
Oregon Hospital Payment Report

Cost Growth Target Educational Webinar

August 8, 2024

Lisa Wilson, Hospital Utilization Analyst

Steven Ranzoni, Hospital Policy Advisor



Oregon
Health
Authority

What is the Oregon Hospital Payment Report?

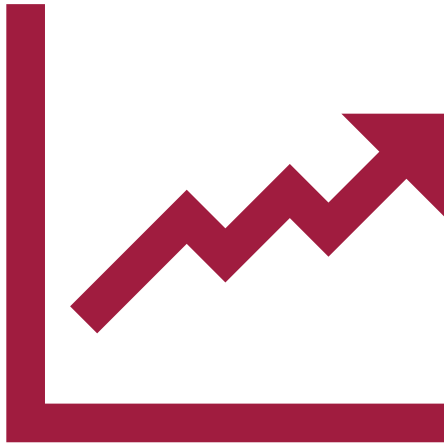
An **interactive online dashboard** that shows how much **commercial insurers** pay **hospitals** for **common procedures**



- Created by SB 900 (2015) and codified as ORS 442.373
- Uses data from Oregon's All Payer All Claims (APAC) database
- Includes payments to Oregon's general acute care hospitals and their outpatient clinics
- Excludes non-hospital facilities and specialty hospitals



Why is this important?



- Hospital prices are a major driver of cost growth.
 - Hospital care is the largest category of health care spending, accounting for 30% of all health care spending nationally in 2022.¹
- **Commercial** prices are generally higher than **Medicare** or **Medicaid**.
 - In Oregon in 2022, the average **commercial** price per inpatient service was **\$28,815**, compared with **\$18,665** for **Medicare** and **\$13,576** for **Medicaid**.
- Nationally, hospital care accounted for 42% of commercial insurer spending on personal health care in 2022.¹

1. Centers for Medicare and Medicaid Services. "National Health Expenditure Accounts – Historical." <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/historical>. NHE Tables 2, 6, and 7, accessed 5/10/24.

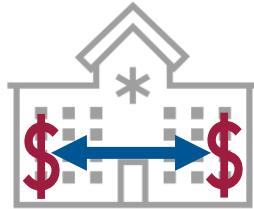
Why is this important?

Commercial prices vary significantly

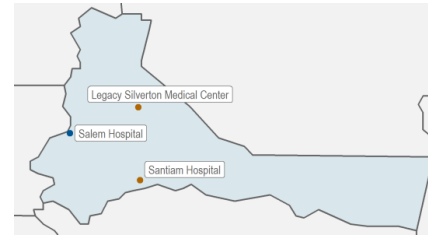
Between hospitals



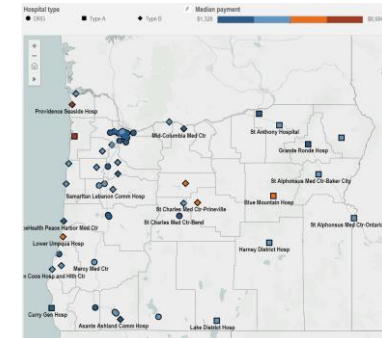
Within the same hospital



Within the same region



Across the state



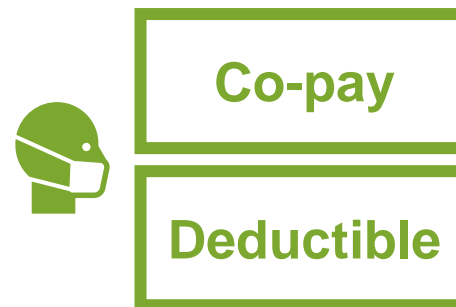
Yet the relationship between price and quality of care remains unclear¹⁻⁴

1. Cooper, Z., Doyle, Jr., Joseph J., Graves, J. A., & Gruber, J. (2022). *Do Higher-Priced Hospitals Deliver Higher-Quality Care?* (Working Paper 29809). National Bureau of Economic Research. <https://doi.org/10.3386/w29809>
2. Chernew, M. E., & Frank, R. G. (n.d.). What Do We Know About Prices And Hospital Quality? *Health Affairs Forefront*. <https://doi.org/10.1377/forefront.20190726.723138>
3. Jamalabadi, S., Winter, V., & Schreyögg, J. (2020). A Systematic Review of the Association Between Hospital Cost/price and the Quality of Care. *Applied Health Economics and Health Policy*, 18(5), 625–639. <https://doi.org/10.1007/s40258-020-00577-6>
4. Beauvais, B., Gilson, G., Schwab, S., Jaccaud, B., Pearce, T., & Holmes, T. (2020). Overpriced? Are Hospital Prices Associated with the Quality of Care? *Healthcare*, 8(2), 135. <https://doi.org/10.3390/healthcare8020135>

The dashboard presents **median payments**



This includes the **commercial insurance payment** and **patient copays and deductibles**, which add up to the **expected total reimbursement to the hospital** for the given procedure.



