

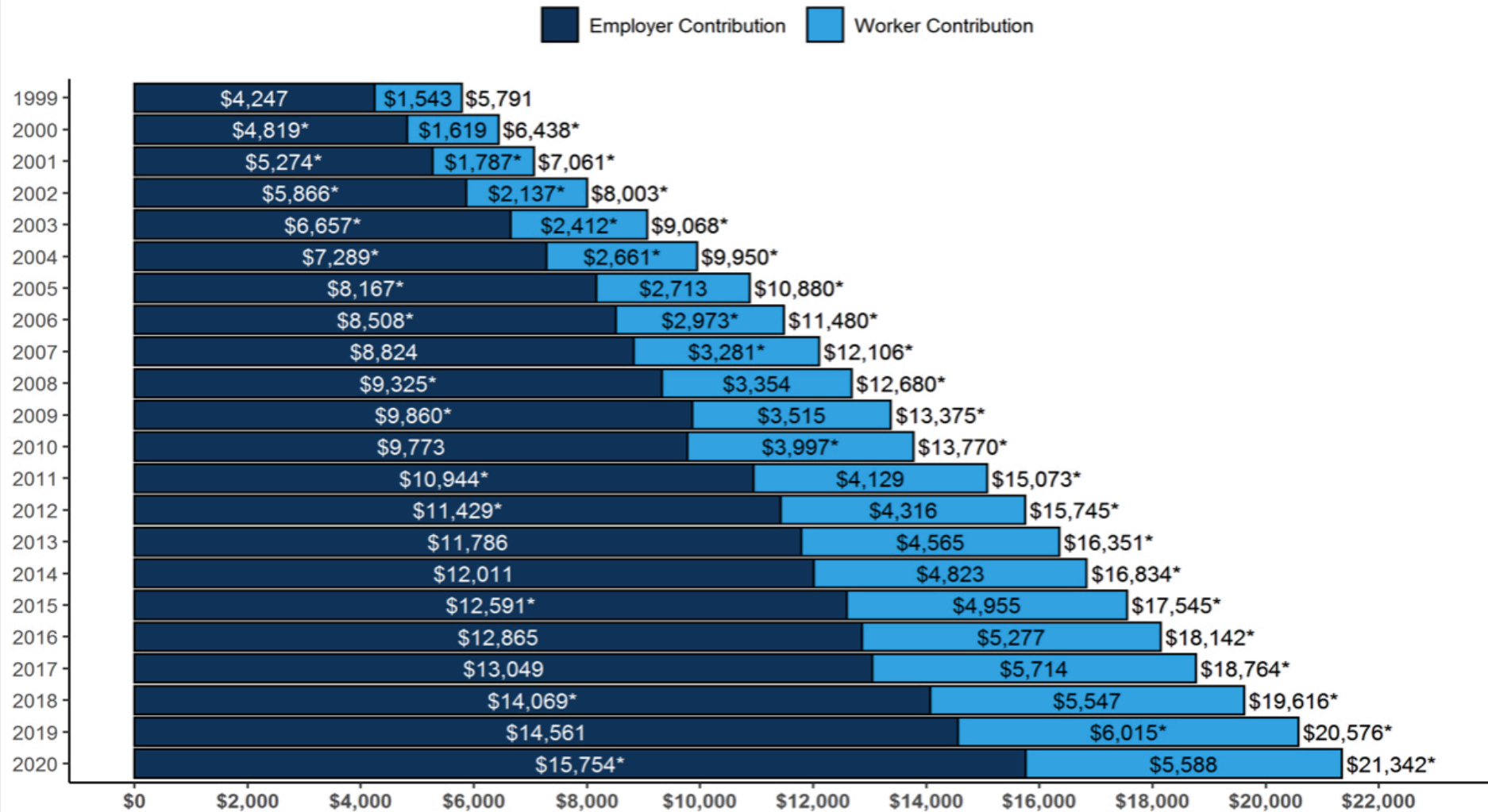


Employers Aligning Payment with Value

Gloria Sachdev, B.S. Pharm, Pharm.D.
President and CEO, Employers' Forum of Indiana
gloria@employersforumindiana.org

