

# 2023 Leadership Summits

## Nashville, TN

Moving Policy to Make Markets Work: Getting to Fair Price  
Thursday, June 29 | 10:30 - 11:15 AM



**Bret Jackson**  
*Economic Alliance for  
Michigan*



**Maureen Hensly-Quinn**  
*NASHP*



**Ge Bai, PhD, CPA**  
*John Hopkins*



**Chris Skisak, PhD**  
*Houston Business  
Coalition on Health*



**Gloria Sachdev, PharmD**  
*Employers Forum of  
Indiana*



**Al Charbonneau**  
*Rhode Island BGH*

**#NASummits**

# Transparency: NASHP Hospital Cost Tool

An online tool that uses Medicare Cost Report data to calculate different metrics for 4,600+ hospitals 2011-2021

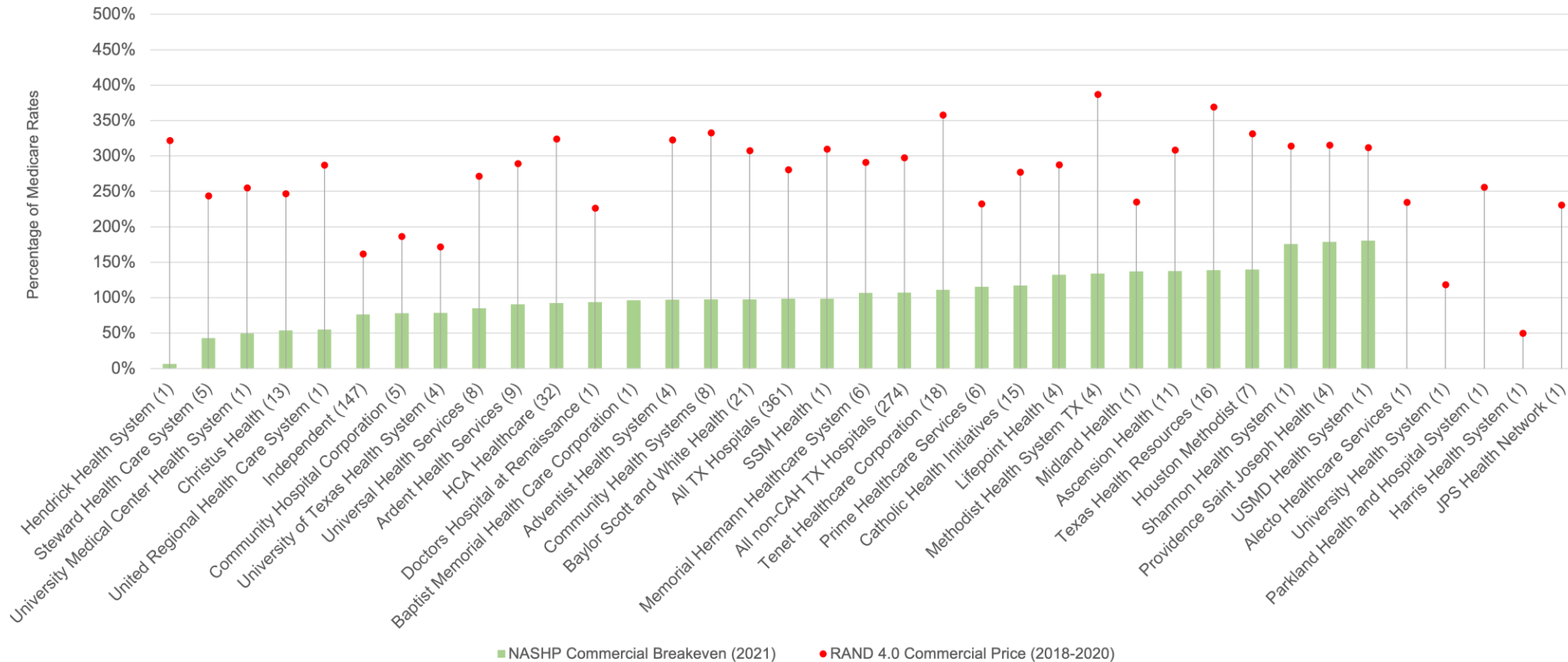
Data metrics in the tool include:

- **Hospitals' cost to charge ratios** – the comparison of a hospital's charges to its cost
- **Hospital's breakeven point where its Revenue = Expenses** - or how much a hospital needs to be reimbursed by commercial payers to cover its expenses
- **Commercial price according to [RAND research and analysis](#)** to identify amount hospitals were reimbursed by private health plans in aggregate from 2018 – 2020
  - Breakeven and commercial price shared as a multiple of Medicare's rate for comparability purposes
- **Profitability and more**