What does the dashboard show?

The **median payment** a **commercial health insurer** pays a **hospital** for a **procedure**.

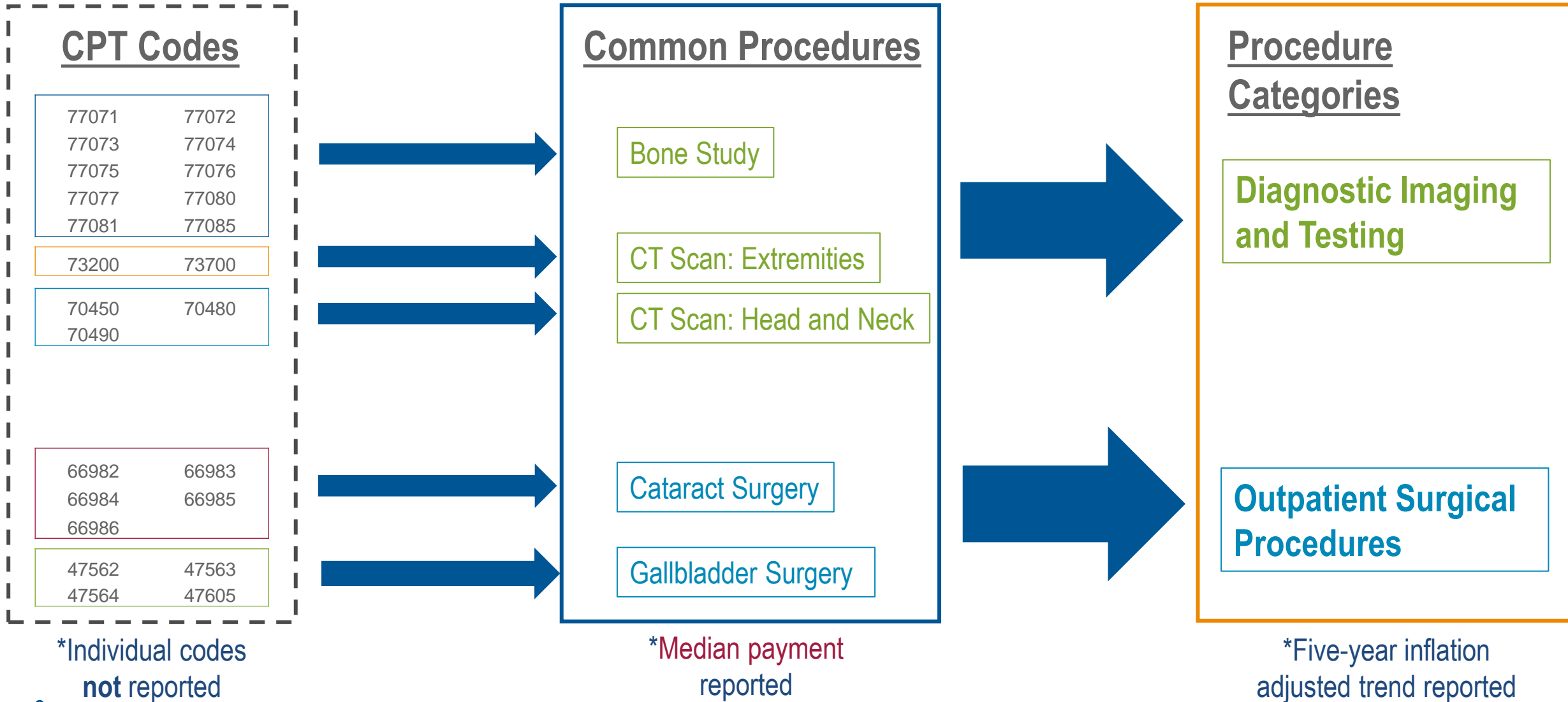
- **Most common** inpatient and outpatient procedures
- Range of payments **among hospitals** and range of payments **within the same hospital**
- **Year-over-year change** in median payments and **five-year inflation adjusted trends** for large procedure groups
- Individual hospital **comparisons**

What does the dashboard NOT show?

The dashboard **does not identify individual commercial insurers** or provide insurer-specific payments.

- The dashboard is **not a consumer pricing tool** and cannot estimate a patient's personal costs.
- Payment amounts **do not account for financial assistance**, such as charity care.
- The dashboard generally reports facility payments (payments to facilities for services they provide), **not professional fees** (payments to individual providers for services they perform).
 - For some procedures, such as imaging, professional fees are included.

How are procedures reported?



Highlights of the 2022 Hospital Payment Report

Professional Services

Physician patient evaluations

The process of a physician or other specialized health professional evaluating a patient, including detailed patient history, examination, and medical decision making. Paid amounts are for evaluations of established patients.