New Hampshire School of Law
June 16, 2021
Virtual panel discussion

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

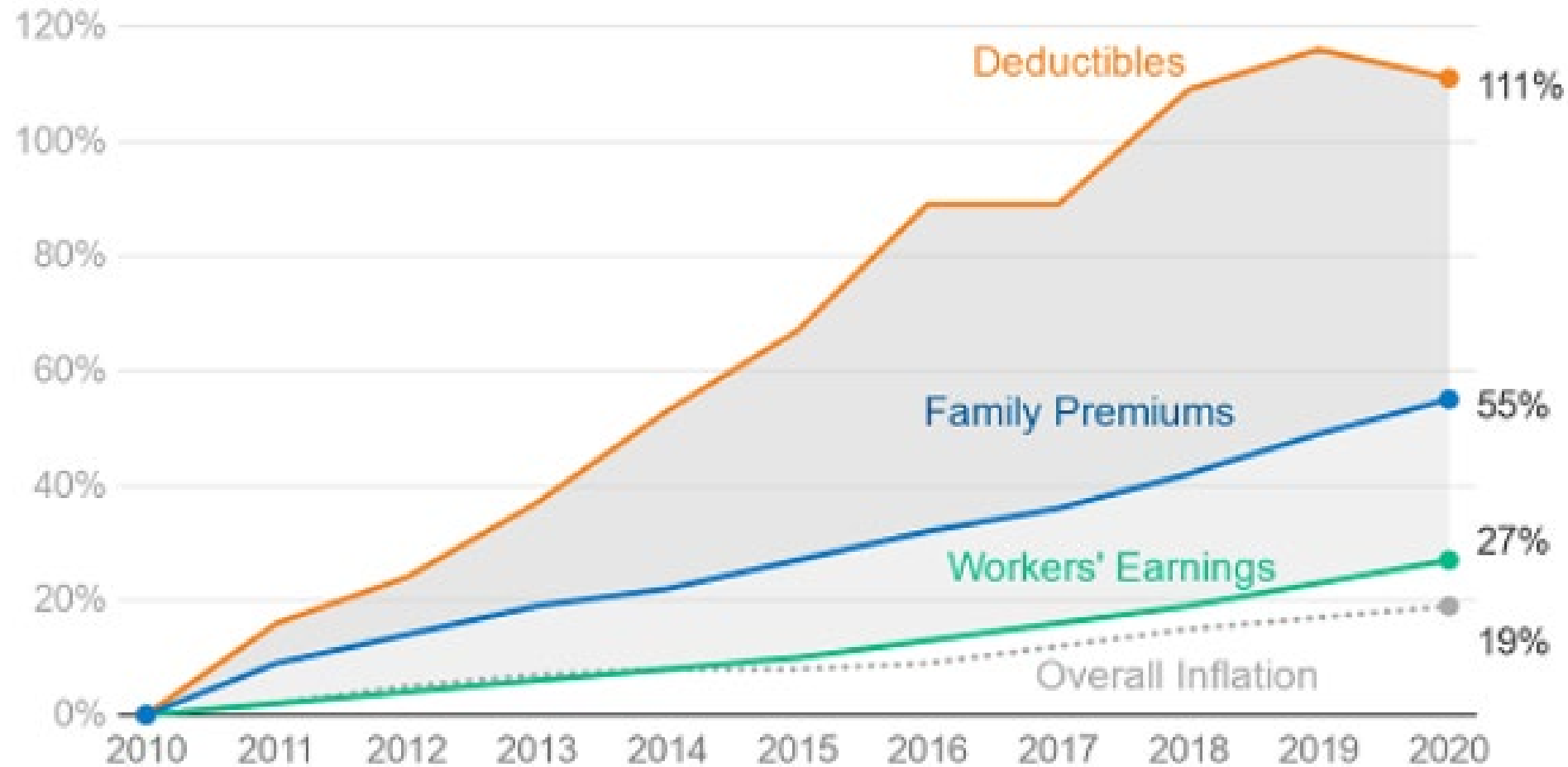


* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

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

KFF

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



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/>

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

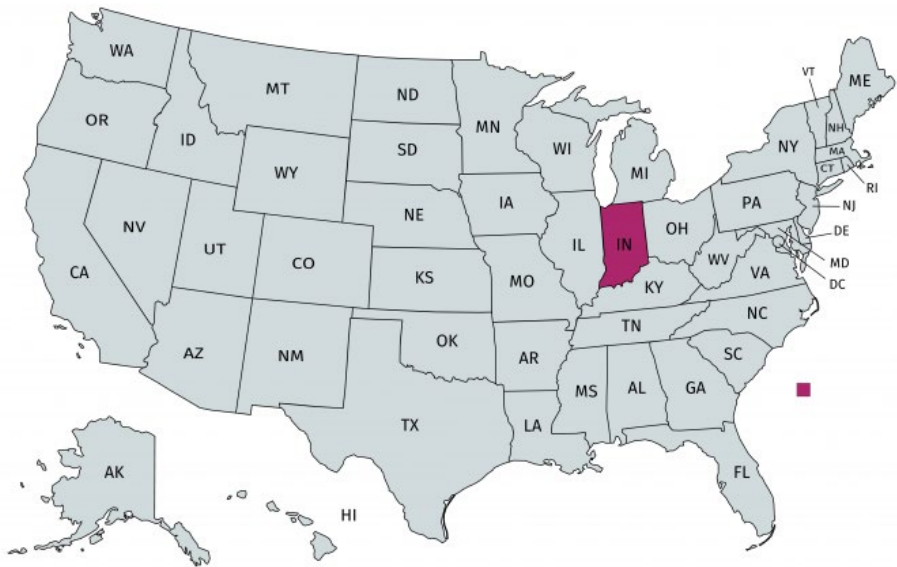
RAND Hospital Price Transparency Studies

