

RAND Hospital Price Transparency Project

Florida Alliance for
Healthcare Value

*Study funding provided by
Robert Wood Johnson
Foundation and participating
employers*



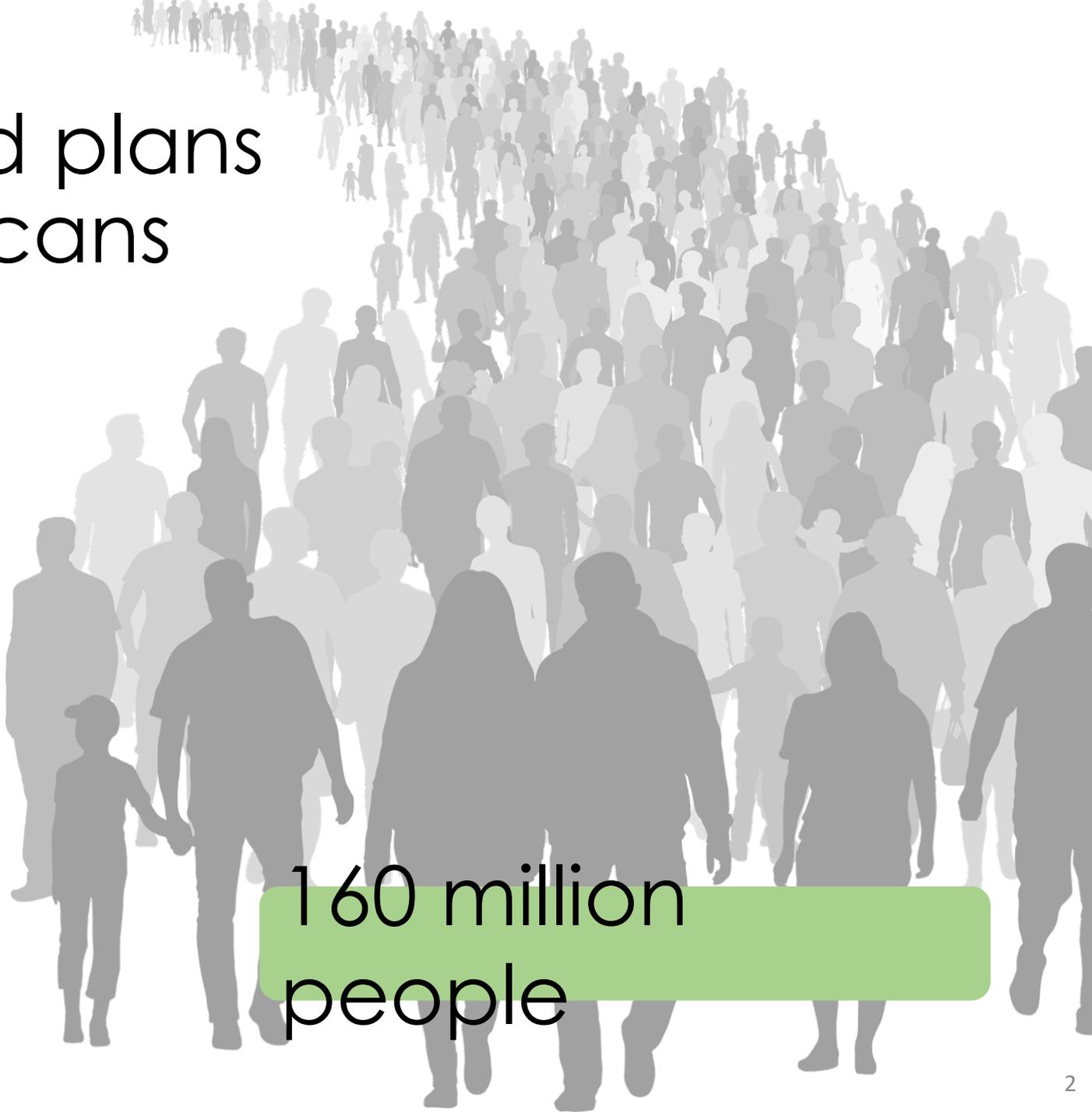
November 2022
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Employer-sponsored plans cover half of Americans