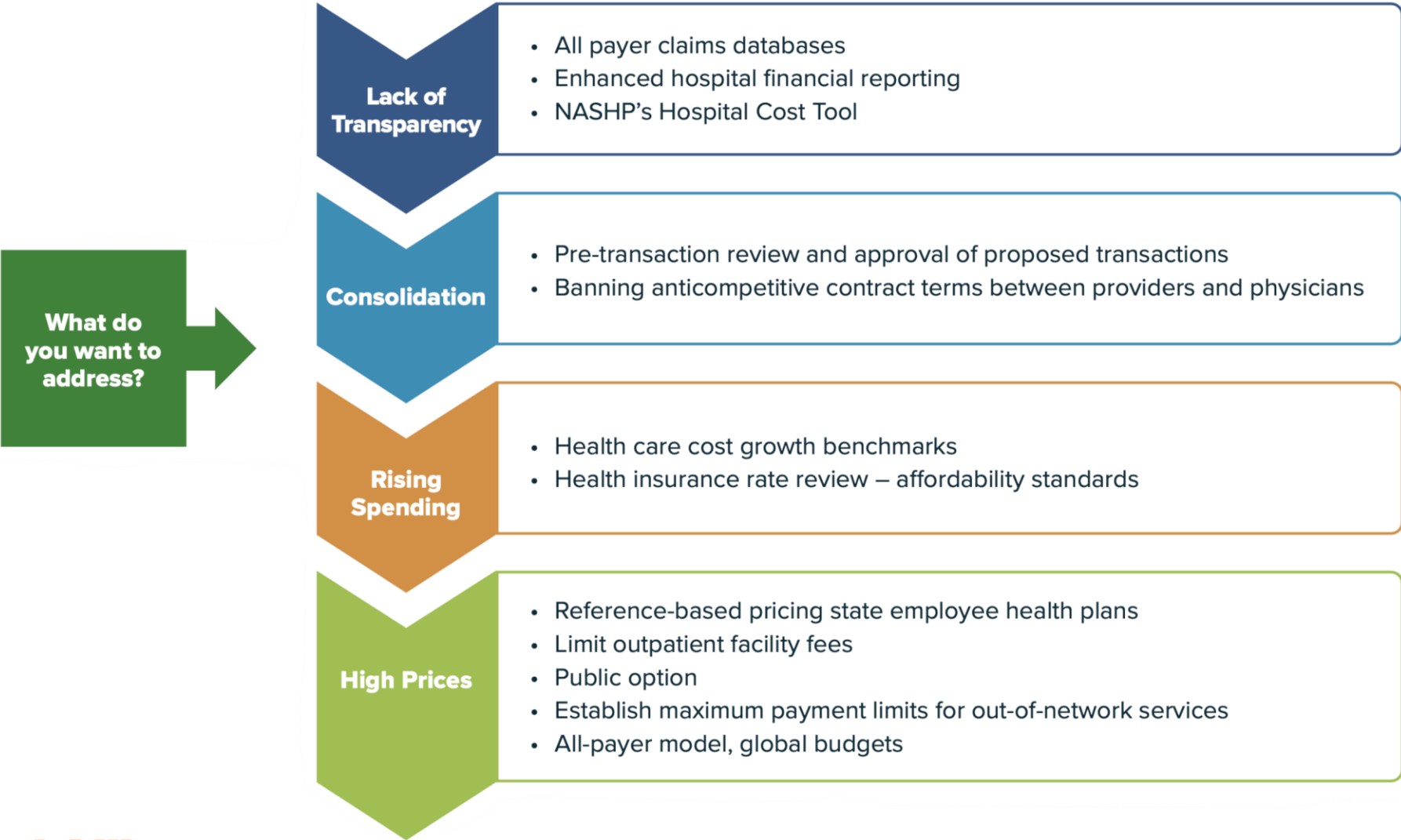
# Cost Tool Example: Major Systems' Breakeven v. Price in Texas

Commercial Breakevens and Prices of Texas Health Systems  
(number of hospitals in parentheses)



Median TX Breakeven: 99% of Medicare  
Median TX Price: 281% of Medicare

## Policy Tools



# Evidence from Shoppable Services: Surgical Procedures

**Table 1**  
Commercial negotiated prices for the 22 CMS-defined shoppable surgery services.

Service (CPT/DRG code) <sup>a</sup>	# Hospitals (# State) <sup>b</sup>	Median negotiated rate <sup>c</sup>	IQR (IQR/median)	P10-P90/[(P90-P10)/median]	Medicare rate <sup>d</sup>
<b>Outpatient Services</b>					
Removal of 1 or more breast growth (19120)	1022 (50)	\$3508	\$2237-\$6039 (1.1)	\$847-\$9835 (2.6)	\$2851
Shaving of shoulder bone using an endoscope (29826)	624 (48)	\$3766	\$1265-\$7532 (1.7)	\$462-\$13,249 (3.4)	\$3744
Removal of one knee cartilage using an endoscope (29881)	979 (50)	\$4983	\$2913-\$7735 (1.0)	\$1574-\$11,073 (1.9)	\$2663
Removal of tonsils patient younger than age 12 (42820)	715 (47)	\$4530	\$2396-\$7490 (1.1)	\$820-\$12,025 (2.5)	\$4474
Diagnostic examination of stomach, etc. using an endoscope (43235)	1353 (50)	\$1556	\$936-\$2509 (1.0)	\$532-\$3749 (2.1)	\$805



International Journal of Surgery

Volume 95, November 2021, 106107



Commercial negotiated prices for CMS-specified shoppable surgery services in U.S. hospitals

[John \(Xuefeng\) Jiang](#) ✉, [Martin A. Makary](#) ✉, [Ge Bai](#) 👤 ✉

# Evidence from Shoppable Services: Radiology Services

## Commercial Negotiated Prices for CMS-specified 13 Shoppable Radiology Services, as of September 6, 2021

Radiology Service	No. of Hospitals*	Median No. of Plans†	Median Negotiated Price‡	Price IQR§	Price for 10th Percentile to 90th Percentile Range	Medicare Rate#
CT examination of head or brain without contrast material (CPT code 70450)	2236 (51)	11	\$813	\$363–\$1275 (1.1)	\$199–\$1882 (2.1)	\$137
MRI examination of brain before and after contrast material administration (CPT code 70553)	2158 (51)	11	\$1788	\$965–\$3033 (1.2)	\$550–\$4209 (2.0)	\$446
X-ray, lower back, minimum of four views (CPT code 72110)	2192 (51)	11	\$291	\$166–\$453 (1.0)	\$103–\$657 (1.9)	\$114
MRI examination of lower spinal canal (CPT code 72148)	2183 (51)	11	\$1311	\$676–\$2148 (1.1)	\$381–\$3050 (2.0)	\$269