commissioned by the Forum
funded by the Robert Wood Johnson Foundation

RAND Studies

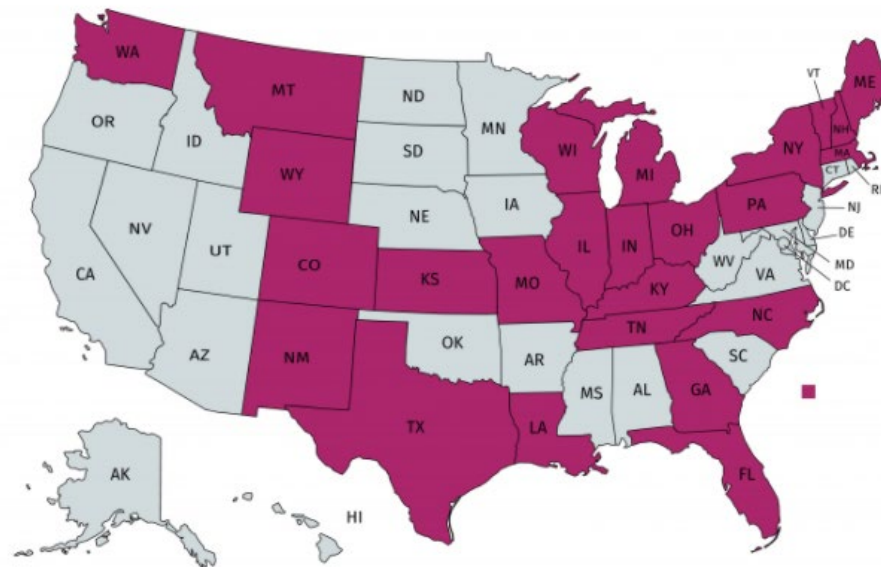
RAND 1.0 study

Published in 2017



RAND 2.0 study

Published in 2019

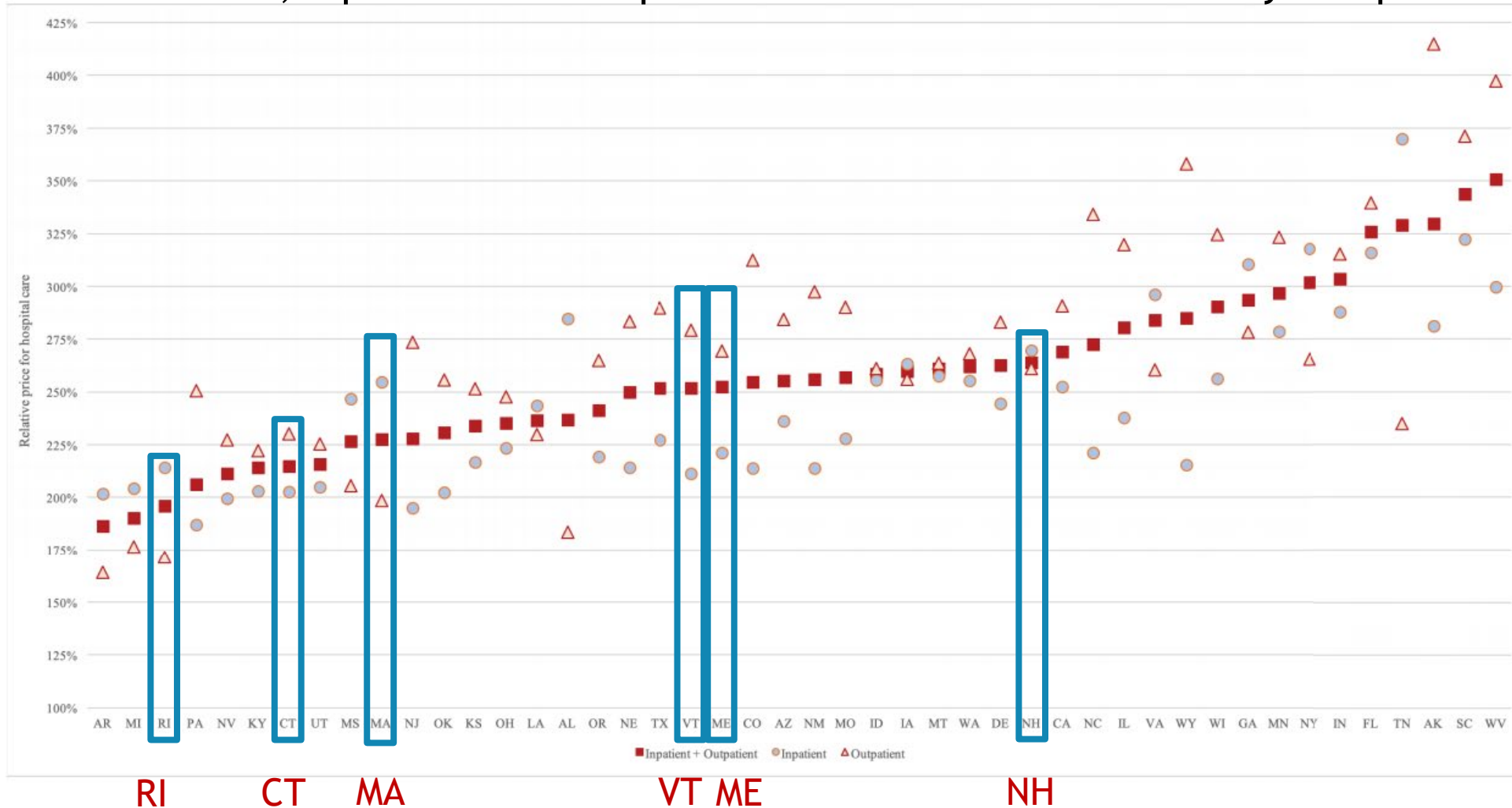


RAND 3.0 Study

Services	Hospital Inpatient and Outpatient Fees Professional Inpatient and Outpatient Fees
States	49 states and the District of Columbia (excludes Maryland)
Years	January 2016 – December 2018
Hospitals	3,112
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

