. Family Health Insurance Premiums have Outpaced Inflation & Workers' Salaries

Cumulative Increases in Family Premiums, Inflation, and Workers' Earnings, 1999-2021



SOURCE: KFF Employer Health Benefits Survey, 2018-2021; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 1999-2021; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2021.

Problem: Employee Premiums and Deductibles Have Risen Much Faster than Wages, 2010-2020



NOTE: Average general annual deductibles are for single coverage. Workers in plans without a general annual deductible for in-network services are assigned a value of zero. 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/>

How Do Indiana & Kentucky Rank on Health Insurance Premiums and Deductibles?

“MEPS is the most complete source of data on the cost and use of health care and health insurance coverage.”

The [Insurance Component](#) (IC) collects data from a sample of private and public sector employers on the health insurance plans they offer their employees. The survey is also known as the Health Insurance Cost Study.

For 2021, represents approx. 22,000 private sector workplaces

Source: U.S. Agency for Healthcare Research and Quality (AHRQ) maintains Medical Expenditure Panel Survey (MEPS) database

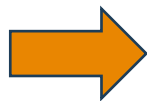


<https://meps.ahrq.gov/mepsweb/>

Kentucky Has the Highest Family Premium of its Neighbors, 2021

Location	2018	2019	2020	2021
	Total Annual Premium	Total Annual Premium	Total Annual Premium	Total Annual Premium
1. Kentucky	\$19,277	\$20,612	\$20,396	\$21,531
2. Virginia	\$19,512	\$19,865	\$20,458	\$21,348
3. Indiana	\$19,551	\$21,169	\$20,125	\$21,281
4. Ohio	\$19,640	\$19,621	\$20,088	\$21,102
5. Illinois	\$20,407	\$20,659	\$21,775	\$20,878
6. Tennessee	\$17,663	\$18,748	\$18,424	\$19,593

Kentucky Has Lower Family Deductibles than its Neighbors, 2021



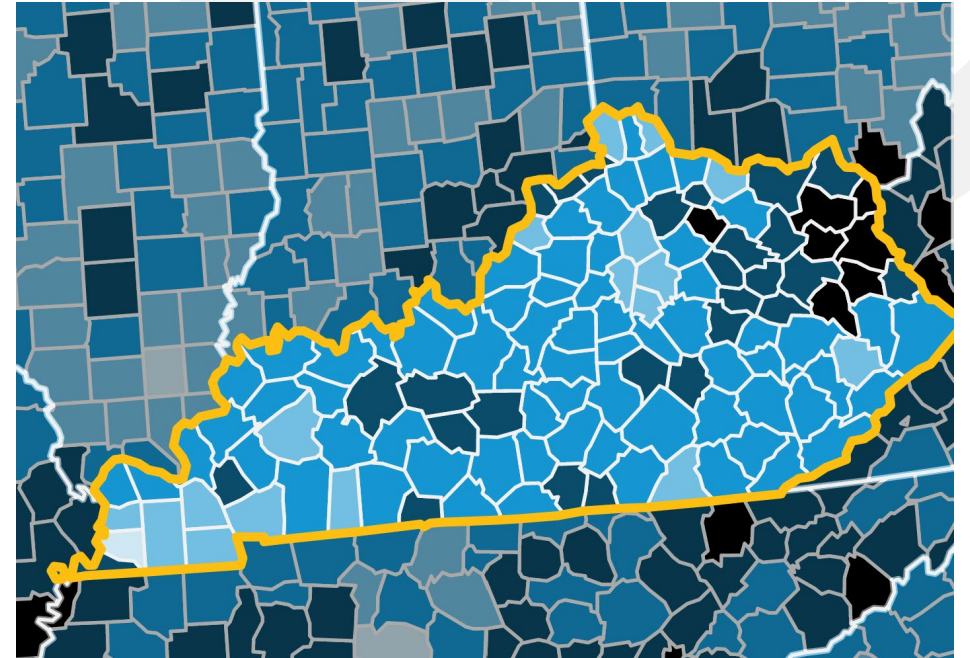
Location	Average Family Deductible
1. Tennessee	\$4,591
2. Ohio	\$4,301
3. Indiana	\$4,240
4. Virginia	\$4,149
5. Kentucky	\$3,866
6. Illinois	\$3,645

DEBT IN AMERICA: AN INTERACTIVE MAP

Last updated June 23, 2022; credit data from February 2022

Interactive map noting **“Share of medical debt in collections”** and Median amount in collections per country, state, national levels

- Conducted by Urban Institute, non-profit research organization
- Includes 10 million lives
- Provides demographic information at county level including: white vs communities of color, share without insurance, avg household income
- Downloadable Excel Spreadsheets for country, state, and national level data available



Debt in America: Percent of Adult Population in Collections for Medical Debt

National Average: 13%

- Median is \$703

Indiana: 16% (range 8% - 28%)

- Median \$748

Kentucky: 17% (range for 7% - 36%)

- Median \$491
- 5 highest debt counties
 - Carter: 36%, median \$747
 - Elliot: 36%, median \$381
 - Boyd: 33%, median \$1074
 - Johnson: 31%, median \$840
 - Magoffin: 30%, median \$590

SOLUTION: Transparency Better Informs Purchasing and Policy Decisions



RAND HOSPITAL PRICE TRANSPARENCY STUDIES

- First of its kind study in the country to **publish negotiated prices by hospitals name**, noted as Percent of Medicare & Standardized Prices
- Conceived and commissioned by the Employers' Forum of Indiana
- Analysis conducted independently by RAND Corporation
- Funded by Employers, Robert Wood Johnson Foundation, & Arnold Ventures (no funding accepted from insurers or hospitals)
- Does not include Rx drug prices



Scholars Use “Percent Of Medicare” as a National Benchmarking Standard

U.S. Congressional Budget Office: [Report](#): The Prices That Commercial Health Insurers and Medicare Pay for Hospitals’ and Physicians’ Services. 2022; [Report](#): An Analysis of Private-Sector Prices for Hospital Admissions. 2017

The Commonwealth Fund: [Report](#): Reducing Health Care Spending: What Tools Can States Leverage? 2021

RAND Corporation: [Report](#): Prices Paid to Hospitals by Private Health Plans: Findings from Round 4 of an Employer-Led Transparency Initiative, 2022; [Report](#): Nationwide Evaluation of Health Care Prices Paid by Private Health Plans: Findings from Round 3 of an Employer-Led Transparency Initiative, 2020

Harvard University: [Article](#): Wide State-Level Variation in Commercial Health Care Prices Suggests Uneven Impact of Price Regulation, 2020. [Bio](#) Michael Chernew, PhD is also the current Chairman of Medicare Payment Advisory Commission (MedPAC),

Johns Hopkins University: [Article](#): Market Power: Price Variation Among Commercial Insurers for Hospital Services, 2018.