### Radiology

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Original Research  
Health Policy and Practice

#### Commercial Negotiated Prices for CMS-specified Shoppable Radiology Services in U.S. Hospitals

John (Xuefeng) Jiang, Martin A. Makary, Ge Bai

# Evidence from Shoppable Services: Radiology Services

**Table 2: Commercial Price Variability for Common Radiology Services Within Hospital-Insurance Company Pairs**

Radiology Service	CPT Code	Median Price (\$)*	Median Price Gap†
Noncontrast-enhanced head or brain CT	70450	897 (134) [6.7]	1.2 (1.0–2.4) [1.0–6.4]
Brain MRI before and after contrast	70553	1888 (398) [4.7]	1.2 (1.0–2.2) [1.0–4.8]
Radiography, lower back, minimum four views	72110	317 (111) [2.9]	1.2 (1.0–1.9) [1.0–3.5]
MRI of lower spinal canal	72148	1426 (248) [5.8]	1.2 (1.0–2.2) [1.0–5.2]
Contrast-enhanced CT of pelvis	72193	1138 (209) [5.4]	1.2 (1.0–2.2) [1.0–4.8]
MRI of leg joint	73721	1433 (272) [5.3]	1.2 (1.0–2.2) [1.0–4.9]
Contrast-enhanced CT scan of abdomen and pelvis	74177	1762 (405) [4.4]	1.2 (1.0–2.2) [1.0–4.9]
US of abdomen	76700	499 (121) [4.1]	1.2 (1.0–2.0) [1.0–4.4]
Abdominal US of pregnant uterus	76805	453 (117) [3.9]	1.2 (1.0–1.9) [1.0–3.8]
Pelvis US through vagina	76830	402 (116) [3.5]	1.2 (1.0–1.9) [1.0–3.8]
Mammography of one breast	77065	250 (118) [2.1]	1.2 (1.0–1.6) [1.0–2.4]
Mammography of both breasts	77066	311 (139) [2.2]	1.2 (1.0–1.6) [1.0–2.5]
Bilateral mammography screening	77067	264 (120) [2.2]	1.2 (1.0–1.6) [1.0–2.5]
Mean			1.2

## Radiology

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Original Research  
Health Policy and Practice

### Price Variability for Common Radiology Services within U.S. Hospitals

[John \(Xuefeng\) Jiang](#), [Howard P. Forman](#), [Sanjay Gupta](#), [Ge Bai](#)

# Evidence from Shoppable Services: Cash Prices

Table. Comparison of Hospital Cash Prices and Commercial Negotiated Prices for 70 Centers for Medicare and Medicaid Services-Specified Services (continued)

Service <sup>a</sup>	CPT/DRG code	No. of hospitals (No. of states) <sup>b</sup>	Cash price, median (IQR), \$ <sup>c</sup>	No. (%) of hospitals		
				Cash price less than median commercial price <sup>d</sup>	Cash price less than all commercial prices <sup>e</sup>	Cash price equal to minimum commercial price <sup>f</sup>
Injections of drug into lower or sacral spine nerve root using imaging guidance	64483	901 (50)	1244 (804-2005)	511 (56.7)	186 (20.6)	24 (2.7)
Removal of recurring cataract in lens capsule using laser	66821	329 (46)	1048 (608-1565)	173 (52.6)	72 (21.9)	12 (3.6)
Removal of cataract with insertion of lens	66984	448 (49)	3678 (2344-6159)	213 (47.5)	47 (10.5)	9 (2.0)
Electrocardiogram, routine, with interpretation and report	93000	398 (48)	125 (52-144)	182 (45.7)	61 (15.3)	3 (0.8)
Insertion of catheter into left side of heart for diagnosis	93452	537 (46)	5977 (3816-8617)	329 (61.3)	77 (14.3)	20 (3.7)
Sleep study	95810	1087 (50)	2476 (1596-3534.7)	529 (48.7)	111 (10.2)	25 (2.3)
Physical therapy, therapeutic exercise	97110	1426 (51)	87.4 (63-129.8)	716 (50.2)	161 (11.3)	53 (3.7)