Choose a sorting method from the dropdown below

Sort hospitals from highest to lowest median payment

Color legend: Hospital type

Statewide DRG Type A Type B

Shape legend: Critical access status

Statewide Critical access Non-critical access

Commercial payment variation among hospitals

This chart shows median payments from commercial insurance companies in 2022. The **median** is the middle value where half of the payments are above and half are below. When sorting by number of procedures performed, the number of procedures is listed in parentheses after the median payment. Scroll down to see how payments vary from hospital to hospital. Hover over a data point to display more information.

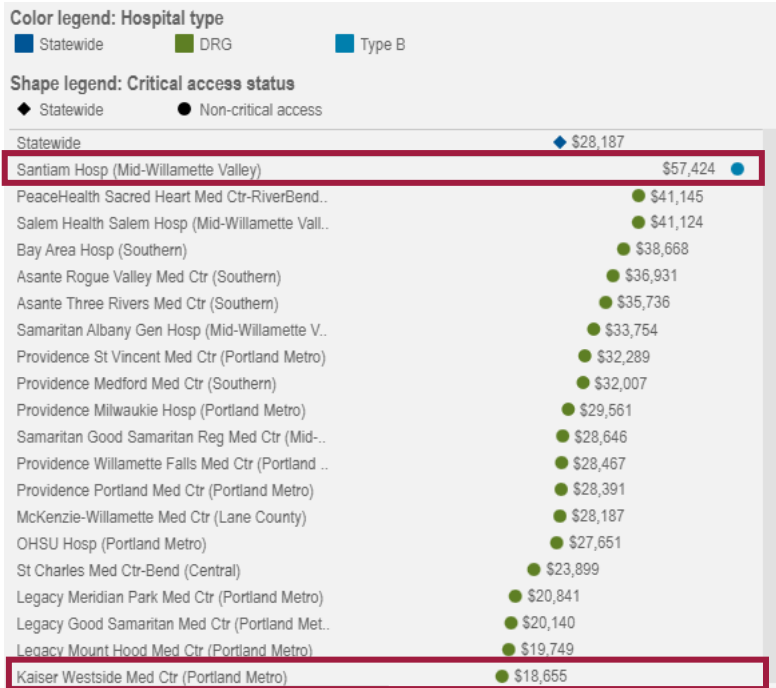


Payments for procedures vary widely **among hospitals.**

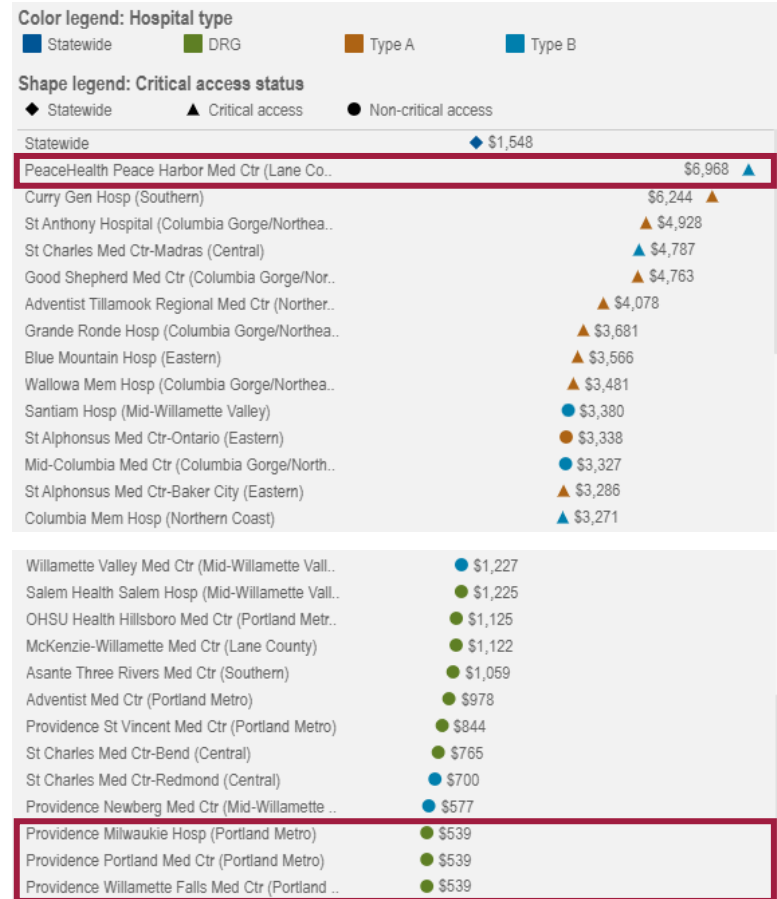
For physician evaluations in 2022, the highest paid hospital received a commercial **median payment** of **\$535**, and the lowest paid hospital received **\$11**.

