

TRANSPARENCY OF PAYMENT AND PERFORMANCE
INFORMATION FOR HEALTH CARE SERVICES:
IS IT GOOD FOR CONSUMERS?
FOR PROVIDERS?
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DEFINITION OF “TRANSPARENCY”

- A. More of a “buzz word” than a term of art.
- B. Usually multi-faceted
 - 1. Price/charge transparency;
 - a. *Community benefit reporting transparency.*
 - 2. Quality indicator transparency; and
 - 3. Pay-for-performance initiatives.

INTERESTED PARTIES

A. Third party payors

1. Both governmental and commercial.
2. Employers.

B. Consumers

1. Uninsured.
2. Insured beneficiaries facing higher copays/deductibles.
3. HDHP/HSA enrollees.

HOW DID WE GET HERE

A. Focus on hospital charges

1. Tenet's purported strategy for increasing Medicare payments had adverse consequences for the uninsured.
2. Bad press relating to hospitals charging "rack rates" to the uninsured and pursuing aggressive collection techniques.
3. Scruggs lawsuits.
4. Congressional inquiries.

B. Consumer-driven healthcare initiatives

1. Enactment of provisions allowing for HDHP/HSA's

C. Drive towards quality outcomes.

FEDERAL TRANSPARENCY INITIATIVES

Executive Order

1. Purpose is to increase quality and efficiency.
2. Federal healthcare programs must adopt quality measurements, in partnership with private sector.
3. Information regarding prices to be made available to beneficiaries and public.
4. Federal agencies are to develop systems, including pay-for-performance models, that encourage efficient use of high-quality care.
5. Compliance required by January 1, 2007.

QUALITY REPORTING INITIATIVE

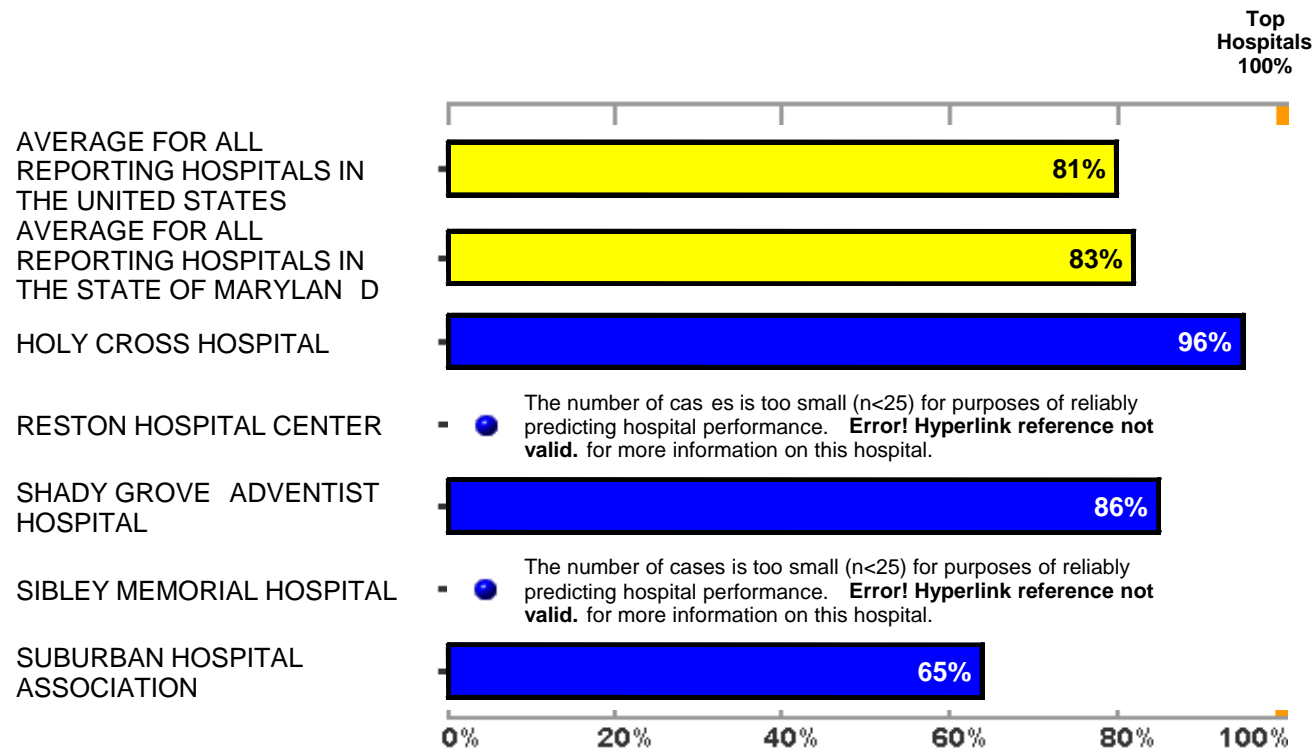
A. Inpatient

1. Enacted by MMA and expanded by DRA.
2. Currently requires “subsection d” hospitals to submit data to avoid loss of 2 percentage points of market basket update.
3. 10 measures increased to 21 measures.
4. Data submitted quarterly, and is subject to validation.
 - a. *Disputes regarding validation can undergo reconsideration, and ultimately appeal to the PRRB.*
5. Data must be made publicly available.