Research Letter | Health Policy

## Comparison of US Hospital Cash Prices and Commercial Negotiated Prices for 70 Services

John (Xuefeng) Jiang, PhD; Martin A. Makary, MD, MPH; Ge Bai, PhD, CPA



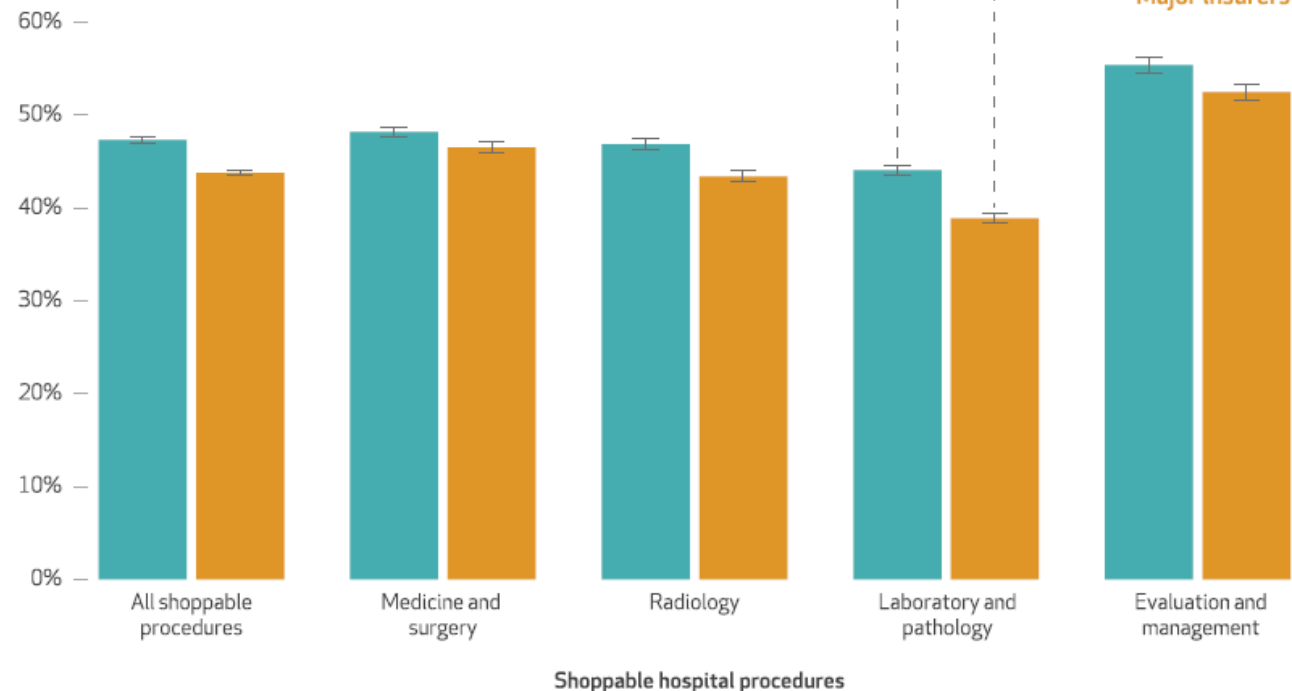


# Evidence from Shoppable Services: Cash Prices

## EXHIBIT 3

Proportion of cash prices lower than or equal to median negotiated rates for shoppable hospital procedures, overall and by subtype, among the full and major-insurer samples, September 2022

Frequency of cash prices lower than or equal to median negotiated rates



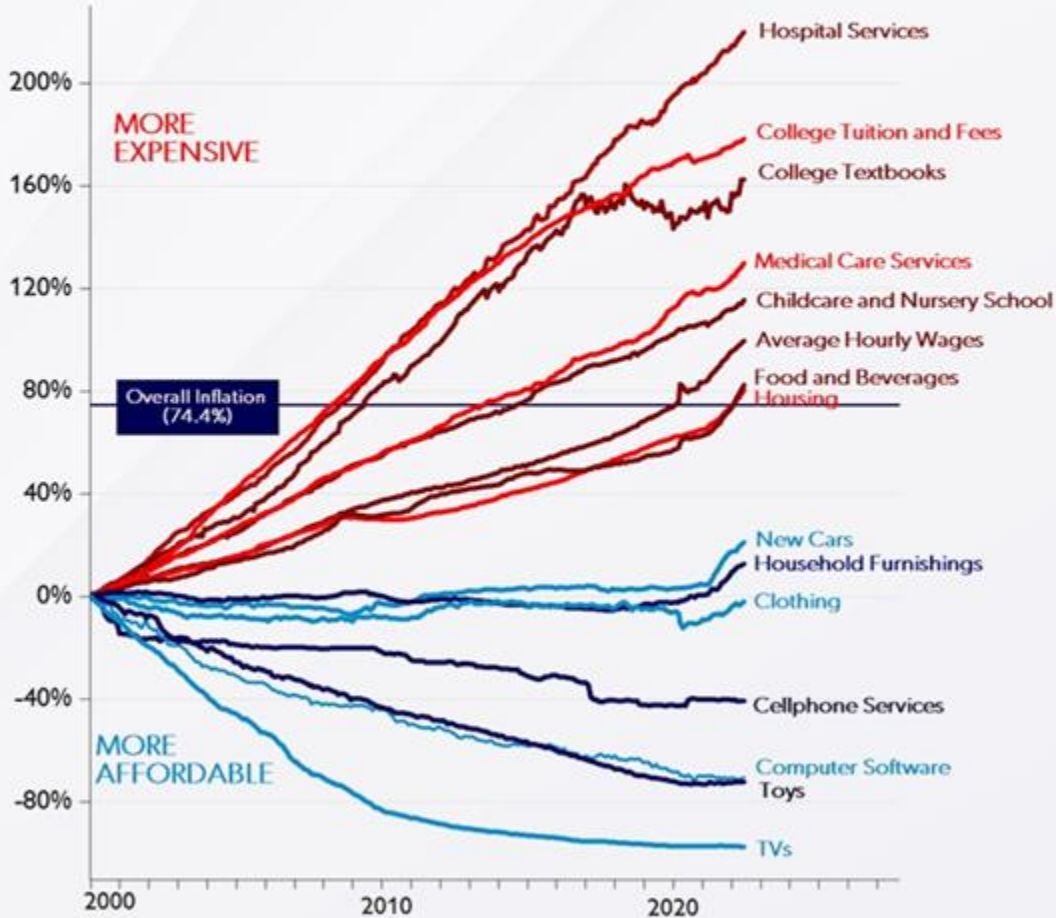
By Yang Wang, Mark Katz Meiselbach, John S. Cox, Gerard F. Anderson, and Ge Bai

DOI: 10.1377/hlthaff.2022.00977  
HEALTH AFFAIRS 42,  
NO. 4 (2023): 516-525  
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The People-to-People Health  
Foundation, Inc.

