Employers Aligning Payment with Value

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Average Annual Employer and Worker Contributions to Premiums for Family Coverage, 1999-2020

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

Employee Premiums & Deductibles Have Risen Much Faster than Wages since 2010

Economic Impact

**Employers**

- Limits employee salary wage raises
- Limits hiring the best talent (as need competitive wages and benefits)
- Decreases financial reserves (which results in more lay-offs in business slump)
- Decrease funds available to invest in business expansion
- Limits health care services offered to employees and retirees
- Limits funds available for community support
- Lack of price and quality transparency prevents all purchasers who have fiduciary responsibility from making the best benefit decisions

**Employees**

- Increases premium contributions to purchase health care coverage
- Increases out-of-pocket contributions via co-pays and co-insurance
- Increases mental stress as high health care costs limit household funds available for other living expenses
- Lack of price and quality transparency prevents employees from knowing where to go for optimal care
RAND Hospital Price Transparency Studies

commissioned by the Forum
funded by the Robert Wood Johnson Foundation
RAND Studies

RAND 1.0 study
Published in 2017

RAND 2.0 study
Published in 2019
## RAND 3.0 Study

| Services                      | Hospital Inpatient and Outpatient Fees  
<table>
<thead>
<tr>
<th></th>
<th>Professional Inpatient and Outpatient Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>States</td>
<td>49 states and the District of Columbia (excludes Maryland)</td>
</tr>
<tr>
<td>Years</td>
<td>January 2016 – December 2018</td>
</tr>
<tr>
<td>Hospitals</td>
<td>3,112</td>
</tr>
</tbody>
</table>
| Claims                        | 750,000 for inpatient hospital facility stays (and professional fees)  
|                              | 40.2 million claims for outpatient services (and professional fees) |
| Allowed Amount                | $33.8 billion total:  
|                              | $15.7 billion inpatient  
|                              | $14.8 billion outpatient  
|                              | $3.3 billion professional |
| Data Sources                  | Self-insured employers, 6 state all-payer claims databases, & health plans across the U.S. |
| Published                     | September 18, 2020 |
| Funders                       | Robert Wood Johnson Foundation & optional for self-funded employers if they wanted a private report |

New Hampshire is the 16th highest state, paying an average 264% of Medicare when looking at facility (hospital) payment combined with professional (physician) payment.

NOTE: Relative prices equal the ratio of the amounts actually paid divided by the amounts that would have been paid—for the same services provided by the same hospitals—using Medicare’s price-setting formulas. Prices include charges for inpatient and outpatient services and group facility and professional fees.

Hospital Prices Relative to Medicare by State, 2018

New Hampshire Hospital Prices Relative to Medicare, 2018
Combined Impatient, Outpatient, to include Professional Fees

## New Hampshire Hospitals Price (mean 2016-2018) & Quality (2021)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Medicare Provider #</th>
<th>Inpatient Facility</th>
<th>Outpatient Facility</th>
<th>Professional Only</th>
<th>Facility Plus Professional</th>
<th>2021 CMS Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parkland Medical Center</td>
<td>300017</td>
<td>360%</td>
<td>517%</td>
<td>259%</td>
<td>402%</td>
<td>3</td>
</tr>
<tr>
<td>Lakes Region General Hospital</td>
<td>300005</td>
<td>523%</td>
<td>310%</td>
<td>153%</td>
<td>389%</td>
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</tr>
<tr>
<td>Concord Hospital Inc.</td>
<td>300001</td>
<td>405%</td>
<td>323%</td>
<td>165%</td>
<td>325%</td>
<td>5</td>
</tr>
<tr>
<td>Portsmouth Regional Hospital</td>
<td>300029</td>
<td>362%</td>
<td>350%</td>
<td>168%</td>
<td>323%</td>
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</tr>
<tr>
<td>Wentworth-Douglass Hospital</td>
<td>300018</td>
<td>303%</td>
<td>336%</td>
<td>166%</td>
<td>296%</td>
<td>5</td>
</tr>
<tr>
<td>Frisbie Memorial Hospital</td>
<td>300014</td>
<td>340%</td>
<td>297%</td>
<td>156%</td>
<td>279%</td>
<td>4</td>
</tr>
<tr>
<td>Catholic Medical Center</td>
<td>300034</td>
<td>315%</td>
<td>288%</td>
<td>152%</td>
<td>276%</td>
<td>4</td>
</tr>
<tr>
<td>Exeter Hospital Inc.</td>
<td>300023</td>
<td>267%</td>
<td>285%</td>
<td>155%</td>
<td>254%</td>
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</tr>
<tr>
<td>St. Joseph Hospital</td>
<td>300011</td>
<td>255%</td>
<td>280%</td>
<td>150%</td>
<td>250%</td>
<td>3</td>
</tr>
<tr>
<td>Mary Hitchcock Memorial Hosp</td>
<td>300003</td>
<td>225%</td>
<td>336%</td>
<td>207%</td>
<td>244%</td>
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</tr>
<tr>
<td>Elliot Hospital</td>
<td>300012</td>
<td>230%</td>
<td>284%</td>
<td>157%</td>
<td>240%</td>
<td>4</td>
</tr>
<tr>
<td>Southern NH Medical Center</td>
<td>300020</td>
<td>248%</td>
<td>246%</td>
<td>166%</td>
<td>231%</td>
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</tr>
<tr>
<td>Cheshire Medical Center</td>
<td>300019</td>
<td>166%</td>
<td>212%</td>
<td>205%</td>
<td>200%</td>
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</tr>
<tr>
<td>Littleton Regional Healthcare</td>
<td>301302</td>
<td>142%</td>
<td>181%</td>
<td>135%</td>
<td>166%</td>
<td>2</td>
</tr>
</tbody>
</table>


