HOSPITAL DOLLARS AND SENSE

By Tom Schuman

Web Site Allows Price, Quality Comparisons

What does one mean when saying that health care costs are difficult to understand?

After all, if you simply know which of the approximately 7,800 CPT (current procedural terminology) codes apply to your medical service and are privy to insurer-provider discount negotiations, you're part of the way there.

How about quality comparisons?

Now those are a little more complicated. Full comprehension of DRGs (Diagnosis Related Groups) and their impact on resources used by hospitals, for instance, is a good starting point. Add in an adjustment based on the severity level of cases, factors related to the hospital's specialties and the costs associated with those – and you're starting to get the picture.

The system is broken and has been for quite a while. Recognition of that appears to be widespread. The Indiana Hospital Association (IHA), among others, is trying to bring transparency to the process. The debut of the careINsight web site (www.mycareINsight.org) is an effort to inform and educate.

Douglas Leonard, president of the Indiana Hospital Association (which represents more than 160 hospitals and health systems in the state), recalls the discussion at his board of directors retreat in the summer of 2013.

"(It was said) we need to get hold of the message and present a more complete story – not ever defend or deny that the current system is hard to understand, hard to explain, hard to get anything out of. We are willing as an industry to move to something that makes

Indiana Vision 2025: Attractive Business Climate

INDIANAVISION 2025 A PLAN FOR HOOSIER PROSPERITY

The 13 goals in this broad-based driver of the Indiana Chamber's long-range economic development plan include areas related to taxes and pensions, government reform, regulatory and legal environment and more.

In the health care area, three goals are highlighted:

- Contain health care costs through patient-directed access and outcomes-based incentives
- Reduce smoking levels to less than 15% of the population
- Return obesity levels to less than 20% of the population

Progress on these goals and all 33 in the plan will be available in June in the second edition of the *Indiana Vision 2025 Report Card*.

Learn more at www.indianachamber.com/2025

Community Goes the Personal Route

The new world of health care goes well beyond the medical experience. Hospitals, as well as other providers, must form a deeper bond with their patients.

Community Health Network is striving to do that with a *My Estimate* tool that is part of a much broader effort. Tom Malasto, chief patient experience officer, describes the approach.

"About a year ago we formed an Office of Patient Experience and created a department with a focus around our customers," he explains. "We want to not only listen to them, but engage them in a meaningful way to make their health care experience better. Health care is becoming much more of a consumer-driven environment than ever before. We, as an industry, have been insulated from providing a positive, memorable end-to-end experience."

My Estimate was being developed independently of the Indiana Hospital Association's careINsight tool. But Community did push to refine its processes to be able to come to market at the same time early this year, with *My Estimate* able to go to the next step of focusing on out-of-pocket costs.

Consumers can provide information online or call a Community representative. But that personal touch is ultimately required to provide the best service.

"One of the things that we're doing differently is we're willingly engaging with the physician office and collecting specific information around their health benefits," offers Kipp Finchum, vice president of reimbursement for Community. "The more accurate information we have, the more accurate our price estimate.

"We have to have that personal interaction. What we've learned, and did not expect, was having the opportunity to help consumers navigate through the complexity of health care finance. We're seeing a lot of positive responses. What people really appreciate is we're willing to work through the process from start to finish; we're not just handing them off but being there as their advocate."

About 50 requests a week were received through the first six weeks of the program. Most were focused on imaging and surgical procedures. As with other medical estimating services, prices are not guaranteed due to individual circumstances and additional fees (radiologist, anesthesiologist, etc.) are not included.

Finchum, celebrating his 20th anniversary with Community later this year, calls the effort a continuous process improvement initiative. Feedback is being sought from *My Estimate* users with one goal being to evolve to include physician and professional services.

Malasto, in the industry for 25 years in a variety of roles, looks at the big picture – for Community and the industry.

"This work only resonates if all 12,000 of our people (at Community) really understand the importance of the patient, their family and their friends, and how we can modify our behavior to be very customer and consumer oriented. Our industry has traditionally approached things more from the perspective of the business. But the response (from team members) has been overwhelming. This work has resonated greatly with the organization.

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Community Health Network

"This is the space," he continues, "where someone is going to differentiate themselves in this market. Consumers believe they're going to get a safe, high-quality outcome wherever they go. Patients begin to evaluate their experience based on all the other elements of that encounter. How we treat them on the telephone, how we engage them in the hospital or office. Whoever in the marketplace can do a better job of that is going to gain more loyal customers and loyal customers tell other people.

"One, it's just the right thing to do; we should be doing this. Two, it is a way to differentiate yourself in the marketplace. That's a perfect storm."

RESOURCES: Community Health Network at eCommunity.com/myestimate

more sense, but we need everybody to go along with it. Number two and the more tangible piece was to create a site for Indiana hospitals to demonstrate willingness to embrace transparency."