Hospital Prices Relative to Medicare by State, 2018

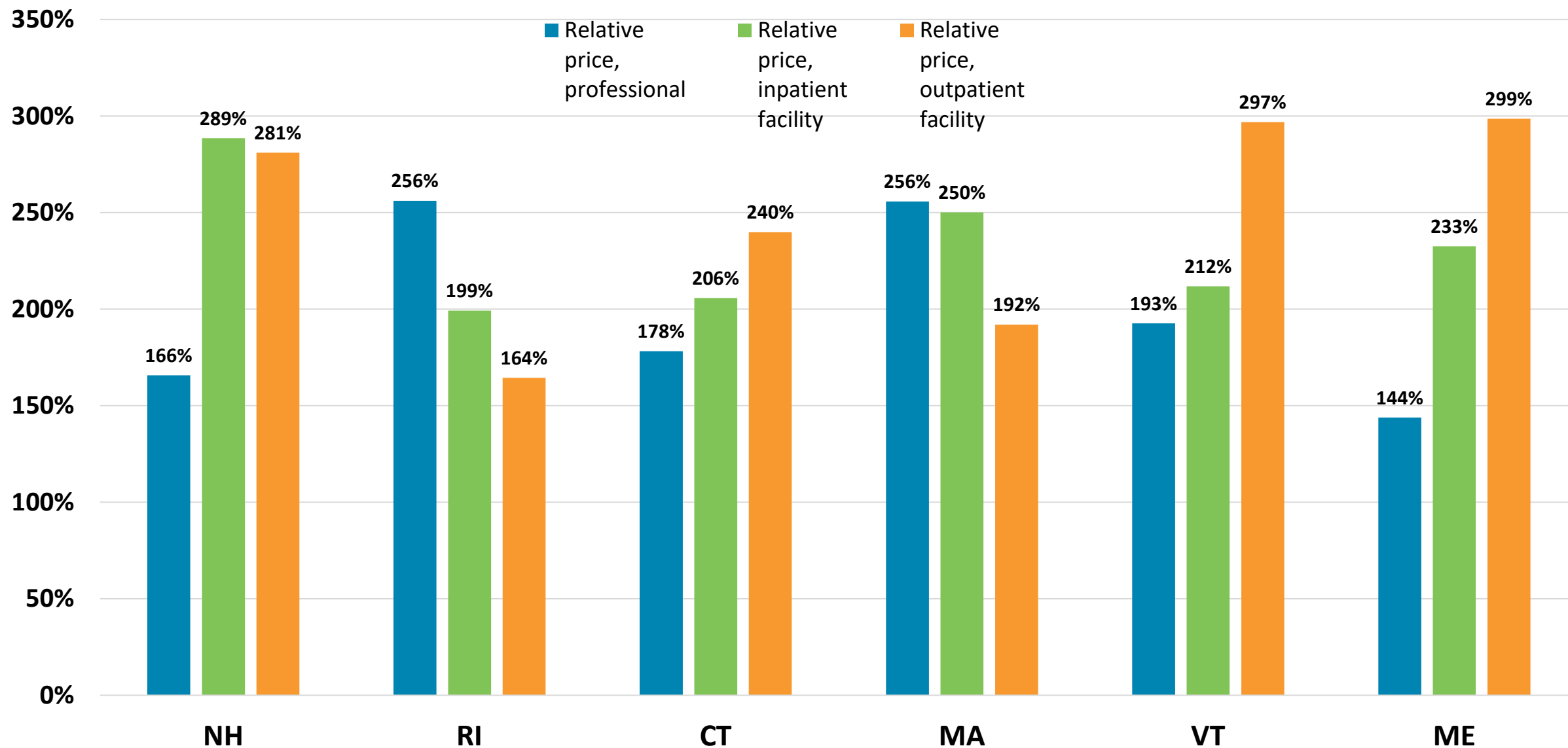
Total, Inpatient and Outpatient services to include facility and professional prices