Payments for procedures vary widely **among hospitals.**

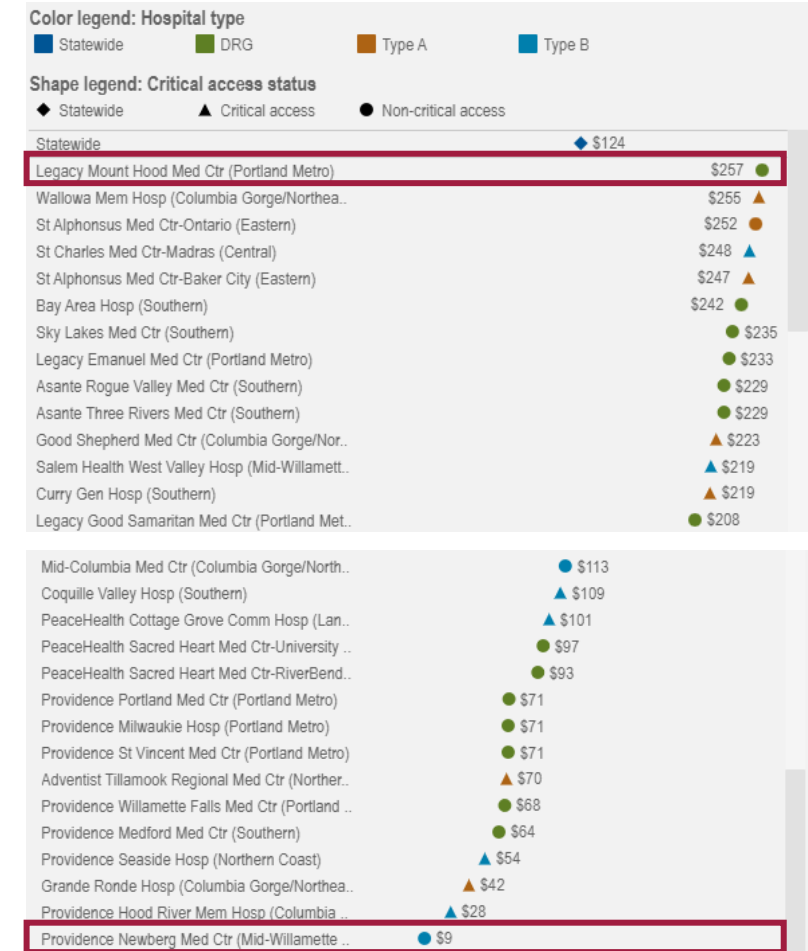
Outpatient hip replacement: \$18,655 to \$57,424



