Payment Variation Presentation

House Healthcare Committee

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Payment Variation Study
Phase II
(Underway)

Multi-stakeholder Vendor and Timeline

- Who
  - UVM
  - UMass
  - Wakely
  - Steve Kappel

- Timeline
  - Study Phase I & II: End of February
  - Study Phase III: May
  - Completion: June

Required Tasks of Vendors

- 1. Review the 2013 Payment Variation Study prepared by VAHHS-NSO in Phase I of this project.

- 2. Describe whether there are clear reasons why some hospitals or providers are paid more than others for the same services, i.e. :
    a) Result of negotiations between payers and providers
    b) Reimbursement for the cost of medical education
    c) Reimbursement rules related to the site of service
    d) Other

Required Tasks of Vendors (Cont.)

- 3. Explore how the differentials in payments between public and private payers impact the premium cost for residents and businesses in Vermont and impact the cost of health care for the uninsured and/or those individuals with high deductible health plans.

- 4. Suggest how the impact of these variations in payments (or steps toward the elimination of these variances) might influence the policy options the GMCB should consider as it develops its own rules and regulations regarding payment methodologies, the basis for payment amounts, reduction in the cost shift, insurance rate review, and standards and criteria related to Accountable Care Organizations (ACOs) in Vermont.

Deliverables

- 1. Explain why providers are paid differently for essentially the same services (risk adjusted) and how those payment differentials (assuming they exist) can be reduced over time.
- 2. Provide a calculation of how the differentials in payments between public and private payers impact the premium cost for residents and businesses in Vermont.
- 3. Suggest policy recommendations that the GMCB should consider to reduce the financial burden on the uninsured and/or individuals with high deductible health plans who are often expected to pay full price for the healthcare services they receive.
- 4. Provide policy recommendations that the GMCB should consider in order to address the issues resulting from payment variation.
- 5. Suggest methods and structure for improving transparency around prices using the internet, social media, reports and other mechanisms.

Examples of How Chest X-Rays Might Be Priced

Pricing of Chest X-Ray – Current System

- Current system

Income				
Payer	% Total	Volume	Paid @	Tot Paid
Self Pay/ Uninsured	5%	50	$396.82	$19,840
Comm. (90% charge)	25%	250	$357.14	$89,285
Medicaid (75% cost)	20%	200	$187.50	$37,500
Medicare (85% cost)	50%	500	$216.75	$108,375
Tot. Inc.				$255,000
Cost		Volume	Cost@	Tot. Cost
Chest X-Ray		1000	$250.00	$250,000
Profit (2%)				$5,000

Pricing of Chest X-Ray – All Payer System

- All-payer example, reduces prices from $397 to $255 per unit of service

Income			Regulated Price	
Payer	% Total	Volume	Paid @	Tot Paid
Other	5%	50	$255.00	$12,750
Comm.	25%	250	$255.00	$63,750
Medicaid	20%	200	$255.00	$51,000
Medicare	50%	500	$255.00	$127,500
Tot. Inc.				$255,000
Cost		Volume	Cost@	Tot. Cost
Chest X-Ray		1000	$250.00	$250,000
Profit (2%)				$5,000

Price & Quality Transparency

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Hospital Report Cards

In 2003, the Vermont Legislature passed Act 53, "An Act Relating to Hospital and Health Care System Accountability, Capital Spending, and Annual Budgets." One of the requirements of Act 53 is that Vermont hospitals publish annual hospital community reports containing information about quality, financial health, costs for services, and other hospital characteristics. The law also requires the Department of Banking, Insurance, Securities and Health Care Administration to publish some of that same information in a comparative format on this website.

- 2013 Hospital Report Cards

Previous Reports Comparing Vermont Hospital Data:

- 2012 Hospital Report Cards
- 2011 Hospital Report Cards
- 2010 Hospital Report Cards (Issued June 2010)

Act 53 - Price & Quality Transparency

- Act 53 required hospital price and quality reporting
- A committee of government, hospital, and consumer representatives reviewed reporting requirements
- Reporting began in 2006 at BISHCA
- Pricing – both inpatient and outpatient measures
- Quality – measures on infections and surgeries
- Responsibility moved to Health Department beginning in 2013

Price & Quality Transparency

All Vermont Acute Care Community Hospitals

Table 2A - Hospital Pricing of Top 2011 Outpatient Procedures - Gross Charges

These are hospital gross charges only. Physician charges are NOT included. Charges displayed include each community hospital's top outpatient surgical procedures by volume for the period of 10/1/10 to 9/30/11. Because each patient receives treatment based on their individual needs, the gross charge to each patient will vary. For individual hospitals, charges for procedures having fewer than 15 cases are excluded. Hospital System Number of Cases and Average Gross Charges include all hospitals. Blanks in the table indicate that the hospital has fewer than 15 cases for the procedure or the hospital does not perform that particular procedure. The hospital, however, may perform a similar procedure under a different code which may not be shown. Please call the hospital for more information. Note: the surgical cases shown include some anesthetic procedures for the treatment of pain not connected with surgery.

Page	Table of Contents - Groupings of Outpatient Procedures*
2	CCS 1 - Operations on the nervous system
2	CCS 2 - Operations on the endocrine system
2	CCS 3 - Operations on the eye
2	CCS 4 - Operations on the ear
2	CCS 5 - Operations on the nose, mouth, and pharynx
No data	CCS 6 - Operations on the respiratory system
3	CCS 7 - Operations on the cardiovascular system
No data	CCS 8 - Operations on the hemic and lymphatic system
3	CCS 9 - Operations on the digestive system
3	CCS 10 - Operations on the urinary system
3	CCS 11 - Operations on the male genital organs
4	CCS 12 - Operations on the female genital organs
4	CCS 13 - Obstetrical procedures
4	CCS 14 - Operations on the musculoskeletal system
5	CCS 15 - Operations on the integumentary system

* "Clinical Classification System" (CCS) is a grouping of similar ICD-9 codes, such as all those affecting a given organ system of the body.
"No data" indicates that no procedure in that particular grouping meets the minimum limits based on the methodology described above.

Price & Quality Transparency

INFORMATION ABOUT INFECTIONS AND SURGERIES

Abdominal Hysterectomy Standardized Infection Ratios

Hip Replacement Standardized Infection Ratios

Knee Replacement Standardized Infection Ratios

Central Line Associated Bloodstream Standardized Infections:

- Preventing Central Line Infections
- Central Line-Associated Bloodstream Standardized Infection Ratios

Antibiotic-Resistant Infection Prevention and Control

- CDC Recommendations

Preventing Complications from Surgery

Volume and Mortality Rates for Certain Surgeries

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- Hospital report cards can be found at:

http://www.dfr.vermont.gov/health-care/hospitals-health-care-practitioners/hospital-report-cards

Questions???