Healthcare Cost Institute: [Article](#): Comparing Commercial and Medicare Professional Service Prices, 2020. Niall Brennan, PhD, CEO of the [HCCI](#) and former Chief Data Officer at the Centers for Medicare and Medicaid Services.

America’s Health Insurance Plans (AHIP): [Article](#): National Comparisons of Commercial and Medicare Fee-For-Service Payments to Hospitals, 2016

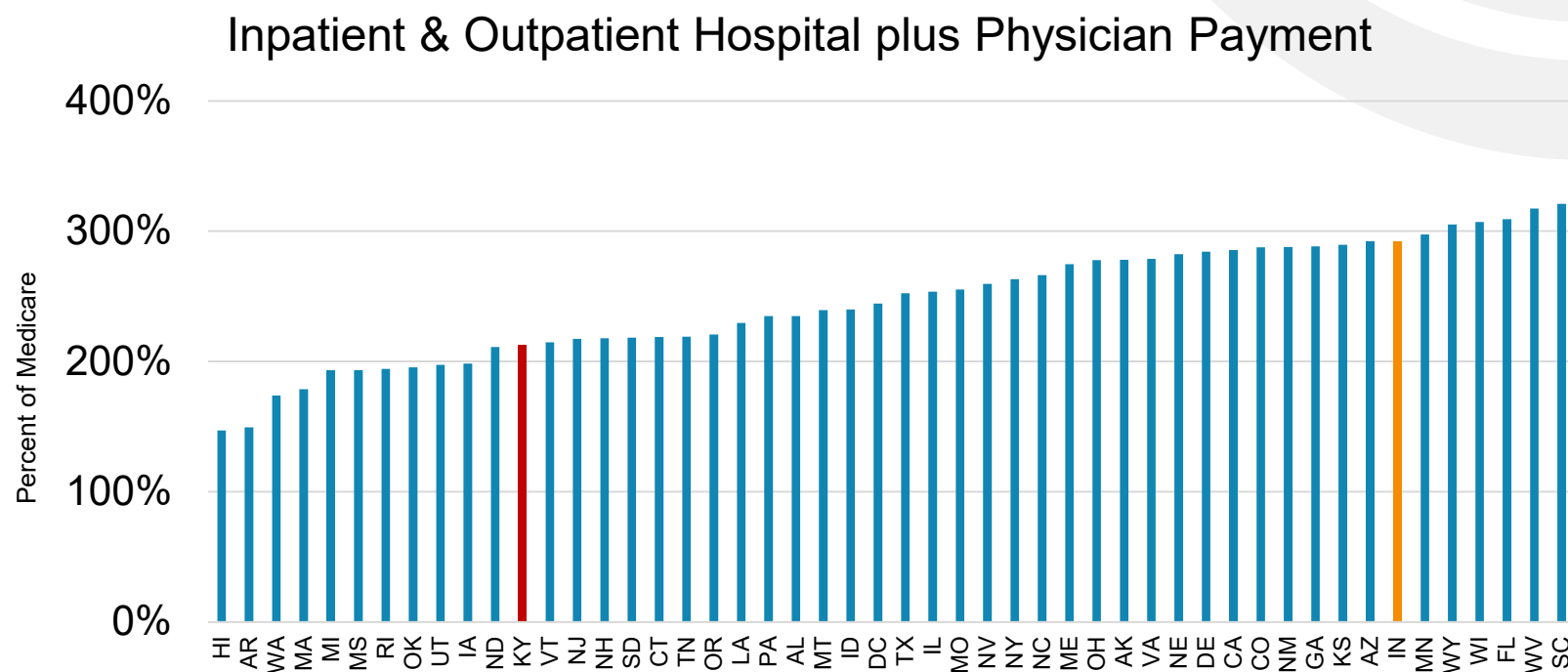
Overview: RAND Hospital Price Transparency Studies

	RAND 1.0 2017	RAND 2.0 2019	RAND 3.0 2020	RAND 4.0 2022
Services	Hospital Inpt & Outpt	Hospital Inpt & Outpt	Hospital Inpt & Outpt Fees Professional Inpt & Outpt Fees	Hospital Inpt & Outpt Fees Professional Inpt & Outpt Fees
States	IN	25 States	49 States (excludes Maryland)	49 states and the District of Columbia (excludes Maryland)
Years	2013 - 2016	2015 –2017	2016 – 2018	2018 - 2020
Hospitals	120	1,598	3,112	4,102
Claims	14,000 inpt facility stays 275,000 outpatient facility services	330,000 inpt facility stays 14.2 million outpt facility services	750,000 inpt facility stays (and professional fees) 40.2 million outpt services (and professional fees)	1.3 million inpt facility stays (and professional fees) 12.2 million outpt services (and professional fees)
Allowed Amounts (Hosp)	\$695,000 million faciltiy total: \$336 million inpt \$359 million outpt	\$12.9 billion total: \$6.3 billion inpatient \$6.6 billion outpatient	\$33.8 billion total: \$15.7 billion inpatient \$14.8 billion outpatient \$3.3 billion professional	\$78.8 billion total \$36.5 billion inpatient facilities, \$34.7 billion outpatient facilities \$7.6 billion professional
Data Sources	Participating self-funded employers	Self-funded employers, 2 all payer claims databases, and health plans	Self-insured employers, 6 state all- payer claims databases, & health plans across the US	Employers, health plans and 11 APCDs