Head and neck MRI with contrast: \$539 to \$6,968

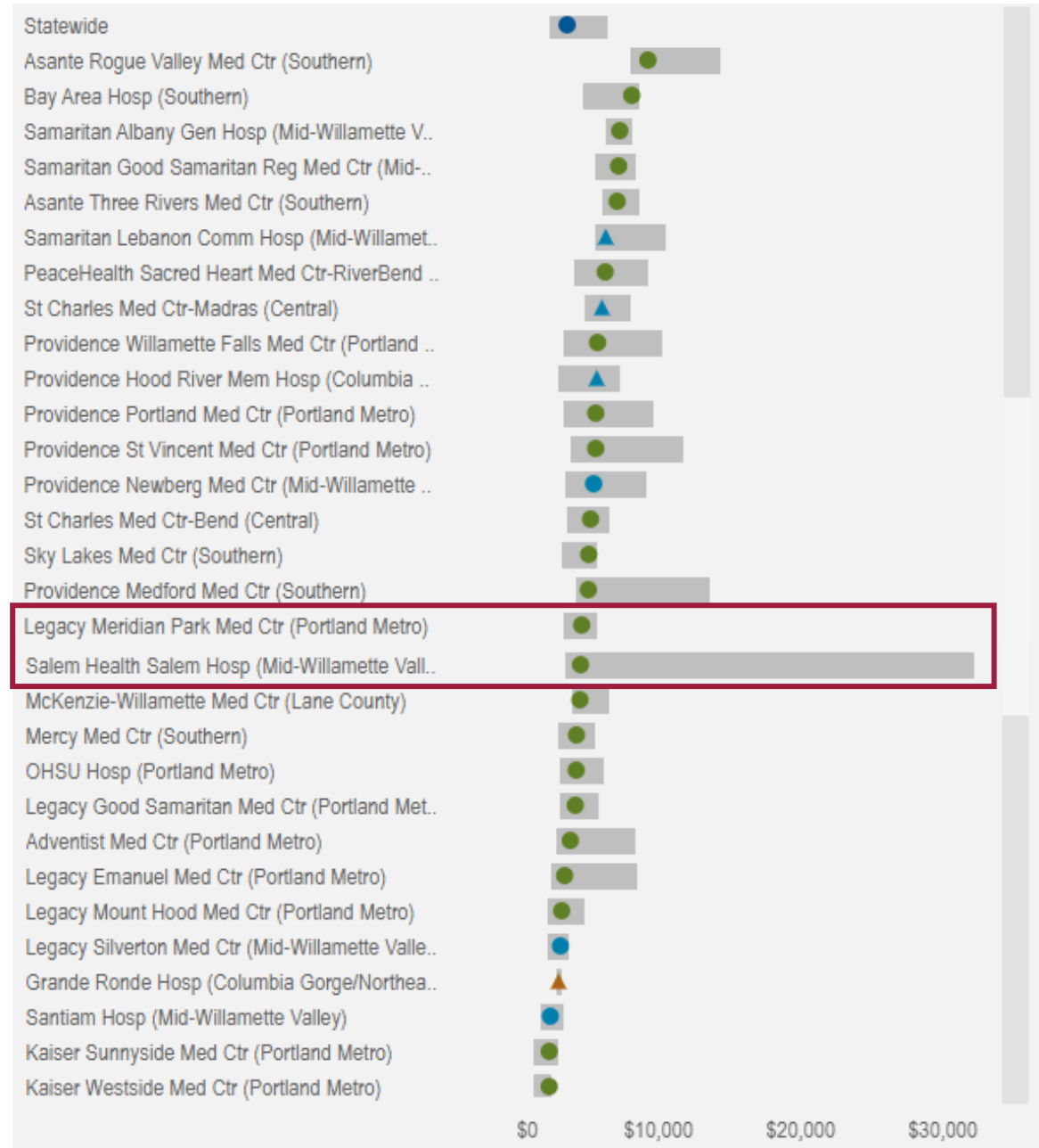


Drug assay: \$9 to \$257



Payments for procedures vary widely **within the same hospital.**

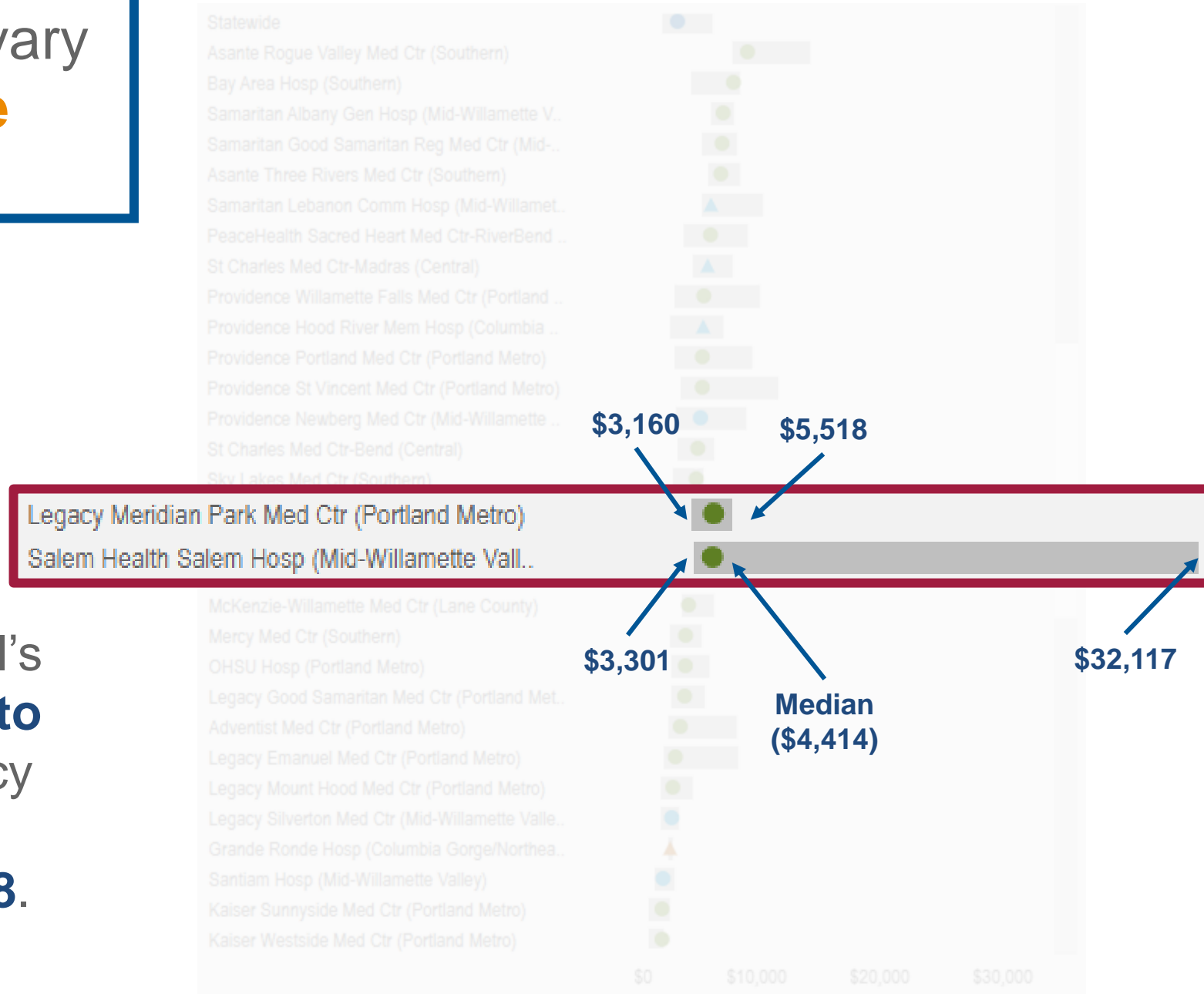
The wider the grey bar, the greater the payment variation from patient to patient at a specific hospital.