And while that site came online early this year, Leonard is the first to admit: "It's not enough; we know that. It's a big first step. It will get better as we go along."

Data details

Site visitors – 10,000-plus through early April with 76% going through from start to finish to retrieve comparison information – are immediately greeted with a video titled: Why does health care cost so much? Home page links also includes explanations on understanding hospital billing and quality.

"Data can be confusing," Leonard admits. "If nothing else, we offer an opportunity to understand how this system works and hopefully make people more informed consumers."

There is a large amount of information that is already reported to the government. The IHA intention is to make that easier to understand, as well as allow for comparisons between up to three different hospitals.

Price information is actually charge data retrieved from the Indiana State Department of Health and based on the 100 most common inpatient services. Two terms – charge data and inpatient services – are among the limitations that the IHA staff readily acknowledges.

"The chargemaster is what we call it, but the charge is not what anybody pays anymore," Leonard explains, referring in large part to "decades of price negotiations with insurance companies." He adds that some states have what is called an all payer claims database in which insurance companies are required to submit what they actually pay for a procedure.

When asked later what he would do regarding health care costs if "king for a day," Leonard starts with, "Get the specific out-of-pocket costs, the claims data. If we did that, we would not have to use the charge data. I'm not sure if that's something we will see in Indiana or not."

Individual hospitals do have access to that data (see sidebar on Community Health Network).

The inpatient information currently

available is a step in the right direction, "but so much of what we do is outpatient. We're working with the Department of Health on releasing outpatient data in a form we can use," Leonard says. At this time, the charge data is updated annually; IHA is seeking to make that a more frequent process to better reflect changing conditions.

Speaking the same language

Quality data comes quarterly from the Center for Medicaid and Medicare Services (CMS). Bernie Ulrich, IHA vice president, lists some of the factors available for comparison at careINsight: patient satisfaction, mortalities, readmissions, early elective baby deliveries and infections.

"One of the challenges we had was making sure that the severity of the patients didn't influence the average charge," Ulrich relates. "Every category of patient (based on age and a variety of other factors is placed into one of four severity levels (minor, moderate, major and extreme). We wanted to make sure it was a level comparison across all hospitals. Wherever the majority of the occurrences were on a statewide basis, that's the severity level we put for all hospitals (for comparison purposes)."

Wording is another tricky area. The IHA leaders note there is some necessity to speak the same language as Medicare, but the goal is to make the site as user friendly as possible for the consumer.

careINsight

The mycareINsight.org web site compiles information from government sources and allows for hospital comparisons.

"We don't like the current system either. It's not to our advantage to have an opaque pricing strategy. It's actually a very exciting time to be in health care to move to this new world. Someday we'll look back and say, 'Thank God, we started this process (with the web site).' But we're still a long way from where we need to be."

Douglas Leonard
Indiana Hospital Association

"We might say cerebral hemorrhage where everyone else would call it a stroke," Leonard offers. Some of the initial reaction from hospitals was a desire for more layman language, according to Ulrich. At the time of this interview, she notes, "We found one site that does a good job of compromising between the technical and the layman. We're in the process of rewording as much as we can to get language a consumer would be more familiar with."

Support for the project from member hospitals was never in doubt, Leonard reveals. Most of the questions revolved around the data that was going to be used. "It was not a question of, 'Should we do this, but how do we make it right.' "

Many hospitals have designed their own landing pages from the IHA site in order to provide consumers with additional information.

Not your father's industry

Leonard, with nearly 40 years of experience in health care, is the first to admit that times are changing and hospitals must be among those willing to adjust.

"We're entering a retail market for health care. Hospitals are going to compete with Walgreens – and need to price and compete in a retail manner," he explains.

"When I was CEO (at Columbus Regional Hospital), we added up all our costs and added a little on top. Now, hospitals have a price offered to them and they're going to have to drive their costs down to live at that price. They didn't teach me that at CEO school. This is just a piece of the puzzle."

The second half of the answer to the "king for a day" question is one shared by many – especially consumers. "I'd like to change the fact that patients are going to get five different bills. There is a big movement now with the hospital financial management association to get to an understandable bill. I paid twice for something when I got my knee replaced, and I'm supposed to understand the system."

Jennifer Hurtubise, IHA director of communications, says some of the initial feedback from careINsight users was about the multiple bills received following a medical procedure. It's a question that can't be answered – at least not yet.

"We've built a chassis that can evolve," Leonard shares. "We don't like the current system either. It's not to our advantage to have an opaque pricing strategy. It's actually a very exciting time to be in health care to move to this new world. Someday we'll look back and say, 'Thank God, we started this process (with the web site).' But we're still a long way from where we need to be."

RESOURCES: Indiana Hospital Association at www.ihaconnect.org and mycareINsight.org