TOTAL HOSPITAL COMMERCIAL PRICES RELATIVE TO MEDICARE

Indiana is 7th highest = 292%

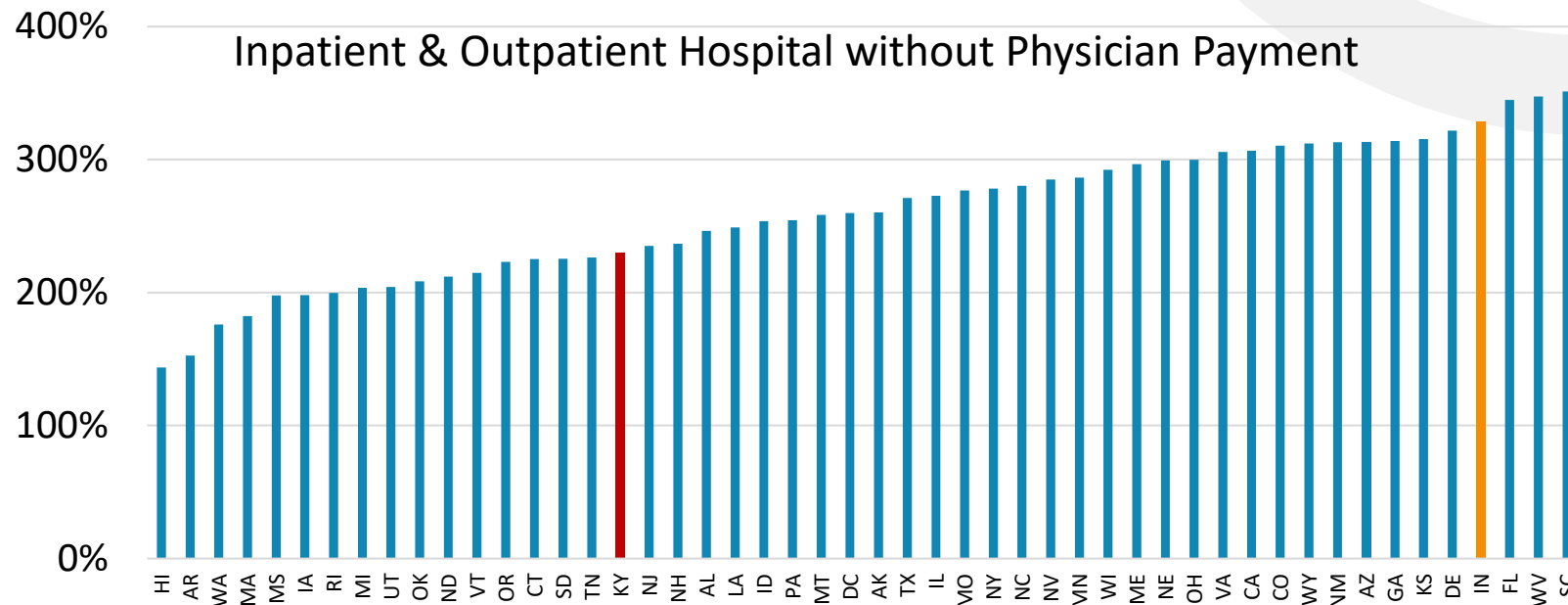
Median of states = 248%



FACILITY PRICES RELATIVE TO MEDICARE

Indiana is 4th highest = 329%

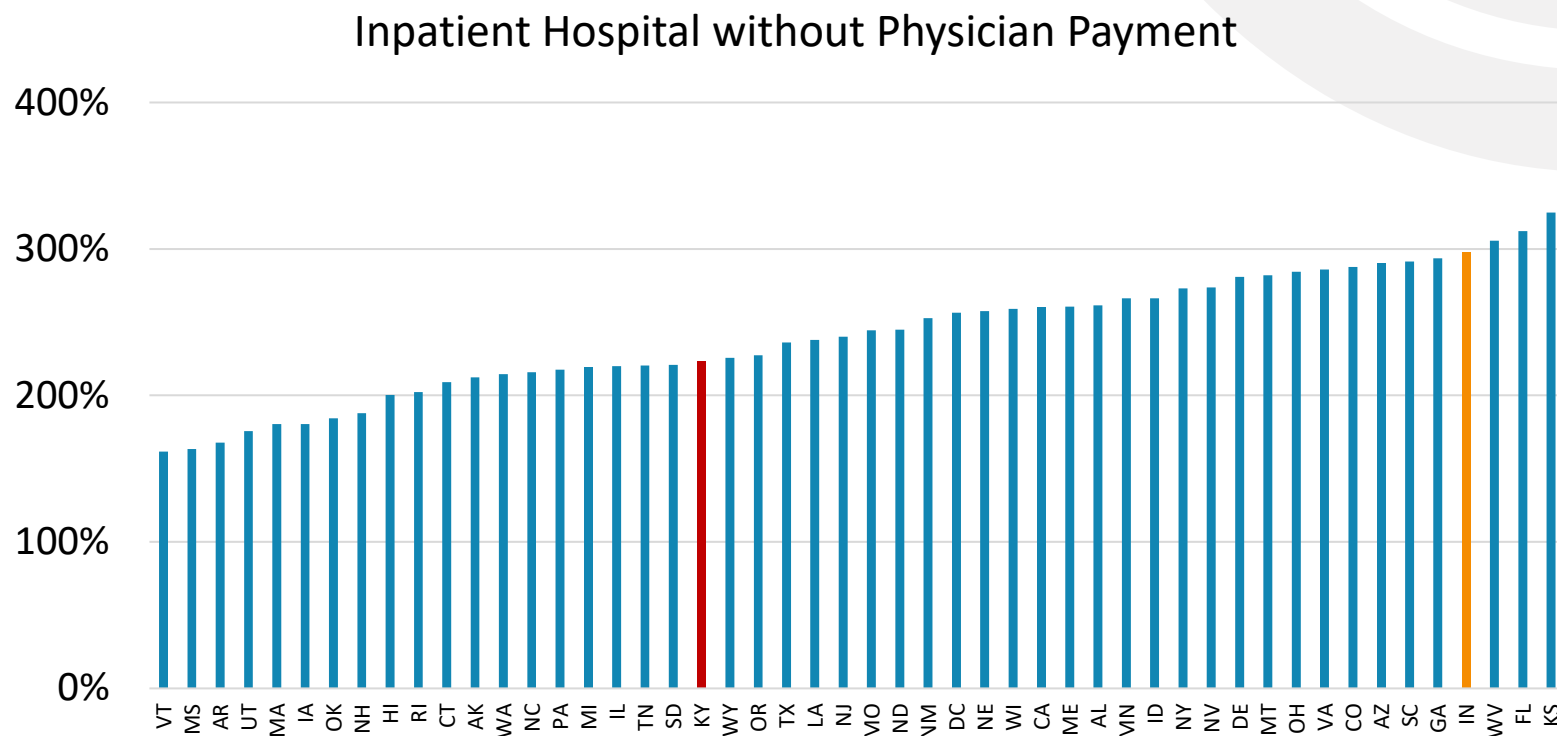
Median of states = 260%



INPATIENT FACILITY PRICES RELATIVE TO MEDICARE

Indiana is 4th highest = 298%

Median of states = 242%

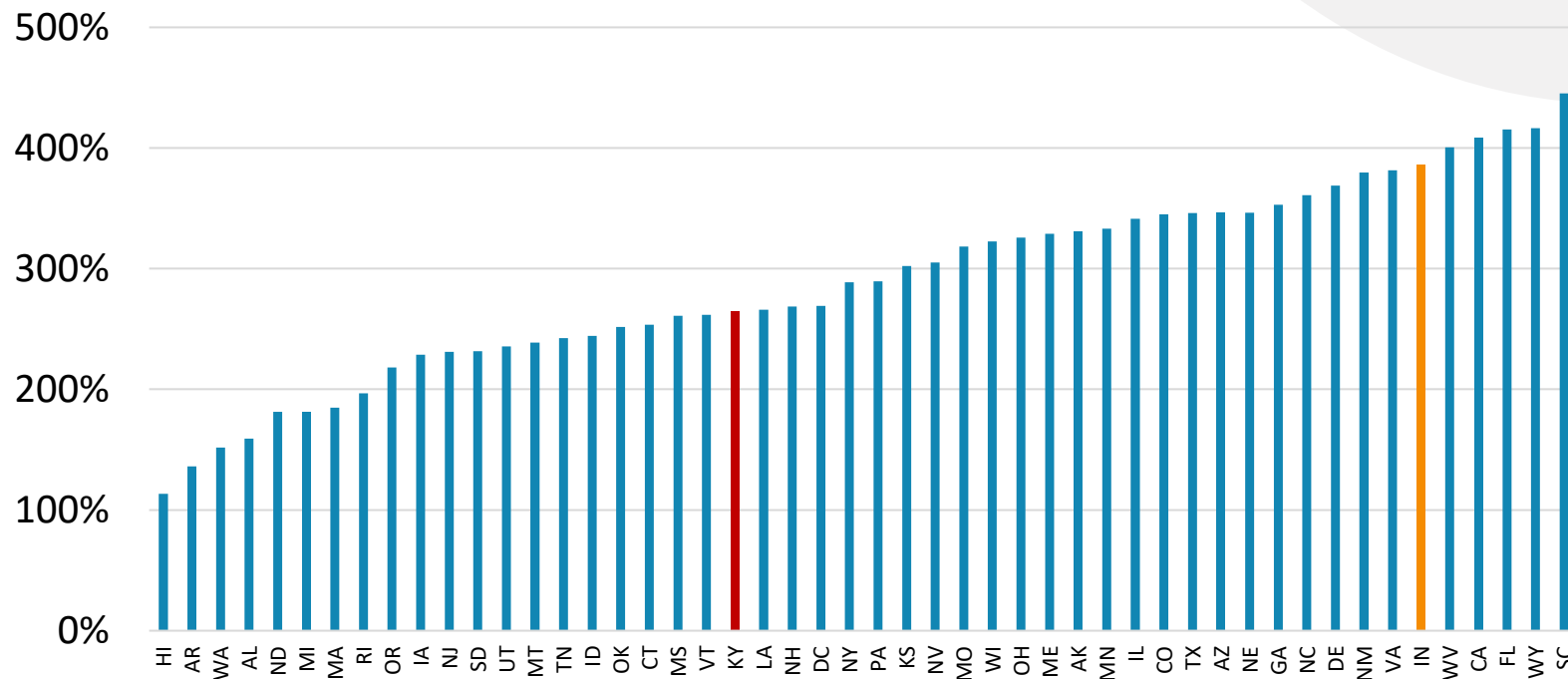


OUTPATIENT FACILITY PRICES RELATIVE TO MEDICARE

Indiana is 6th highest = 386%

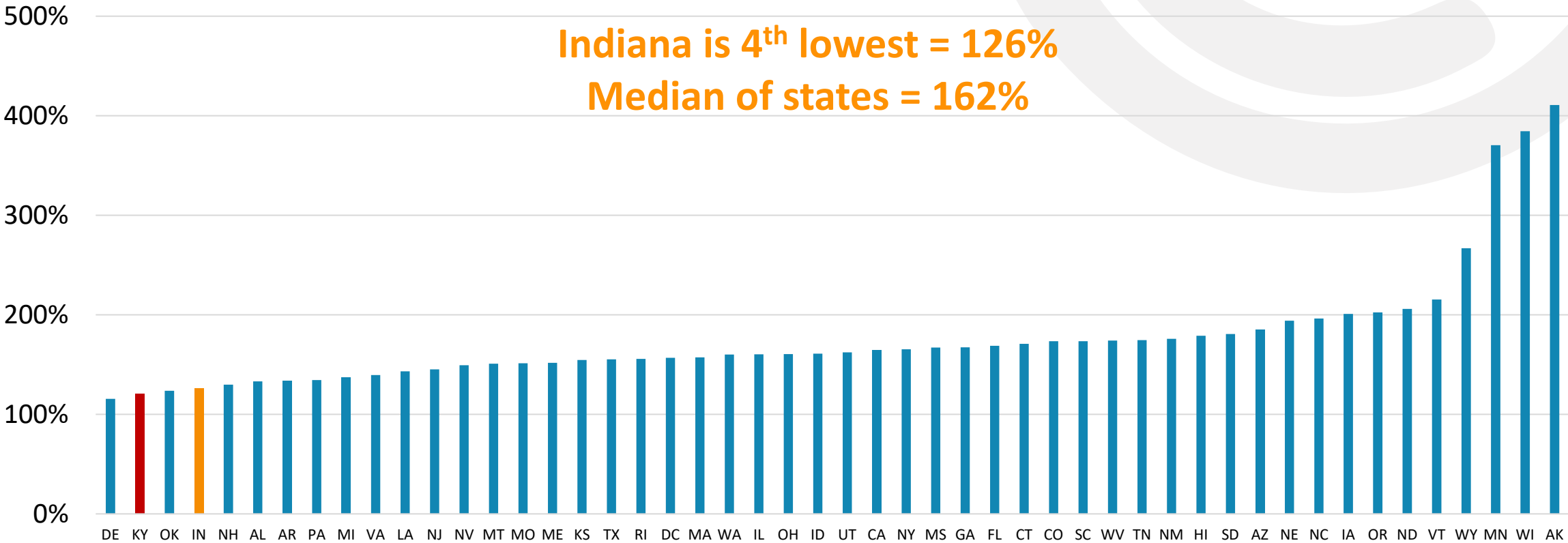
Median of states = 289%

Outpatient Hospital without Physician Payment



PROFESSIONAL FEES RELATIVE TO MEDICARE

Inpatient & Outpatient Physician Payment without Hospital Payment



Harvard Study Published In May 2020 Corroborates RAND 3.0 Findings

- Includes 48 states (excluding MD and SC)