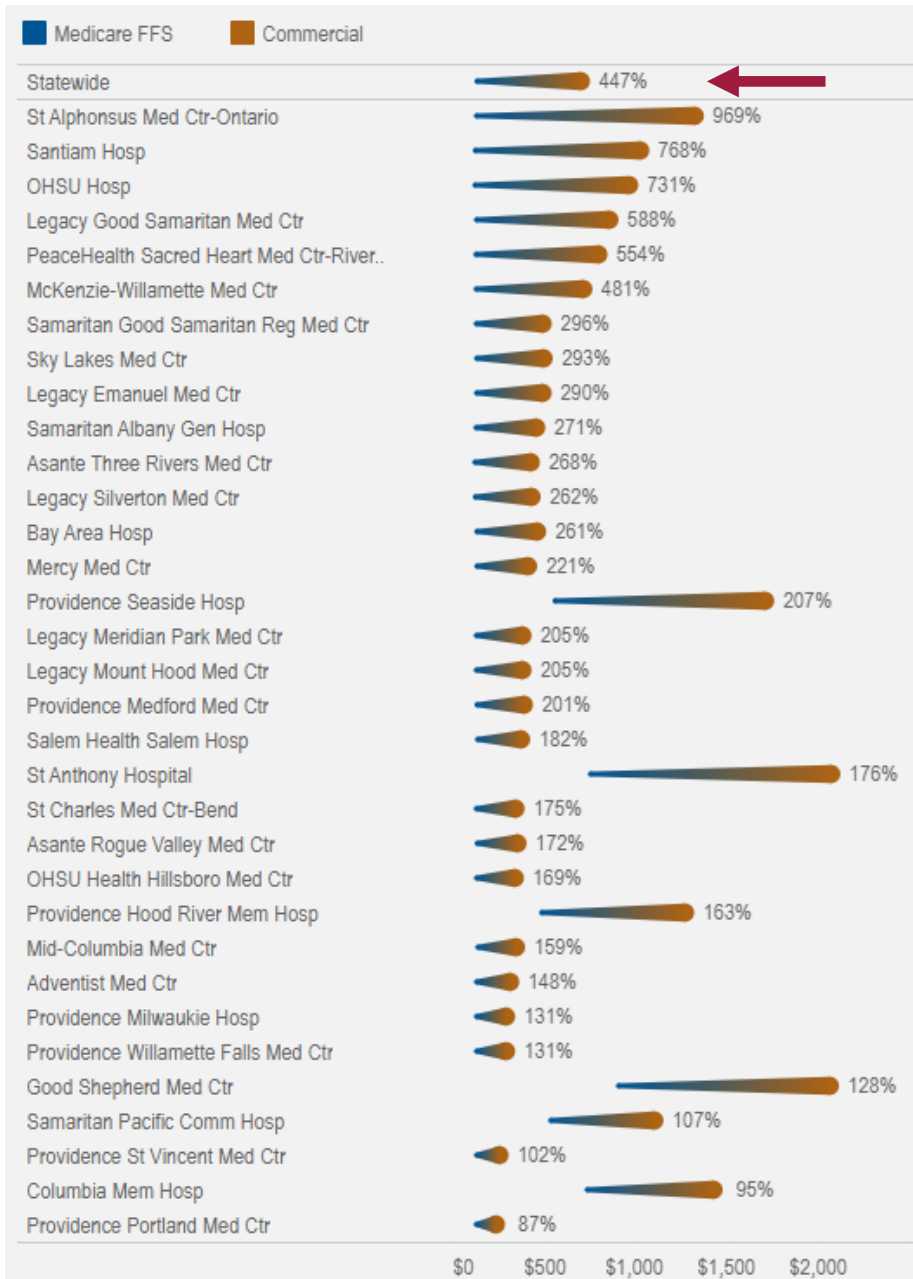
Payments for procedures vary widely **within the same hospital.**

The wider the grey bar, the greater the payment variation from patient to patient at a specific hospital.