QUALITY REPORTING INITIATIVE (cont.)

Percent of Heart Attack Patients Given ACE Inhibitor or ARB for Left Ventricular Systolic Dysfunction (LVSD)

The rates displayed in this graph are from data reported for discharges April 2005 through March 2006.



The number of cases is too small (n<25) for purposes of reliably predicting hospital performance. **Error! Hyperlink reference not valid.** for more information on this hospital.

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Top Hospitals represents the top 10% of hospitals nationwide. Top hospitals achieved a 100% rate or better .

QUALITY REPORTING INITIATIVE (cont.)

B. Outpatient

1. TRHCA enacted new system:

- a. From 2009, risk losing 2 percentage points.*
- b. CMS is to make data available.*

2. Proposed Rule for CY 2008 would implement statute:

- a. 10 measures.*
- b. Reporting to begin in CY 2008.*
- c. Potentially affects CY 2009 payments.*
- d. Data to be posted on CMS website.*

QUALITY REPORTING INITIATIVE (cont.)

C. Physicians

1. System implemented by TRHCA.
 - a. *Physicians and certain mid-level practitioners could begin reporting certain quality indicators from July, 2007.*
 - b. *Physicians are to receive bonus payments of up to 1.5 percent of allowed charges.*
 - c. *CMS is to validate submitted data.*
2. CMS has proposed a significant expansion of reportable codes.
3. Data will be furnished to Medicare beneficiaries.

PRICE REPORTING INITIATIVE

A. Includes:

1. Type of procedure;
2. National average payment;
3. National average charge;
4. Hospital-specific data, such as number of procedures performed, and range of typical payments for procedure.

B. Data available for:

1. Hospitals (inpatient and outpatient);
2. ASCs; and
3. Physicians.

PRICE REPORTING INITIATIVE (cont.)

Top 30 Elective Inpatient Hospital DRGs (Fully Loaded Payment - See Footnote)