- Provides state-level comparison of hospital inpatient prices, hospital outpatient prices and professional fees
- Data source is 2017 IBM MarketScan data, representing 14 million commercial employees
- Reports commercial paid relative to Medicare payment at the state level
- **ARTICLE SUPPLEMENT**
 - **Indiana Outpatient Hospital: #2nd highest**
(NM #1, thus the only state higher priced than Indiana)
 - **Indiana Inpatient Hospital: #3rd highest**
(OR #1, MT #2, thus the only states higher priced than Indiana)
 - **Indiana Professional fees: #3rd lowest**
(DE #47, KY #48, meaning the only states that paid practitioners less than IN)





RAND 5.0 Study is Open for Enrollment

Visit <https://employerptp.org/enroll/>
to learn more and enroll today.

RAND 5.0 Timeline

August 2022 through March 2023

- Recruitment of self-funded employers, APCDs, and health plans. Amend agreements with organizations that participated in the previous round(s).

April 2023

- All agreements and DUAs in place between RAND and employers, health plans, APCDs, and data warehouses. All authorizations sent by self-funded employers to their TPAs and data warehouses. Data transfers begin.

April through July 2023

- Transfer claims data to RAND.

August 2023

- All data delivery complete. Begin data testing and analysis, drafting of public report.

August 2023 through May 2024

- Clean and analyze claims data, draft public report, submit report to RAND quality assurance process (QA)

May 2024

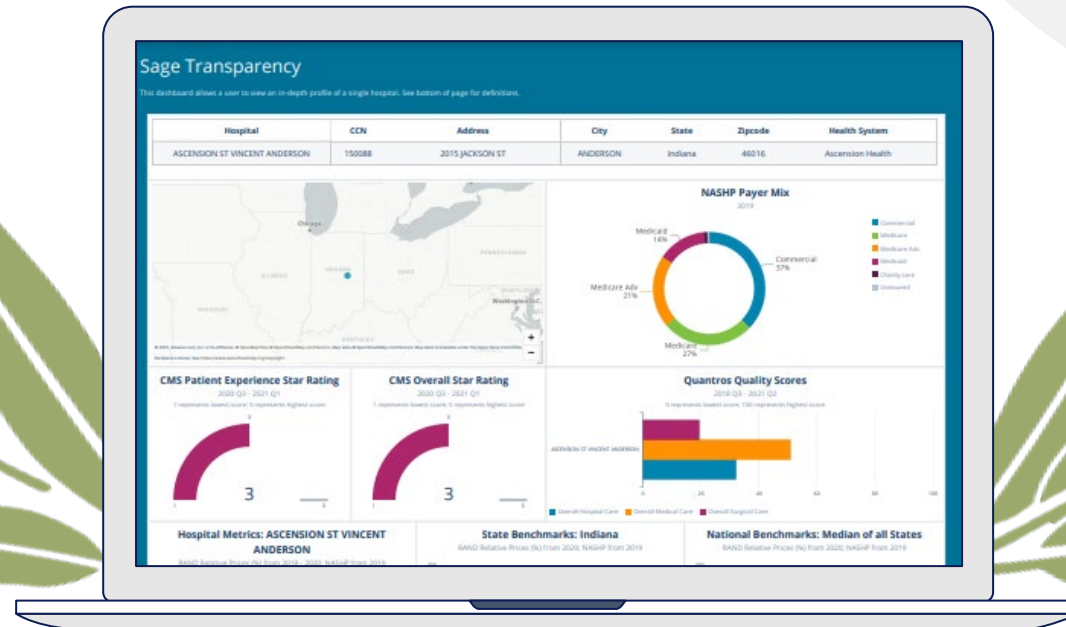
- Public report finalized and made public online.

June-Aug 2024

- Private employer-level reports produced and distributed.