For newborn care with complications, Salem Hospital's payments range from **\$3,301 to \$32,117** compared with Legacy Meridian Park's payments ranging from **\$3,160 to \$5,518.**



CT: Extremities

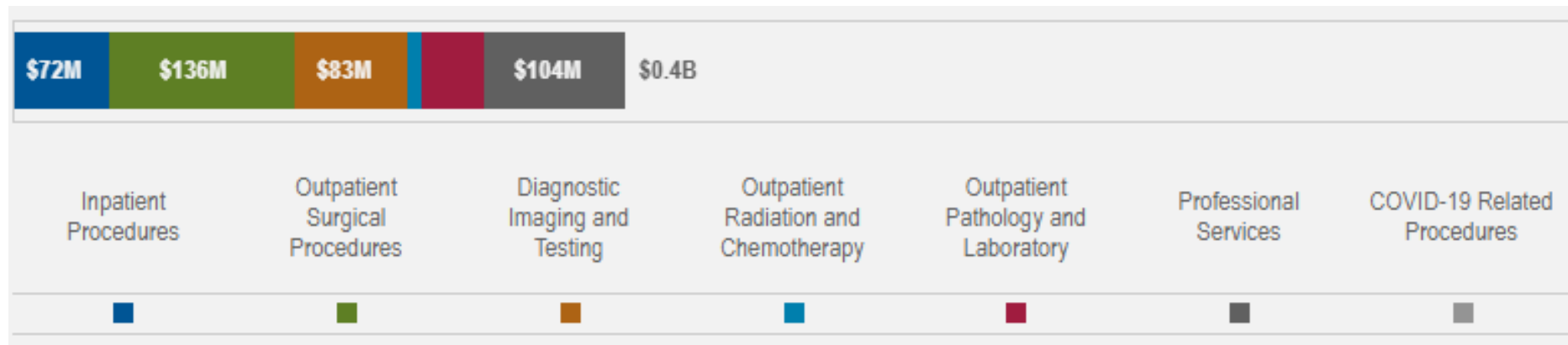


Payments tend to be **much higher** for **commercial insurance** than **Medicare fee-for-service** for the same procedures.

In 2022, the statewide commercial median payment for CT scans of extremities was **\$695** – **447% higher** than the Medicare fee-for-service median payment of **\$127**.

Significant cost savings could be achieved if commercial payment rates were set to a percentage of Medicare rates.

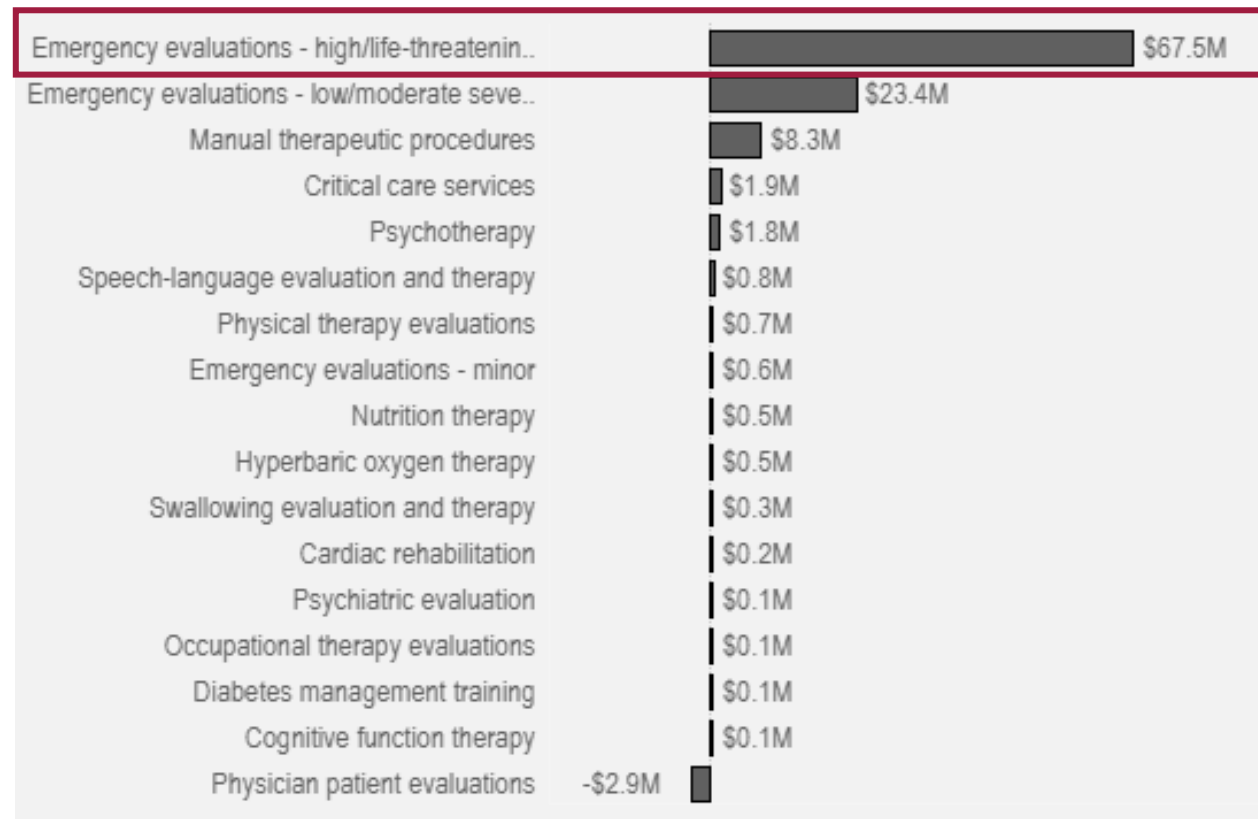
If commercial rates were 200% of the Medicare fee-for-service rate, **over \$400 million** could have been saved across all procedures in 2022.