Fiscal Year 2005 Data
Updated: May 31, 2006

Hospital State	Hospital County	Hospital Name	DRG 209		DRG 493	
			Replacement of Hip or Knee		Gallbladder Removal By Laparoscope With Complications or Preexisting Conditions	
			National Average Payments: \$11,761 National Average Charges: \$36,644		National Average Payments: \$10,814 National Average Charges: \$34,137	
			Number of Cases*	Range of Total Payments, By County* (25 th Percentile - 75 th Percentile)	Number of Cases*	Range of Total Payments, By County* (25 th Percentile - 75 th Percentile)
ALL STATES	ALL COUNTIES	ALL HOSPITALS	487,232	\$9,992 - \$12,173	68,431	\$9,156 - \$9,921
FLORIDA			34,663	9,705 - 10,651	4,534	8,521 - 9,524
	ALACHUA	NORTH FLORIDA REGIONAL MEDICAL CENTER SHANDS HOSP AT THE UNIVERSITY OF FL	861 367	10,148 - 14,420	140 92	9,168 - 13,027
	DAY	BAY MEDICAL CENTER	426	9,970 - 10,331	84	9,333 - 9,339
	BREVARD	GULF COAST MEDICAL CENTER CAPE CANAVERAL HOSPITAL HOLMES REGIONAL MEDICAL CENTER PARRISH MEDICAL CENTER WUESTHOFF MEDICAL CENTER ROCKLEDGE WUESTHOFF MELBOURNE	1,172 151 643 64 199 19	9,545 - 9,892	199 14 93 37 49 19	8,935 - 9,193
	BROWARD	BROWARD GENERAL MEDICAL CENTER CLEVELAND CLINIC HOSPITAL CORAL SPRINGS MEDICAL CENTER FLORIDA MEDICAL CENTER HOLLYWOOD MEMORIAL CENTER HOLY CROSS HOSPITAL IMPERIAL POINT MEDICAL CENTER MEMORIAL HOSPITAL MIDDLEBURY MEMORIAL HOSPITAL PEMBROKE MEMORIAL HOSPITAL WEST MEMORIAL REGIONAL HOSPITAL NORTH BROWARD MEDICAL CENTER NORTH RIDGE MEDICAL CENTER NORTHWEST MEDICAL CENTER PLANTATION GENERAL HOSPITAL UNIVERSITY HOSPITAL & MEDICAL CENTER WESTSIDE REGIONAL MEDICAL CENTER	1,572 45 85 107 33 69 567 33 - 15 42 90 116 151 30 - 93 110	10,420 - 10,550	297 - 14 21 18 - 29 - 13 41 29 14 - 33 - 18 25	9,422 - 10,584
	CHARLOTTE	CHARLOTTE REGIONAL MEDICAL CENTER FAWCETT MEMORIAL HOSPITAL PEACE RIVER REGIONAL MEDICAL CENTER	730 270 230 222	9,780 - 9,797	104 31 39 34	8,836 - 8,851
	CITRUS	CITRUS MEMORIAL HOSPITAL SEVEN RIVERS REGIONAL MEDICAL CENTER	672 217 465	9,584 - 9,937	72 33 39	8,658 - 8,977
	CLAY	ORANGE PARK MEDICAL CENTER INC	80	10,472 - 10,491	31	9,457 - 9,478
	COLLIER	CLEVELAND CLINIC FLORIDA HOSPITAL NAPLES NAPLES COMMUNITY HOSPITAL	1,381 264	10,146 - 10,513	139 19	9,496 - 9,497
	COLUMBIA	LAKE CITY MEDICAL CENTER SHANDS AT LAKE SHORE	1,037 26 40	9,243 - 10,253	120 13 21	8,344 - 9,262
	DE SOTO	DESOTO MEMORIAL HOSPITAL	-	10,415	-	9,489 - 9,413
	DUVAL	BAPTIST MEDICAL CENTER BAPTIST MEDICAL CENTER BEACHES MEMORIAL HOSPITAL JACKSONVILLE SHANDS JACKSONVILLE ST LUKE'S HOSPITAL ST VINCENT'S MEDICAL CENTER	2,183 317 142 216 72 700 566	10,487 - 10,866	172 57 16 36 7 15 37	9,594 - 10,001
	ESCAMBIA	BAPTIST HOSPITAL PENSACOLA SACRED HEART HOSPITAL WEST FLORIDA HOSPITAL	838 129 413 295	9,499 - 11,256	97 22 51 24	9,185 - 10,168
	FLAGLER	FLORIDA HOSPITAL FLAGLER	187	10,890 - 10,523	25	9,868
	HERNANDO	BROOKSVILLE REGIONAL HOSPITAL OAK HILL HOSPITAL	151 147 193	9,556 - 10,371	26 20 75	8,633 - 9,369
	HIGHLANDS	FLORIDA HOSPITAL HEARTLAND MEDICAL CENTER HIGHLANDS REGIONAL MEDICAL CENTER	299 253 46	10,042 - 10,410	77 49 20	8,774 - 9,404
	HILLSBOROUGH	BRANDON REGIONAL HOSPITAL	1,763 137	9,926 - 12,014	229 26	8,582 - 10,322

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PRICE REPORTING INITIATIVE (cont.)

PHYSICIAN PAYMENTS **UPDATED -- EXAMPLE**

72 COMMONLY PERFORMED SERVICES PROVIDED IN A NON-OFFICE FACILITY SETTING
 ACROSS ALL SPECIALTIES
 2005 CALENDAR YEAR CLAIMS PROCESSED THRU JUNE 2006
 SOURCE: NATIONAL CLAIMS HISTORY
 June 26, 2007

STATE	LOCALITY ⁺	Removal of damaged skin and underlying tissue CPT 11042			
		Allowed Services ⁺	Avg Sub Charge ⁺	Avg Allow Chrg ⁺	Avg Payment ⁺
TOTAL ALL STATE/LOCALITIES		541,204	196	53	41
ALABAMA		9,085	220	48	37
ALABAMA	Alabama	9,085	220	48	37
ALASKA		37	422	84	65
ALASKA	Alaska	37	422	84	65
ARIZONA		6,465	313	47	37
ARIZONA	Arizona	6,465	313	47	37
ARKANSAS		8,069	166	50	40
ARKANSAS	Arkansas	8,069	166	50	40
CALIFORNIA		28,060	181	57	45
CALIFORNIA	Anaheim/Santa Ana, CA	5,357	155	52	41
CALIFORNIA	Los Angeles, CA	11,228	185	59	46
CALIFORNIA	Marin/Napa/Solano, CA	201	127	60	48
CALIFORNIA	Oakland/Berkley, CA	2,729	157	59	47
CALIFORNIA	Rest of California*	3,361	214	53	42
CALIFORNIA	San Francisco, CA	801	239	54	43
CALIFORNIA	San Mateo, CA	1,825	178	58	45
CALIFORNIA	Santa Clara, CA	2,456	187	63	49
CALIFORNIA	Ventura, CA	102	245	60	46
COLORADO		7,525	146	49	38

VALUE PURCHASING INITIATIVE

A. DRA.

1. Implementation by CMS for “subsection d” hospitals beginning in 2009.
2. The plan is to consider:
 - a. *Selection of quality and efficiency indicators;*
 - b. *Reporting and validation of data;*
 - c. *Structure of value-based payments, including what is to be rewarded; and*
 - d. *Disclosure of gathered data.*

VALUE PURCHASING INITIATIVE (cont.)