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Sagetransparency.com



Sage Transparency is made up of 5 Data Sources

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

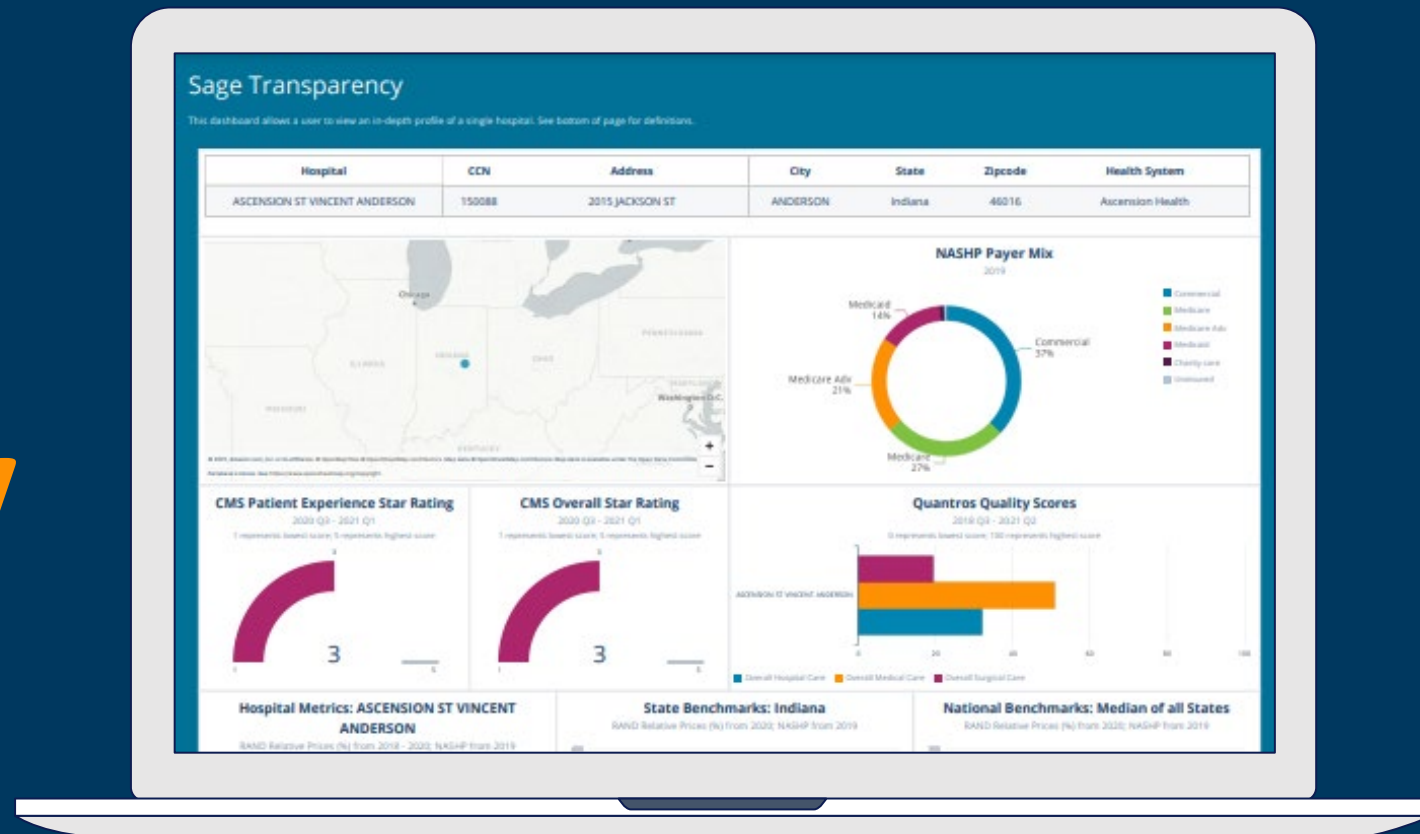
Determined by Quantros



DEMO

Sage Transparency

Hospital price, quality, and cost
data: freely & publicly available



Q & A



THANK YOU!

Questions Welcome

If you have interest in being part of the solution,
you are welcome to be a member of the Forum.