## The Relationships Among Cash Prices, Negotiated Rates, And Chargemaster Prices For Shoppable Hospital Services

# Health Care Prices are Unaffordable

Price Changes: January 2000 to June 2022  
Selected US Consumer Goods and Services, Wages

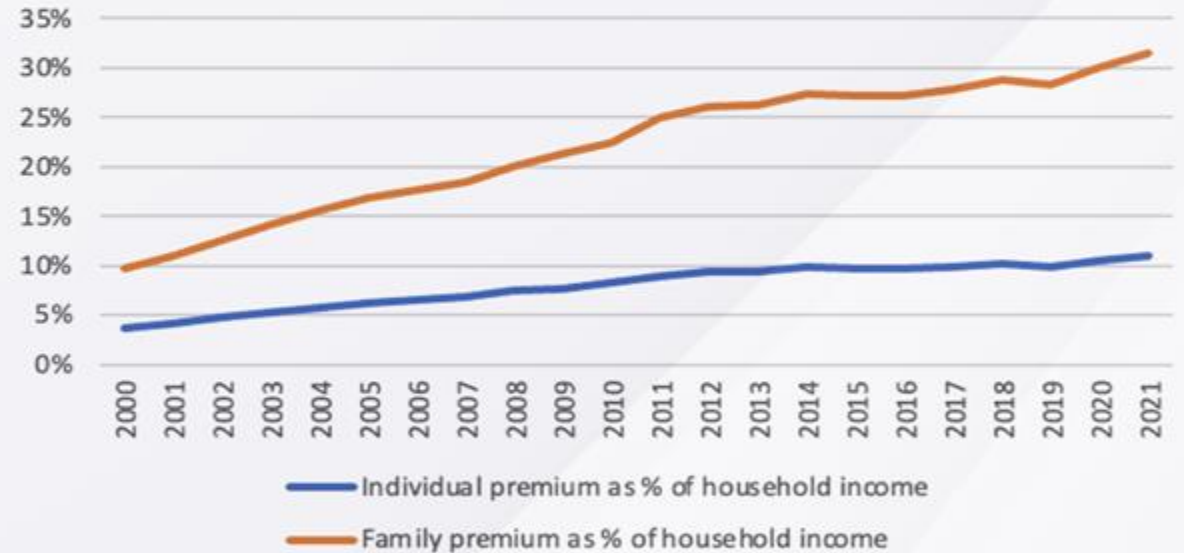


Source: Bureau of Labor Statistics

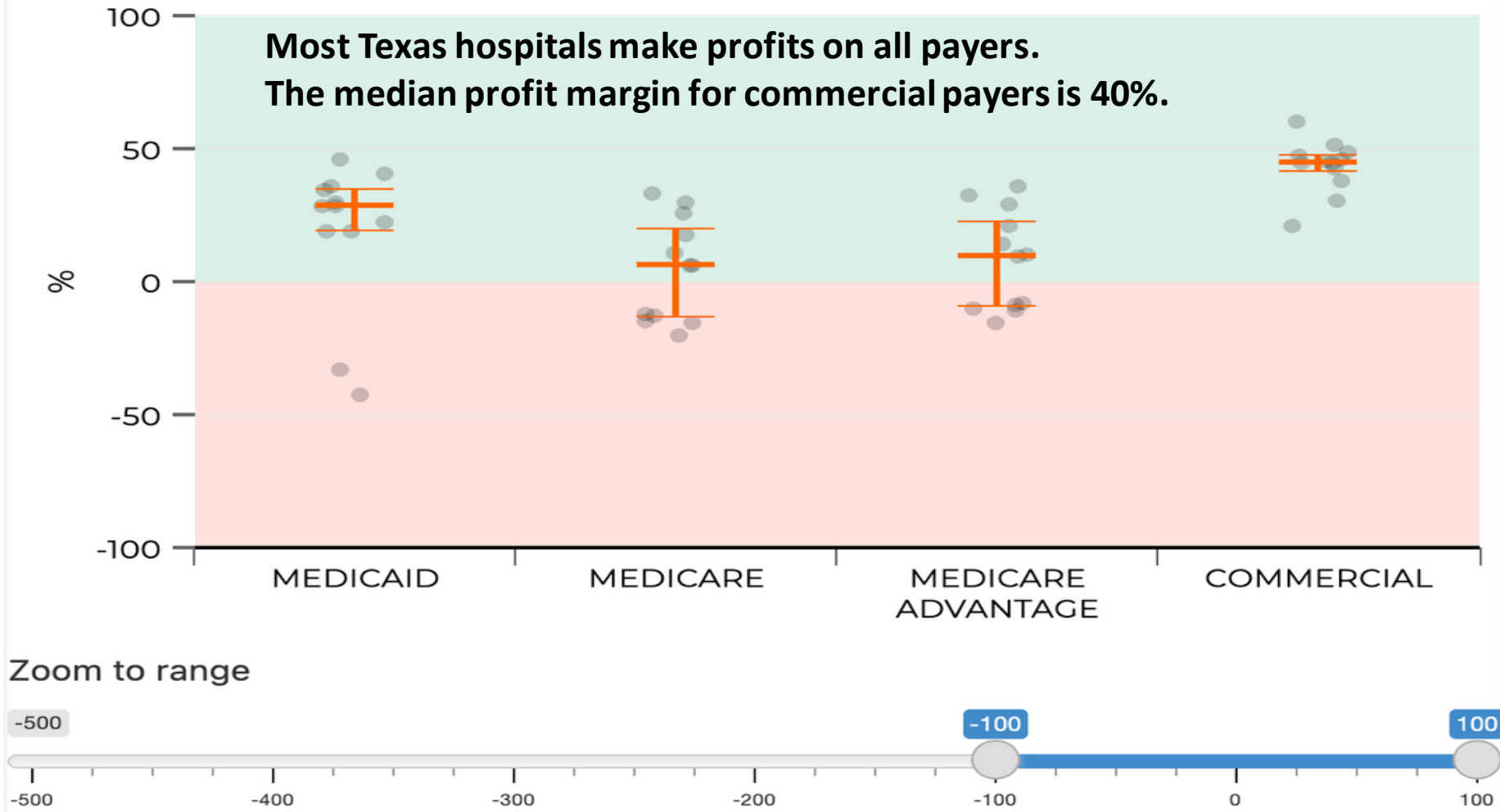
Carpe Diem **AEI**

... and hospital services are a major contributor

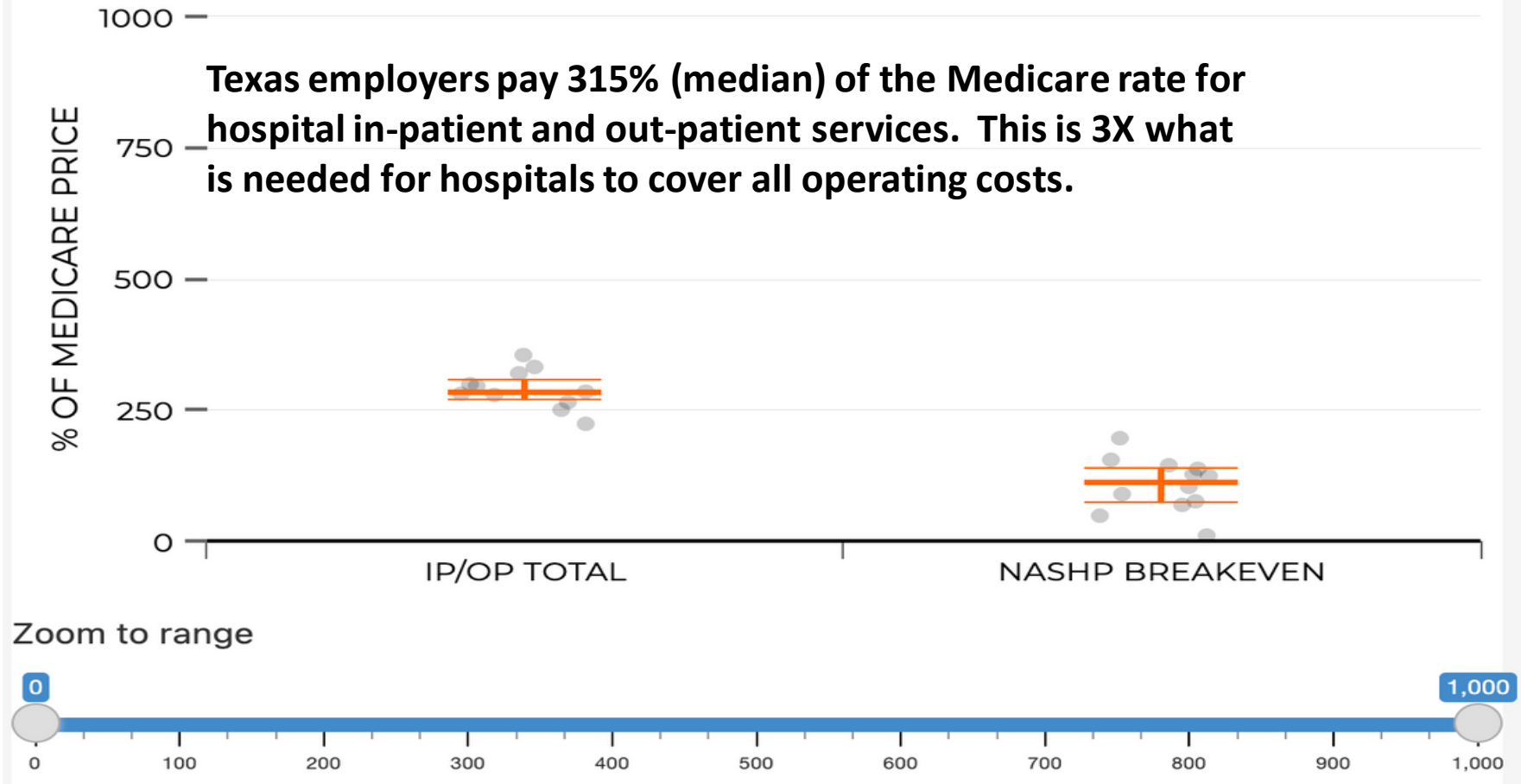
Premiums as % of income over time



# OPERATING PROFIT MARGIN



# COMMERCIAL & BREAKEVEN RAND 2018-2020, NASHP 2019





# PASSED!

## TX HB711

HOUSE 146-0  
SENATE 30-1

**Texas 88<sup>th</sup> Legislature**

***An ACT relating to contract provisions and conduct affecting healthcare provider networks.***

**Bill Author: James Frank (R)**

Rep. James Frank authored HB711 to encourage market competition and help employers and other healthcare purchasers combat unsustainable and rising healthcare costs.