\$1.2 trillion

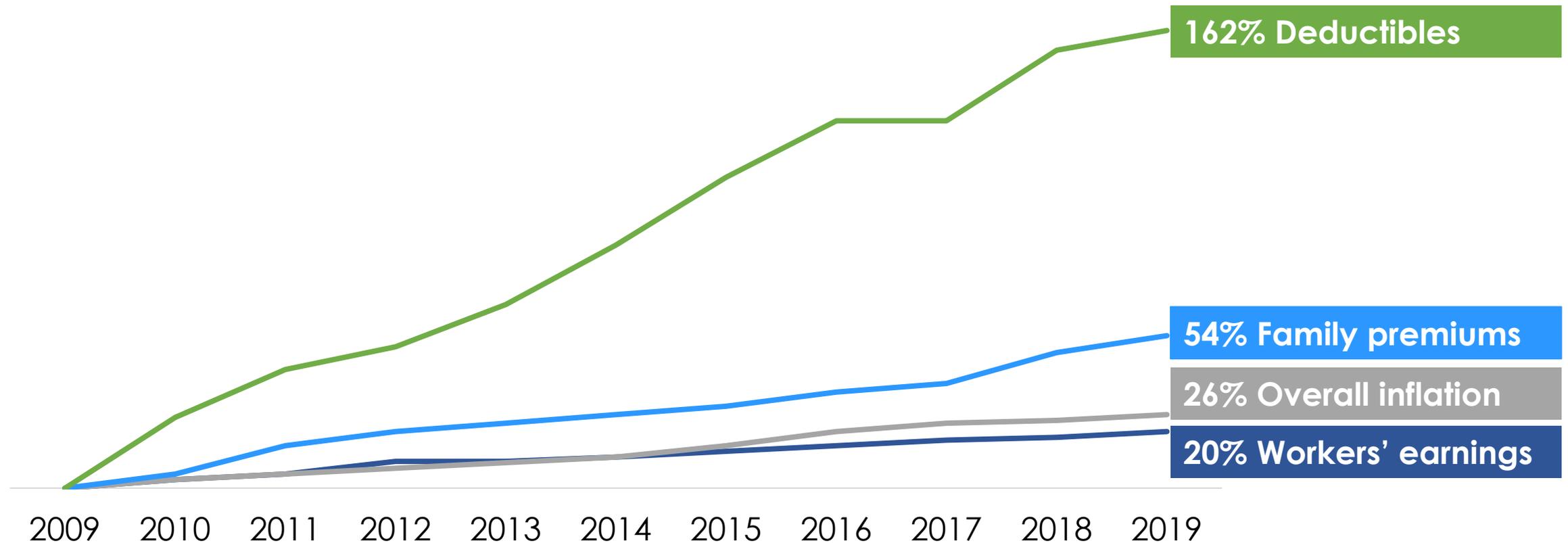
health care costs

\$480 billion

hospital costs

**160 million
people**

Over the past decade, premiums and deductibles have outpaced wages



Self-funded purchasers have a fiduciary responsibility to monitor health care prices

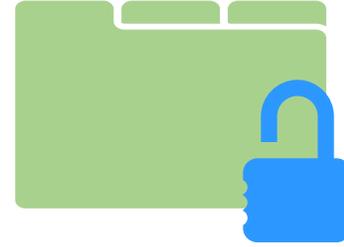
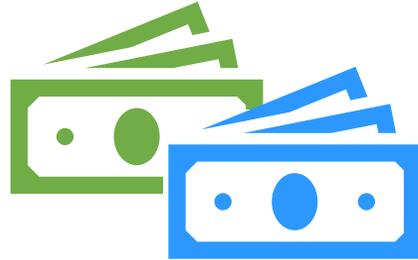
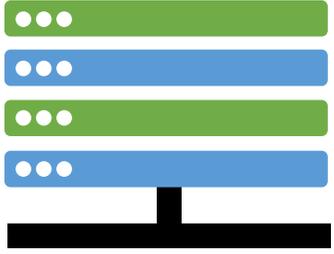
“Fiduciaries have a responsibility to "act solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them.”

—Department of Labor



How can self-funded plans fulfill fiduciary obligations without knowing prices?

Hospital Price Transparency Study – Round 5



Obtain claims data from

- self-funded employers
- APCDs
- health plans

Measure prices in two ways

- relative to a Medicare benchmark
- price per case-mix weight

Create a *public* hospital price report

- posted online, downloadable
- named facilities & systems
- inpatient prices & outpatient prices

Create *private* hospital price reports for self-funded employers

Study Timeline

Now

Sign DUAs

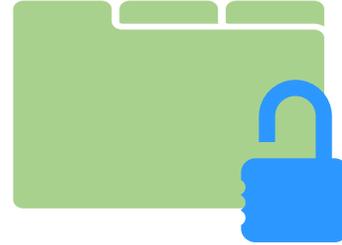
- Cigna
- UHC
- Anthem
- Aetna
- Etc.