Gloria Sachdev

gloria@employersforumindiana.org

There is **NO CORRELATION** between hospital prices in a state

AND

The state's level of public health funding

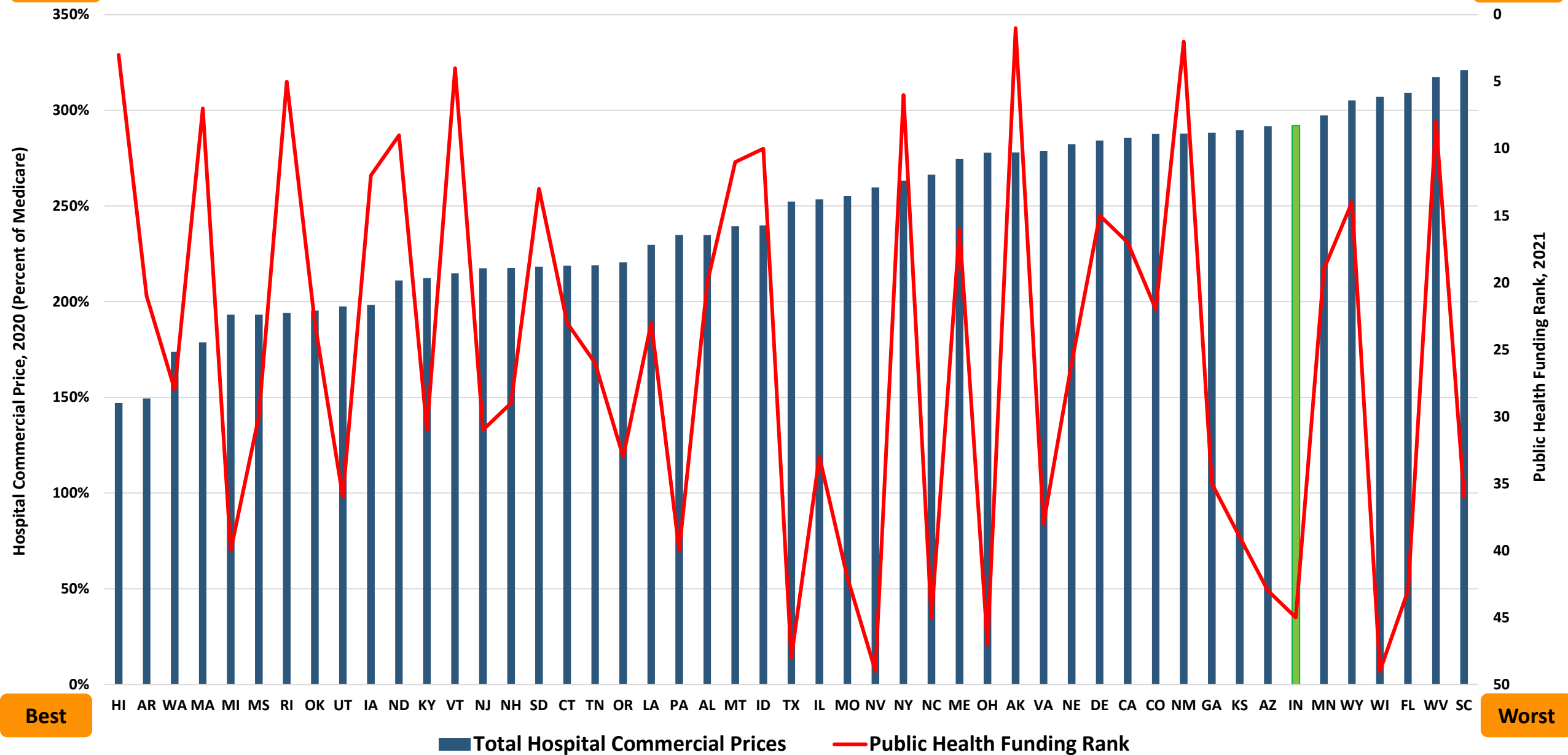
NOR

The state's health outcomes

Worst

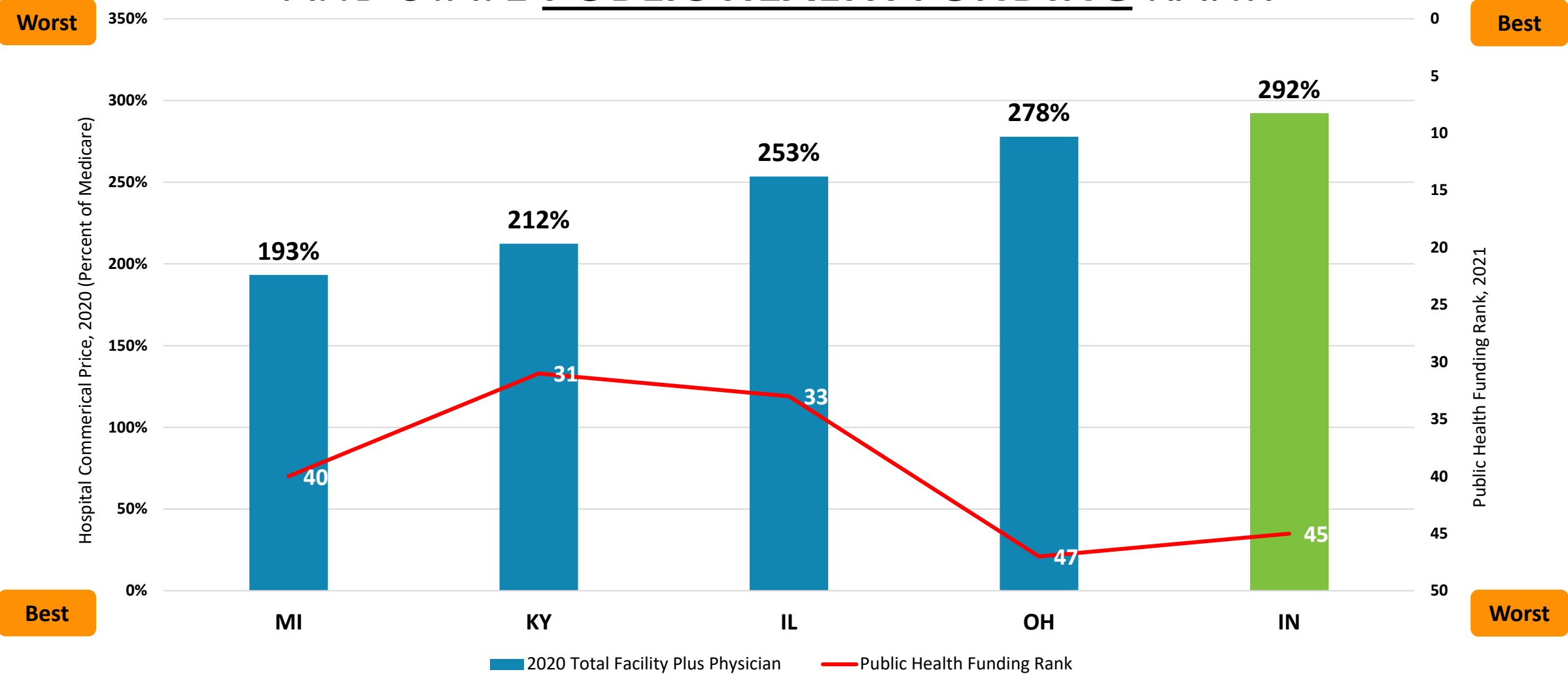
There is **NO Correlation** between State Hospital Price Rank & State Public Health Funding Rank