**“As nearly 50% of Texans get their health insurance through their employer, I filed this legislation to empower employers to make insurance and healthcare more affordable and attainable for their employees. When we remove predatory behaviors in the marketplace it lowers healthcare costs for all Texans.”**

# Employers' Forum of Indiana 2023 Legislative Wins

Strategy: Data, Legislative Leadership, and Lobbying

HEA 1004: [Link](#)

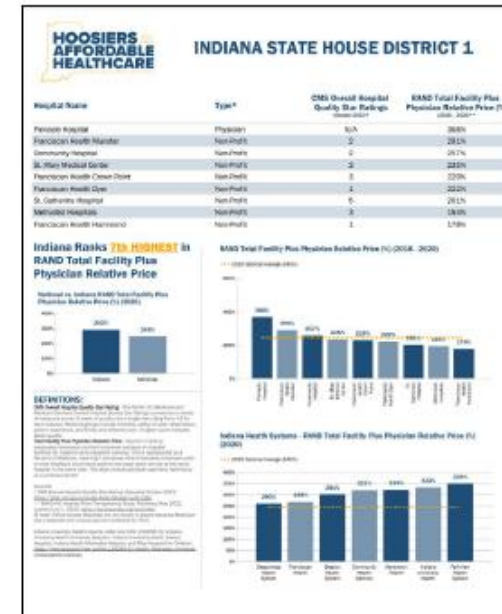
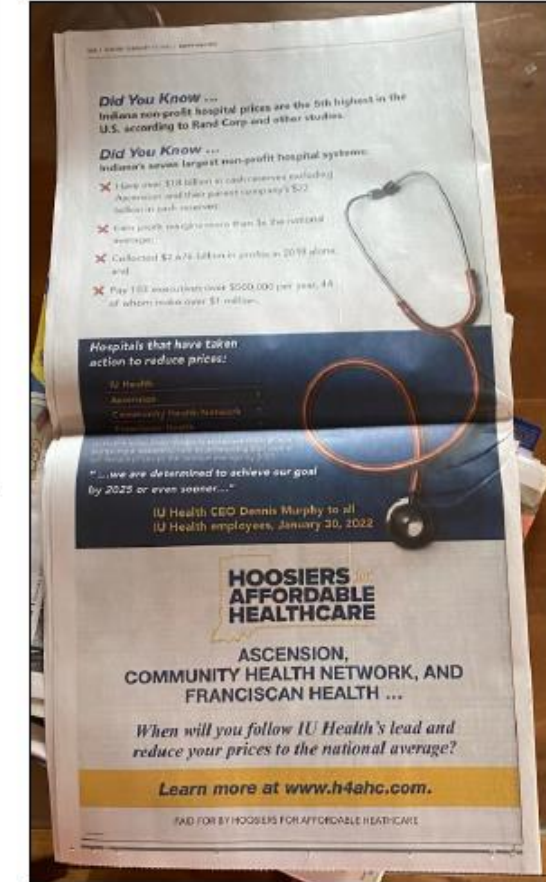
- Prohibiting Facility Fees (Site of Service)
- Benchmark Hospital Prices
- Hospital Price and Net Revenue Transparency
- Much more...

SEA 7: [Link](#)