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

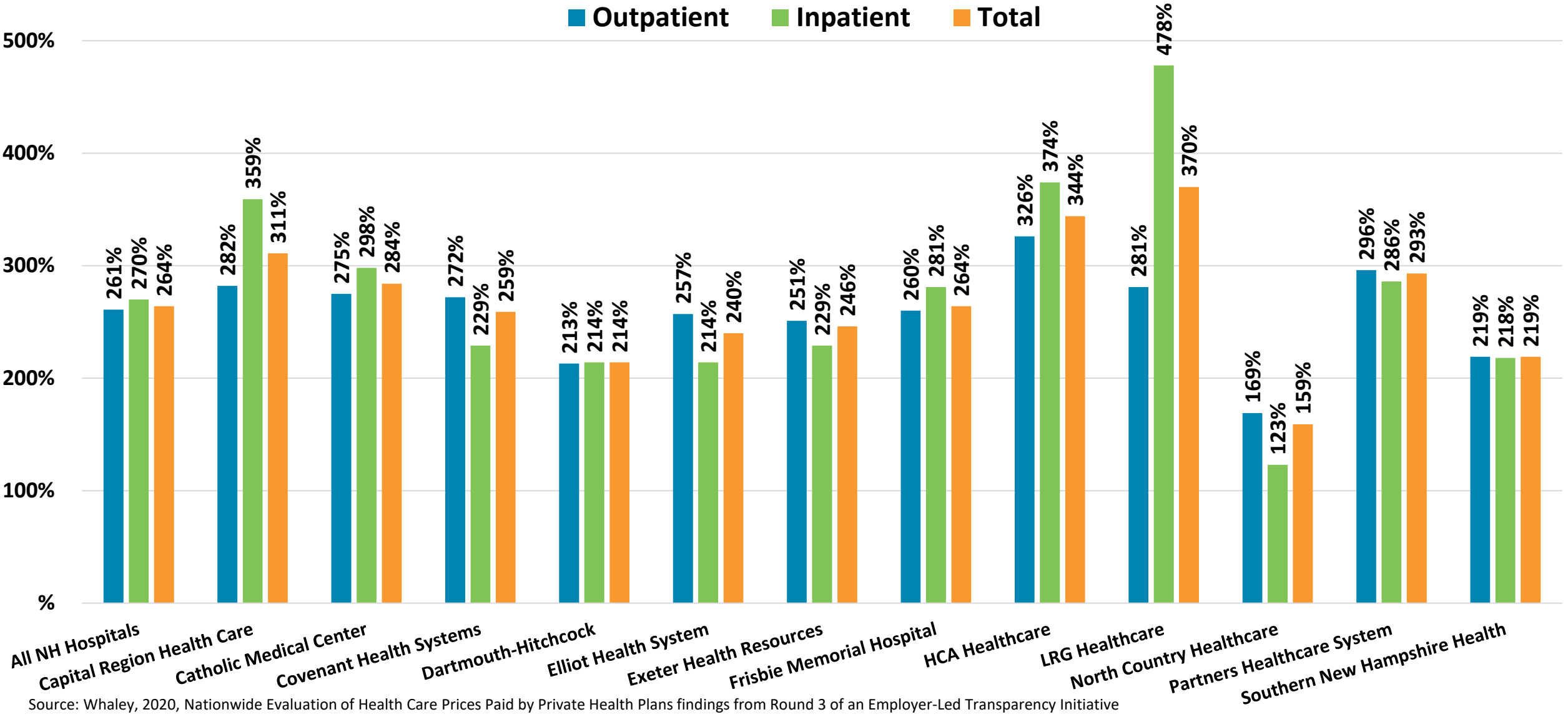
NOTE: Relative prices equal the ratio of the amounts actually paid divided by the amounts that would have been paid—for the same services provided by the same hospitals—using Medicare’s price-setting formulas. Prices include prices for inpatient and outpatient services and group facility and professional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

Hospital Prices Relative to Medicare by State, 2018



New Hampshire Hospital Prices Relative to Medicare, 2018

Combined Inpatient, Outpatient, to include Professional Fees



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

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

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

CMS Rating: <https://data.cms.gov/provider-data/dataset/xubh-q36u>

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

	Medicare Provider #	Inpatient Facility	Outpatient Facility	Professional Only	Facility Plus Professional	2021 CMS Star Rating
Weeks Medical Center	301303	130%	175%	149%	164%	2
Valley Regional Hospital	301308	81%	152%	144%	141%	4
New London Hospital	301304	115%	121%	141%	122%	3
Speare Memorial Hospital	301311	60%	146%	179%	118%	3
Memorial Hospital	301307	84%	103%	155%	105%	2
Franklin Regional Hospital	301306		197%			3
Cottage Hospital	301301		166%			3
Upper Connecticut Valley Hospital	301300		161%			3
Monadnock Community Hospital	301309		149%			3
Huggins Hospital	301312		127%			4
Androscoggin Valley Hospital	301310		118%			3
Alice Peck Day Memorial Hospital	301305		77%			5

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

CMS Rating: <https://data.cms.gov/provider-data/dataset/xubh-q36u>

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



PRESS RELEASE (9/18/20)