Spring 2023

Transfer Data

- 1/1/2020 through 12/31/2022 claims
- If employer opts in, insurance company handles data transfer
- If data warehouse or other data contributor, RAND can facilitate

May 2024



Create a *public* hospital price report

- Free to participate, free to access
- Results specific to hospitals, states, national trend

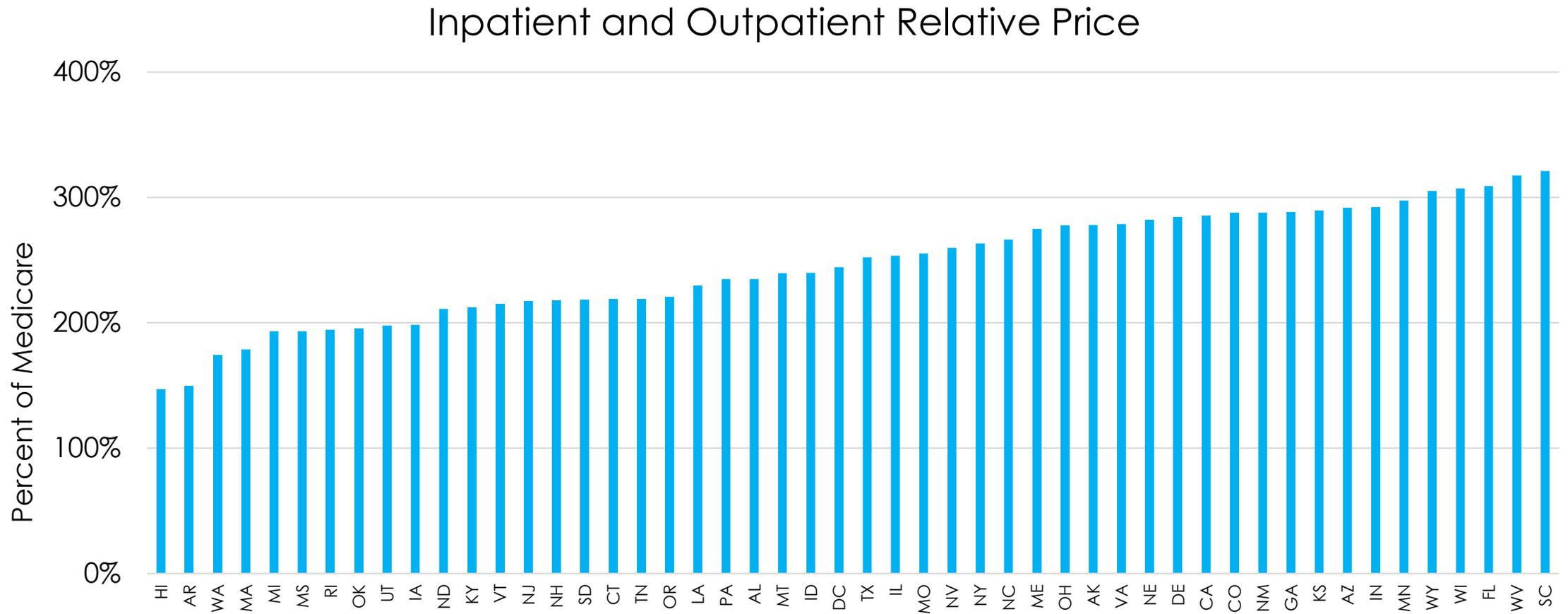
June/July 2024



Create *private* hospital price reports for self-funded employers

- \$1,000 minimum
- \$15,000 max
- Only employer sees results -- specific to employer's

Relative prices vary widely



How can purchasers and policymakers use price transparency?

Finally have
information
about prices



Benchmark
prices



Change
hospital
networks



And they're citing our study in their negotiations

The New York Times

Many Hospitals Charge Double or Even Triple What Medicare Would Pay



The Journal Gazette

Insurer pushes Parkview on costs

Says charges too high, citing study hospital calls unfair



Anthem is attempting to support a core goal of the RAND study by holding hospital systems accountable for their prices, which in turn will benefit our employees' mental and physical health and their financial wellness.

—Purdue Senior Director of Benefits

Conclusions



Rising health care costs place pressure on employers and worker wages—especially during the COVID-19 pandemic



The wide variation in hospital prices presents a potential savings opportunity for employers and purchasers



Employers and purchasers need to demand and use transparent information on the prices they—and their workers—are paying