

RECENT EVENTS: 9th ANNUAL HEALTHCARE SYSTEMS ENGINEERING SYMPOSIUM

Employer Driving Hospital Price Transparency

Co-sponsored by Lehigh University's Healthcare Systems Engineering Program

Employer-sponsored insurance plans cover about half of all Americans, pay approximately two and a half times more than Medicare, and yet have little ability to compare prices for services provided by hospitals, said Christopher Whaley, Policy Researcher, RAND Corporation. Whaley addressed employers, providers, brokers, faculty, and students at Lehigh University's Mountaintop campus on March 22.

Whaley shared findings of the Rand Corporation's Hospital Price Transparency Study Round 3, the first employer-led initiative to measure and report publicly the prices paid for hospital care at the hospital and service line level. Some hospitals charge commercial plans as much as 300% of Medicare charges. Meanwhile, others are paying as little as 150%. Hospital prices vary greatly among states and even more within many states. In the Lehigh Valley, employers pay about 200% of Medicare, he said.

Gloria Sachdev, President and CEO, Employers' Forum of Indiana, said employers must insist on transparency and accountability from all of the providers in the healthcare supply chain. They must own and understand their data. In addition, she advised employers to provide incentives to providers who meet quality standards. For example, they should require that providers of diabetes services guarantee that a percentage of employees reduce their A1C to under 7. If that goal is not achieved, employers should demand a total refund.

In Indiana, some employer groups are contracting directly with health systems, especially in the provision of orthopedic or cardiac care. Others are emerging into bundled payment plans for procedures such as joint replacement. In this arrangement, employers pay an agreed-upon amount for an episode of care as defined as 10 days before to 30 days after surgery.

Peter Hayes, President & CEO, Healthcare Purchaser Alliance of Maine, added that studies have shown no correlation between the cost of care and quality. Also, there is no relationship between prices and the payer mix. For years, many health systems with a large number of Medicare and Medicaid patients have claimed they needed to charge commercial plans more to make up for Medicare and Medicaid shortfalls.

VOLUME 18 | ISSUE 1 | SPRING 2022

Employers in the state of Maine have successfully brought hospital charges down for employers while also improving quality. The nonprofit Leapfrog Group consistently ranks Maine as one of the states with the safest hospitals.

Following the formal presentation, Danielle Adams, Coach & Chief Empowerment Officer, QueenSuite Coaching, led a lively audience discussion.

For additional information on hospital price transparency, please register for the National Hospital Price Transparency Conference from the Employers' Forum of Indiana, which will include the results of the latest RAND 4.0 study.