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<tr>
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<th>Professional Only</th>
<th>Facility Plus Professional</th>
<th>2021 CMS Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weeks Medical Center</td>
<td>301303</td>
<td>130%</td>
<td>175%</td>
<td>149%</td>
<td>164%</td>
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<tr>
<td>Valley Regional Hospital</td>
<td>301308</td>
<td>81%</td>
<td>152%</td>
<td>144%</td>
<td>141%</td>
<td>4</td>
</tr>
<tr>
<td>New London Hospital</td>
<td>301304</td>
<td>115%</td>
<td>121%</td>
<td>141%</td>
<td>122%</td>
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<tr>
<td>Speare Memorial Hospital</td>
<td>301311</td>
<td>60%</td>
<td>146%</td>
<td>179%</td>
<td>118%</td>
<td>3</td>
</tr>
<tr>
<td>Memorial Hospital</td>
<td>301307</td>
<td>84%</td>
<td>103%</td>
<td>155%</td>
<td>105%</td>
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<tr>
<td>Franklin Regional Hospital</td>
<td>301306</td>
<td></td>
<td>197%</td>
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<tr>
<td>Cottage Hospital</td>
<td>301301</td>
<td></td>
<td>166%</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Upper Connecticut Valley Hospital</td>
<td>301300</td>
<td></td>
<td>161%</td>
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<td></td>
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</tr>
<tr>
<td>Monadnock Community Hospital</td>
<td>301309</td>
<td></td>
<td></td>
<td>149%</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Huggins Hospital</td>
<td>301312</td>
<td></td>
<td>127%</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Androscoggin Valley Hospital</td>
<td>301310</td>
<td></td>
<td>118%</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Alice Peck Day Memorial Hospital</td>
<td>301305</td>
<td></td>
<td>77%</td>
<td></td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

Download RAND 3.0 Study

- https://employerptp.org/rand-hospital-price-studies/

- Download Supplement
- Hospitals Tab: 3112 hospitals
- Each State has a Tab noting health-system level data
- All freely and publicly available
HARVARD Price Transparency Study by Chernew et al published article in May 2020 Corroborates RAND 3.0 Findings

- Includes 48 states (excludes MD and SC)
- Provides state-level comparison of hospital inpatient prices, hospital outpatient prices and professional fees paid relative to Medicare payment
- Data source is 2017 IBM MarketScan data, representing 14 million commercial employees

DOWNLOAD ARTICLE SUPPLEMENT as well
RAND 4.0 Study Timeline

January - March 2021
• Recruitment

March - June 2021
• Data Collection

July - September 2021
• Data Analysis

October 2021 - January 2022
• Writing report

Late February - Early March 2022
• RAND 4.0 Release
Where Do Employers & Employees Go From Here?
Value for Employers defined as Best Quality at Low Cost

VALUE = \frac{Quality}{Price \times Quantity}
Employers want to align payment with VALUE
RAND 3.0 Hospital Price and CMS Hospital Quality Star Ratings

NOTE: Relative prices equal the ratio of the amounts actually paid divided by the amounts that would have been paid—for the same services provided by the same hospitals—using Medicare’s price-setting formulas. Hospitals are categorized as those with prices below 1.5 times Medicare rates, between 1.5- and 2.5-times Medicare rates, and 2.5 times or above Medicare rates. Prices include facility and professional payments. Each price category contains the share of hospitals in that category with each CMS Hospital Compare star category.

Look at Benefit Design Levers based on VALUE
Consider contracting the below as a multiple of Medicare (or standardized prices for academic medical centers)

- Narrow/Tiered networks
- Direct Employer to Hospital Contracting
- Providers of Excellence/Centers of Excellence
- Bundled Payments/Episodes of Care
- Reference Based Benefits
In order to have a functional market, healthcare purchasers MUST demand Price and Quality Transparency.

- Reliable, actionable data to make informed decisions & hold the entire supply chain accountable
- Benefit design with incentives for covered lives to go to high value
- Payment models which are aligned with high value
- Enact legislative policy to allow for fair practices

Should Create Provider Competition around Achieving High Quality at Best Price
Thank You

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