Best

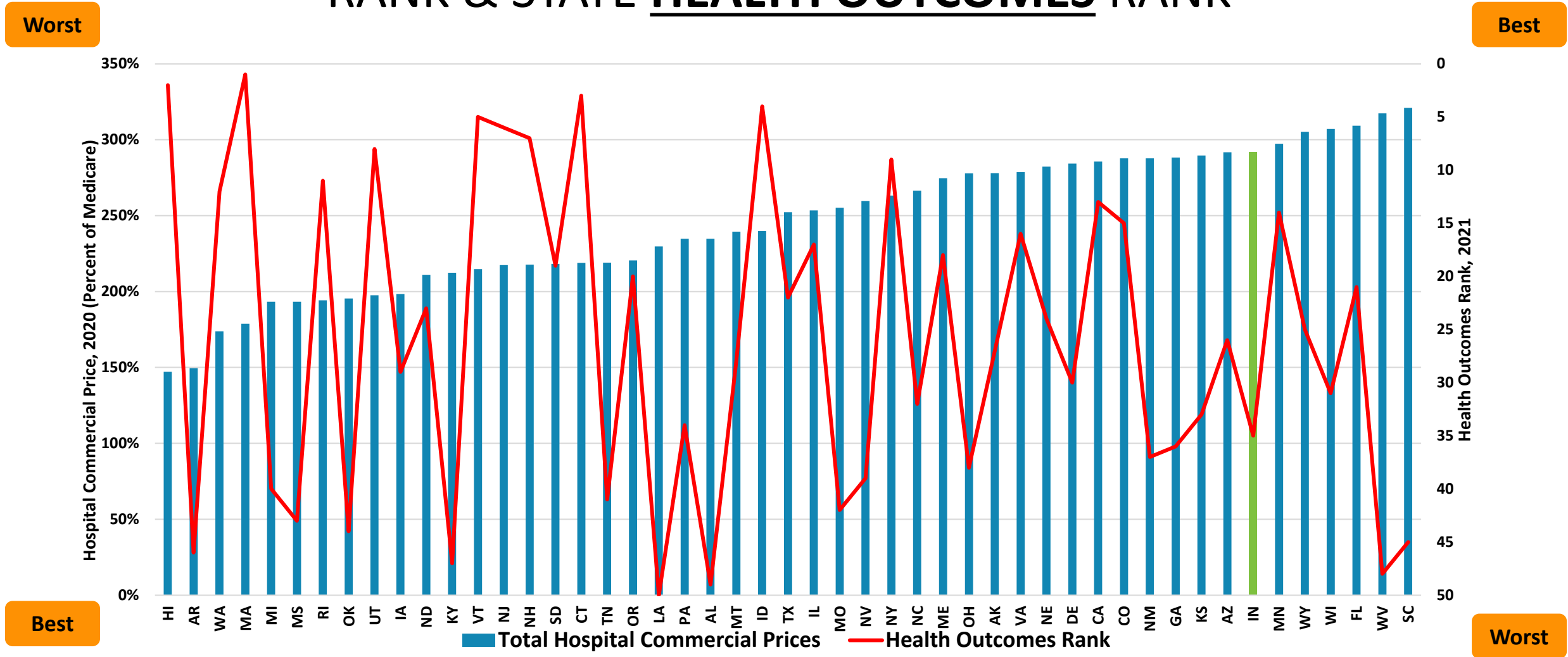


Worst

THERE IS NO CORRELATION BETWEEN STATE HOSPITAL PRICE RANK AND STATE PUBLIC HEALTH FUNDING RANK



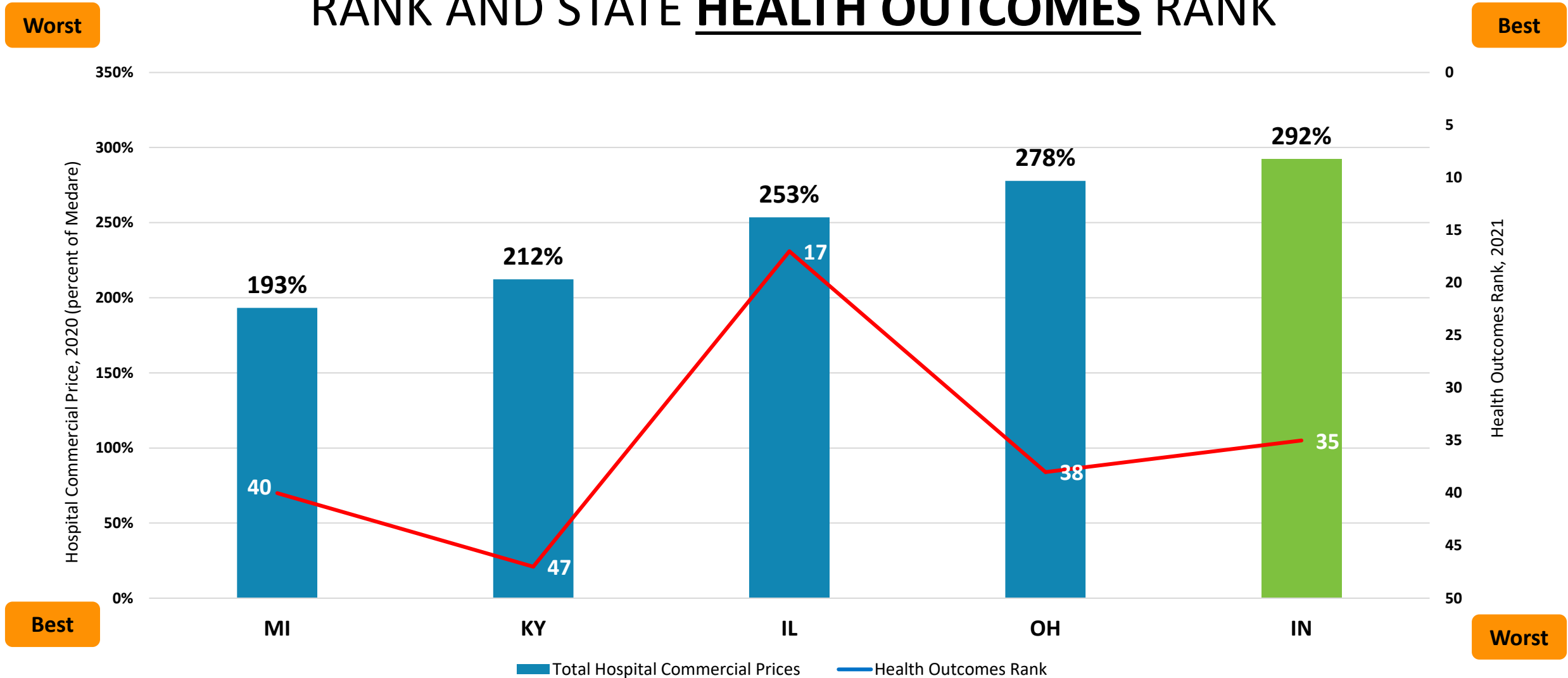
THERE IS NO CORRELATION BETWEEN STATE HOSPITAL PRICE RANK & STATE HEALTH OUTCOMES RANK



Indiana Health Outcomes Rank
2021 = 35th & 2020 = 36th

Health Outcomes Rank: <https://www.americashealthrankings.org/explore/annual/measure/Outcomes/state/ALL>
RAND 4.0 Hospital Price Transparency Study: <https://employerptp.org/rand/4-0/>

THERE IS **NO CORRELATION** BETWEEN STATE HOSPITAL PRICE RANK AND STATE HEALTH OUTCOMES RANK



POLICY IDEAS: REFERENCES

1. **Petris Center on Health Care Markets and Consumer Welfare. Indiana's Soaring Hospital Prices and Unaffordable Insurance Premiums: Causes and Potential Solutions.** Oct 2022. <https://petris.org/wp-content/uploads/2022/10/Petris-Center-Report-on-Indianas-Hospital-Prices-and-Insurance-Premiums-10.06.22.pdf>

Policy recs on pages 83-86:

1. Increase antitrust enforcement
2. Enhance state merger review authority
3. Restrict anti-competitive contracting
4. Institute site-neutral payments
5. Increase price transparency
6. Re-evaluate tax exempt status
7. Establish a state affordability commission
8. Institute hospital rate regulation

2. **Congressional Budget Office (CBO) Report: Policy Approaches to Reduce What Commercial Insurers Pay for Hospital and Physician Services.** Sept 29, 2022. <https://www.cbo.gov/publication/58222>

Policy recs on pages 13-33:

- a. Estimate to decrease price by 0.1-1.0% in first 10 years: Expanding or refining existing federal regulations that require hospitals and insurers to make their prices available to the public and Establishing a federal all-payer claims database (APCD) and providing standardized information about prices for health care services using that database.
- b. Estimate decrease prices 1-3% in first 10 years if adopt all: Increasing antitrust enforcement, Reducing providers' incentives to consolidate, Making it easier for providers to change jobs, and, Prohibiting anticompetitive contracts between insurers and providers.
- c. Estimate decrease prices 3-5% or more: Capping the level of prices by setting maximum amounts that hospitals and physicians could receive from commercial insurers, Capping the annual growth rate of those prices, or Taxing services whose prices exceed certain maximum amounts.

3. **Families USA report. Bleeding Americans Dry: The Role of Big Hospital Corporations in Driving Our Nation's Health Care Affordability and Quality Crisis.** Sept 2022. https://familiesusa.org/wp-content/uploads/2022/09/People-First-Care_Role-of-Hospitals-1.pdf . Policy recs on pages 12-13.

INDIANA LSA COMMISSIONED REPORTS

Two LSA reports published in prep for the 10-20-22 Interim Study Committee on Financial Institutions and Insurance meeting:

1. New Evidence about the Heterogeneity of Indiana's Healthcare Markets: Competition, Costs, and the Impacts of Market Structure:

<http://iga.in.gov/documents/47c526b5>

2. Study of Pharmacy Market Concentration in Indiana by Industry

<http://iga.in.gov/documents/882fff83>