



RAND REPORT HIGHLIGHTS DISPARITIES IN HOSPITAL PRICING, QUALITY

A new report released by the Colorado Business Group on Health and the Colorado Consumer Health Initiative has found that hospital pricing and outcomes varied widely and inexplicably across the state, demonstrating no reliable correlation between price and quality.

Designed to empower employers and their employees to become more informed healthcare consumers, the report offers hospital-by-hospital pricing and clinical outcomes comparisons for each hospital's highest- and lowest-performing services.

Inpatient payments to Colorado hospitals ranged from just under Medicare reimbursement rates to as much as 329% of what Medicare pays, according to the report. Outpatient payments ranged from 123% of Medicare in Aspen to 782% of Medicare in Fort Morgan.

Meanwhile, quality varied nearly as much within hospitals as it does across hospitals. Of the 50 Colorado hospitals offering a service in the top 25% of hospitals in the country, 32 of these same hospitals also offer a service in the bottom 25% of all hospitals in the country, the report found.

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The data in the report was derived from the RAND Corporation's Price Transparency Project, which evaluated payment information from self-insured employers, health insurers and patients in 25 states, as well as outcomes data from hospitals, over a three-year period from 2015 to 2017. The study found that the prices paid to hospitals for privately insured patients averaged 241% of what Medicare would have paid, with wide variation in prices among states.

Hospital quality performance was calculated using the Quantros CareChex Hospital and Health System Quality Rankings and Ratings with three years of clinical outcomes from the Centers for Medicare and Medicaid Services, the nation's largest database of claims, combined with the Colorado All Payer Claims Database, which includes actual payments made by health insurers, employers and patients to providers.

RAND's Price Transparency Project will be featured during a session on "Using Reference-Based Pricing to Tame the Hospital Cost Shift" during the 2019 Self-Insurance Institute of America's annual conference, which is being held Sept. 30-Oct. 2 in San Francisco. During the session, RAND Researcher Christopher Whaley will unveil the data that RAND has collected. Robert Smith, executive director of the Colorado Business Group on Health will share the information that RAND collected on Colorado, which turned out to be among the most expensive of the 25 states studied. Also during the session, Marilyn Bartlett, special projects coordinator for the Montana Commissioner of Securities and Insurance will share her state's experience with implementing reference-based pricing using the RAND hospital pricing data.

Further details about the RAND Price Transparency Project are available here: <https://employerptp.org/#visualize>

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