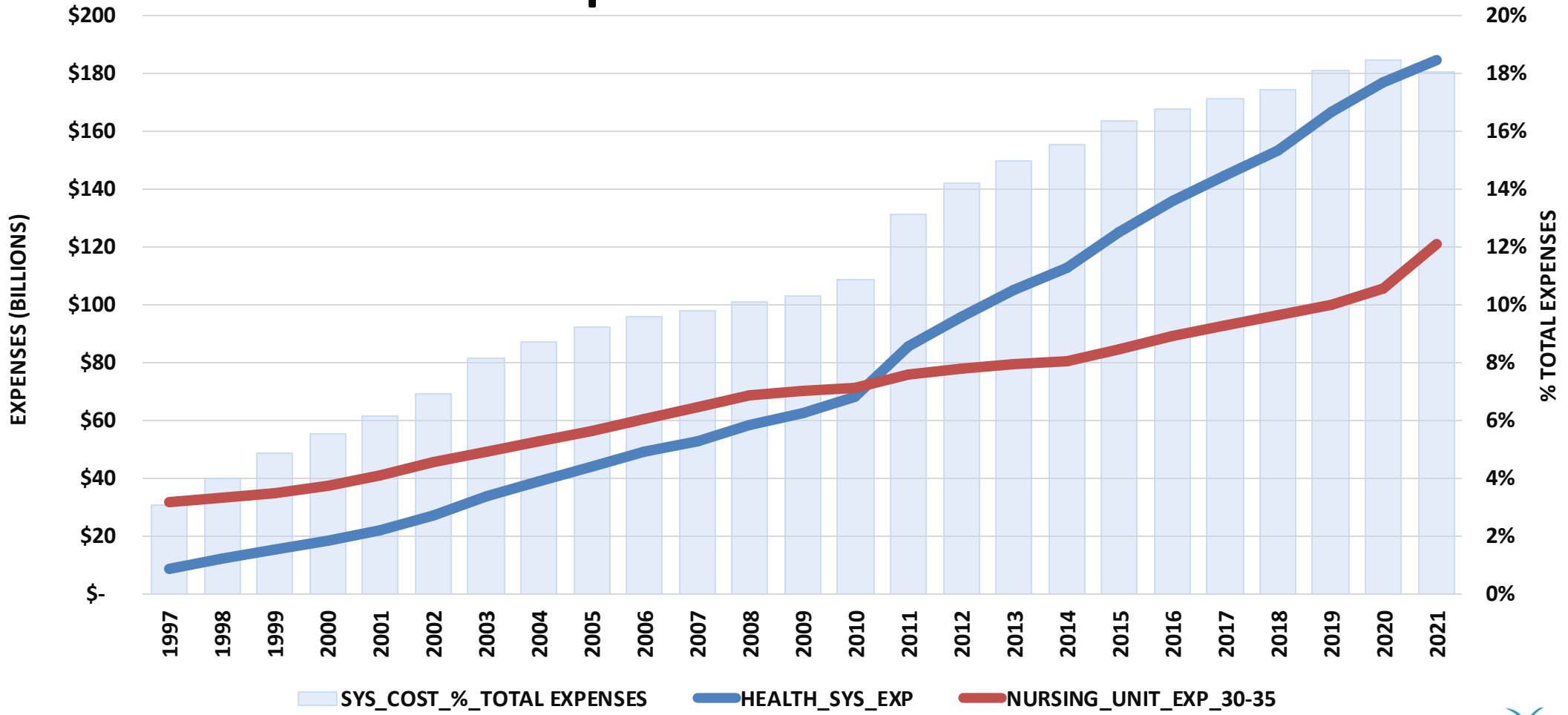
- Banning Physician Non-Competes

SEA 8: [Link](#)

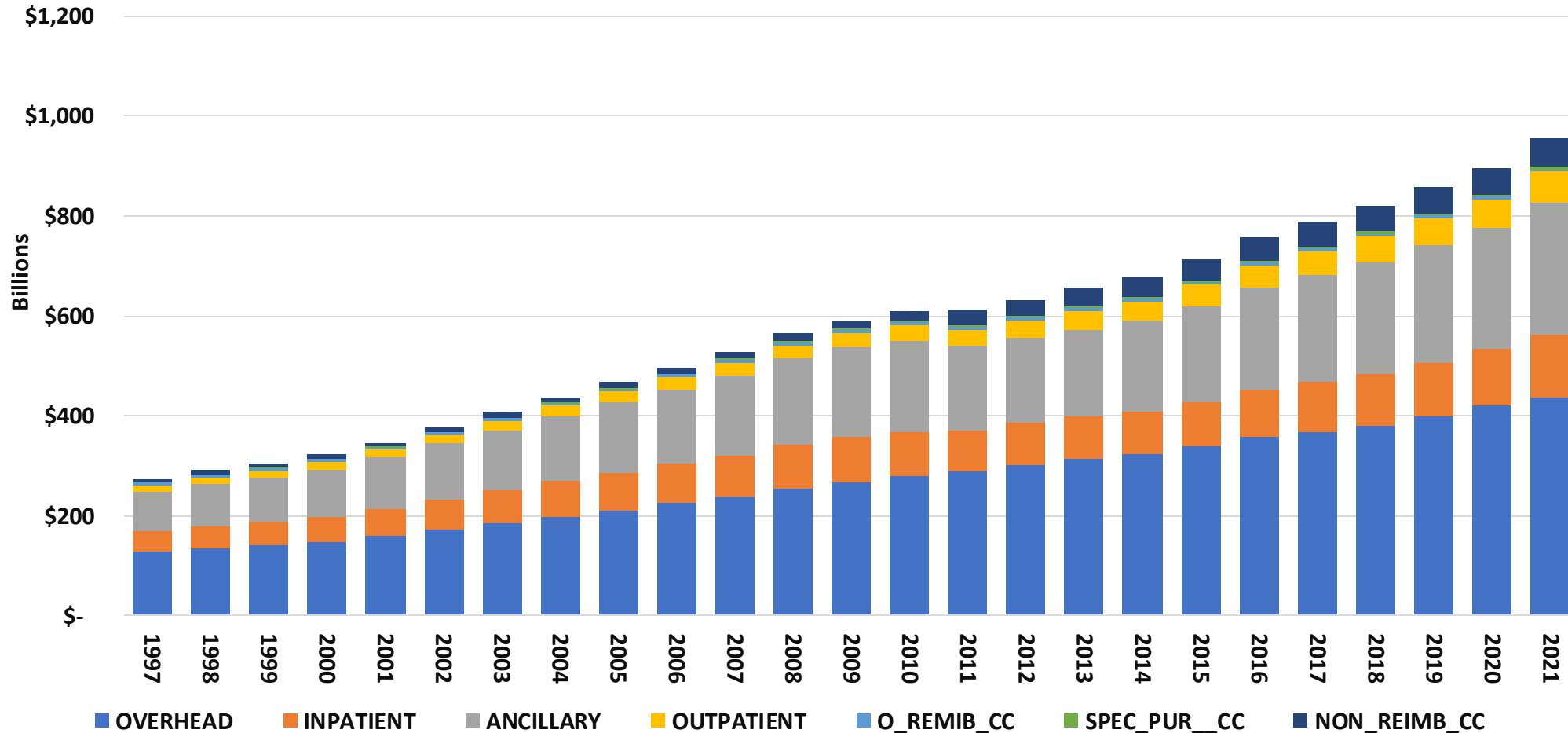
- PBM Transparency



# Health System Expenses Compared to Nursing Unit Expenses: 1997-2021



# US Hospital Composite: 7 Categories of Expenses 1997-2021





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