INTERACTIVE MAP



READ RAND 3.0 REPORT



DOWNLOAD SUPPLEMENT



2020 CONFERENCE PRESENTATIONS



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



*<https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2019.01377>

DOWNLOAD ARTICLE SUPPLEMENT as well

RAND 4.0 Study Timeline



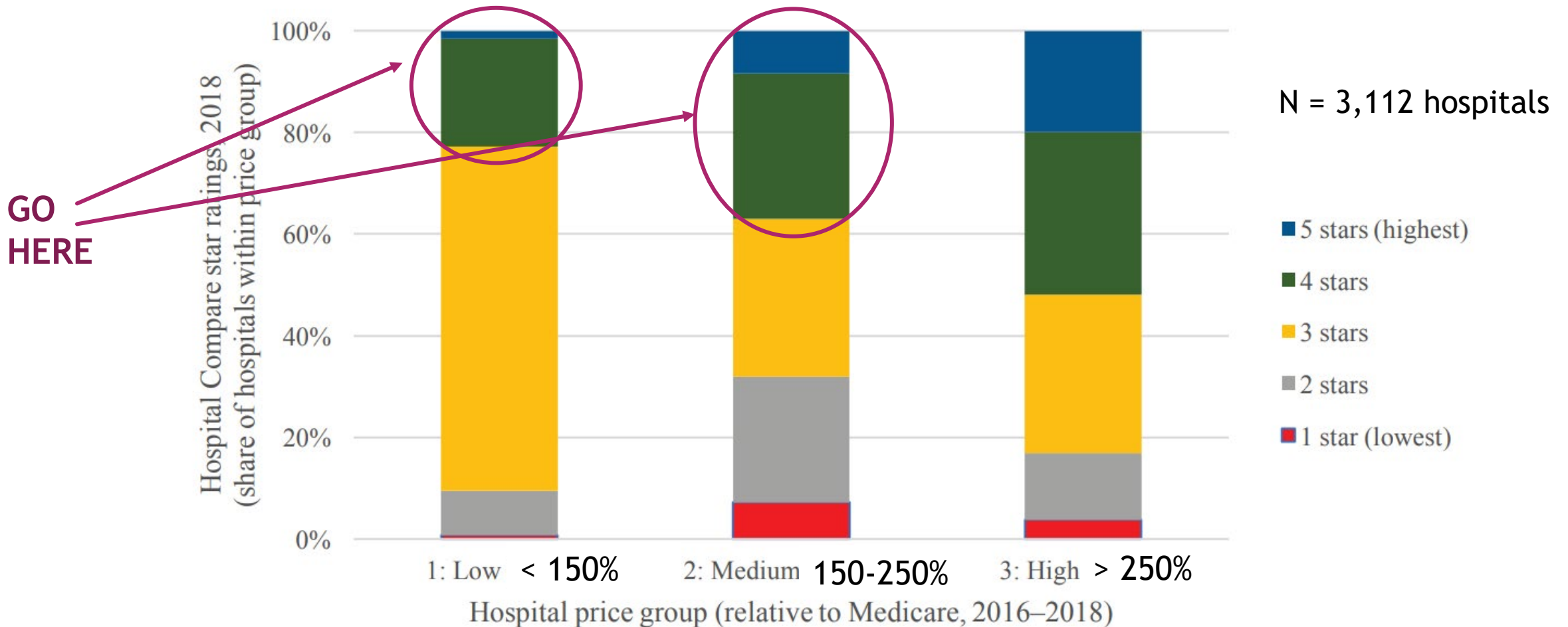
Where Do Employers & Employees Go From Here?

Value for Employers defined as Best Quality at Low Cost

$$\text{VALUE} = \frac{\text{Quality}}{\text{Price x Quantity}}$$

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

```
graph TD; A[Narrow/Tiered networks] --> B[Direct Employer to Hospital Contracting]; B --> C[Providers of Excellence/Centers of Excellence]; C --> D[Bundled Payments/Episodes of Care]; D --> E[Reference Based Benefits];
```

Direct Employer to Hospital Contracting

Providers of Excellence/Centers of Excellence

Bundled Payments/Episodes of Care

Reference Based Benefits

Change is Possible!

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

Gloria Sachdev

gloria@employersforumindiana.org