B. After CMS solicited comments on implementation in its rulemaking, stakeholders raised the following concerns:

1. The need to focus on process measures, rather than outcomes;
2. The need to focus on quality, rather than efficiency;
3. The possibility that a focus on efficiency could stifle the introduction of new technologies;
4. The need to adjust data to reflect differences in case mix, patient population, and type of hospital; and
5. The need to make sure that both pricing and quality information are released together.

VALUE PURCHASING INITIATIVE (cont.)

Surgical Care Consumer Guide

Search Results: **Hip Replacement** [What's included in the cost?](#)

Summary
 Average Cost in Network Facility: \$11,249 - \$15,895
 Out of Network Facility: \$18,889 - \$23,460

Results sorted by: Distance Sort by:

Key
 Quality: ★★★★★ Highest | ★ Lowest Cost: \$ Least Expensive | \$\$\$\$ Most Expensive Patient Assessment: ★★★★★ Highest | ★ Lowest

Distance (Miles)	Facility Name	Patients per year	Quality	Cost Estimate	Insurer Pays	Patient Pays	Patient Assessment of Care
6.2	Clearwater General 14280 Bay Drive Clearwater, FL 22131	400	★★★	\$\$ \$15,895	85% (\$13,511)	15% (\$2,384)	★★
13.2	All Saints Medical Center 123800 All Saints Drive Tampa, FL 22122	86	★★★★	\$\$\$ \$20,700	80% (\$16,560)	20% (\$4,140)	★★★
25.6	Good Samaritan Hospital 11111 E. Samaritan Drive Tampa, FL 22222	232	★★★★	\$\$ \$15,895	90% (\$14,306)	10% (\$1,590)	★★★★
26.3	Tampa Hip Hospital 1400 East Tampa Boulevard Tampa, FL 22211	170	★★★	\$\$\$ \$20,700	75% (\$15,525)	25% (\$5,175)	★★★
27.3	Orthopedic Clinical Hospital 1444 Goodie Drive St. Petersburg, FL 22113	432	★	\$ \$11,600	70% (\$8,700)	30% (\$2,900)	★
33.2	Valley General Hospital 1400 Tampa Bay Way Tampa Bay, FL 22031	310	★★★	\$\$ \$16,230	85% (\$13,796)	15% (\$2,434)	★★★

VALUE PURCHASING INITIATIVE (cont.)

C. Current Proposal (from April)

1. Implement in FY 2009
2. Carve back a specified percentage of hospital payments to be used to pay for performance.
3. Transition from RHQDAPU program.
4. Base payment on both an attainment and an improvement score.
5. Test new measures by subjecting using them for reporting purposes only first, and then payment afterwards.
6. Sampling of about 800 hospitals a year to determine whether data match.

VALUE PURCHASING INITIATIVE (cont.)

D. Open Issues include:

1. How much payment is to be allocated to VBP?
2. How will scores translate to payment? Linear function? Curvilinear?
3. How to address issues with small hospitals and “small numbers”?
4. What to do with unallocated VBP funds?

VALUE PURCHASING INITIATIVE (cont.)

E. When should it work?

1. Services not complex;
2. Services are non-emergent;
3. Diagnosis has already been made; and
4. Bundled prices are the norm.

VALUE PURCHASING INITIATIVE (cont.)

F. How to prepare for implementation of VBP.

1. Consider proposals and submit comments;
2. Form interdisciplinary teams that include Finance, Clinical, IT, etc.;
3. Look for potential “insurance” products;
4. Seek assurances from contractors;
5. Learn the rules and sensitize organization to potential for FCA claims;
6. Determine appeal rights; and
7. Tell your own story on your web page.

STATE TRANSPARENCY INITIATIVES

A. Differences among States include:

1. Whether the party administering the program is a private organization or a division of the State government;
2. Whether the public is to have access to the data, or whether the data will be submitted to the State government solely for its own use;
3. Whether all a hospital's charges are to be reported, or only some subset thereof;
4. Whether charges or typical prices are to be reported;
5. Whether the disclosure is to be on a per-item or on a per-procedure basis; and
6. Whether just price/charge data, or whether quality indicator data is also to be furnished.

STATE TRANSPARENCY INITIATIVES (cont.)

B. Michigan Program.

1. Sponsored by Michigan Health & Hospital Association.
2. Voluntary.
3. List prices of 50 common medical procedures.
4. Questions as to what exactly are the “prices.”
5. To begin January, 2008.