Outpatient surgical procedures has the highest potential savings of any category at **\$136 million**.

Significant cost savings could be achieved if commercial payment rates were set to a percentage of Medicare rates.

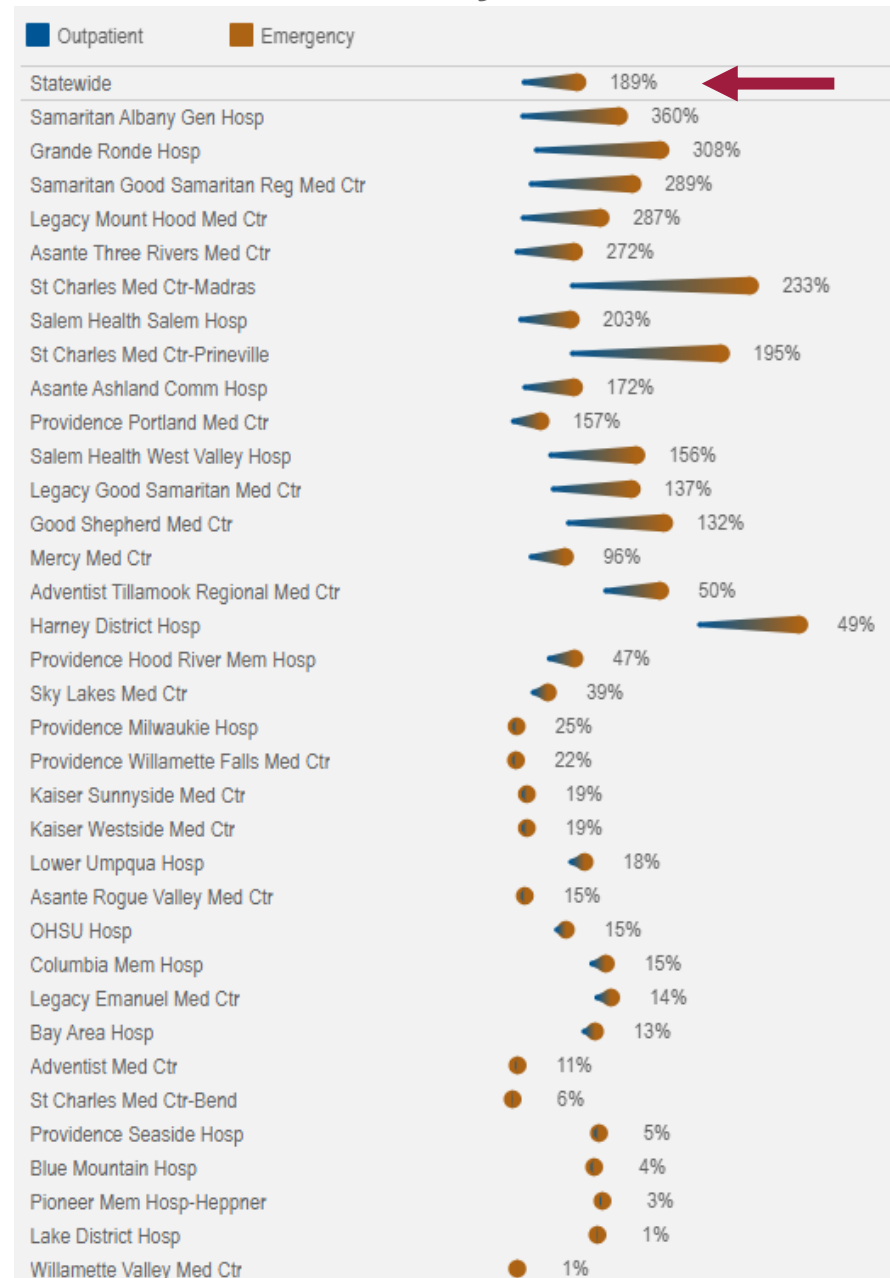
If commercial rates were 200% of the Medicare fee-for-service rate, nearly **\$68 million** could have been saved across all high acuity emergency department evaluations in 2022.



Payments for **emergency procedures** tend to be **higher** than in **other outpatient settings** statewide.

In 2022, the statewide median commercial payment for urinalysis in the emergency department was **189% higher** than in non-emergency outpatient settings.

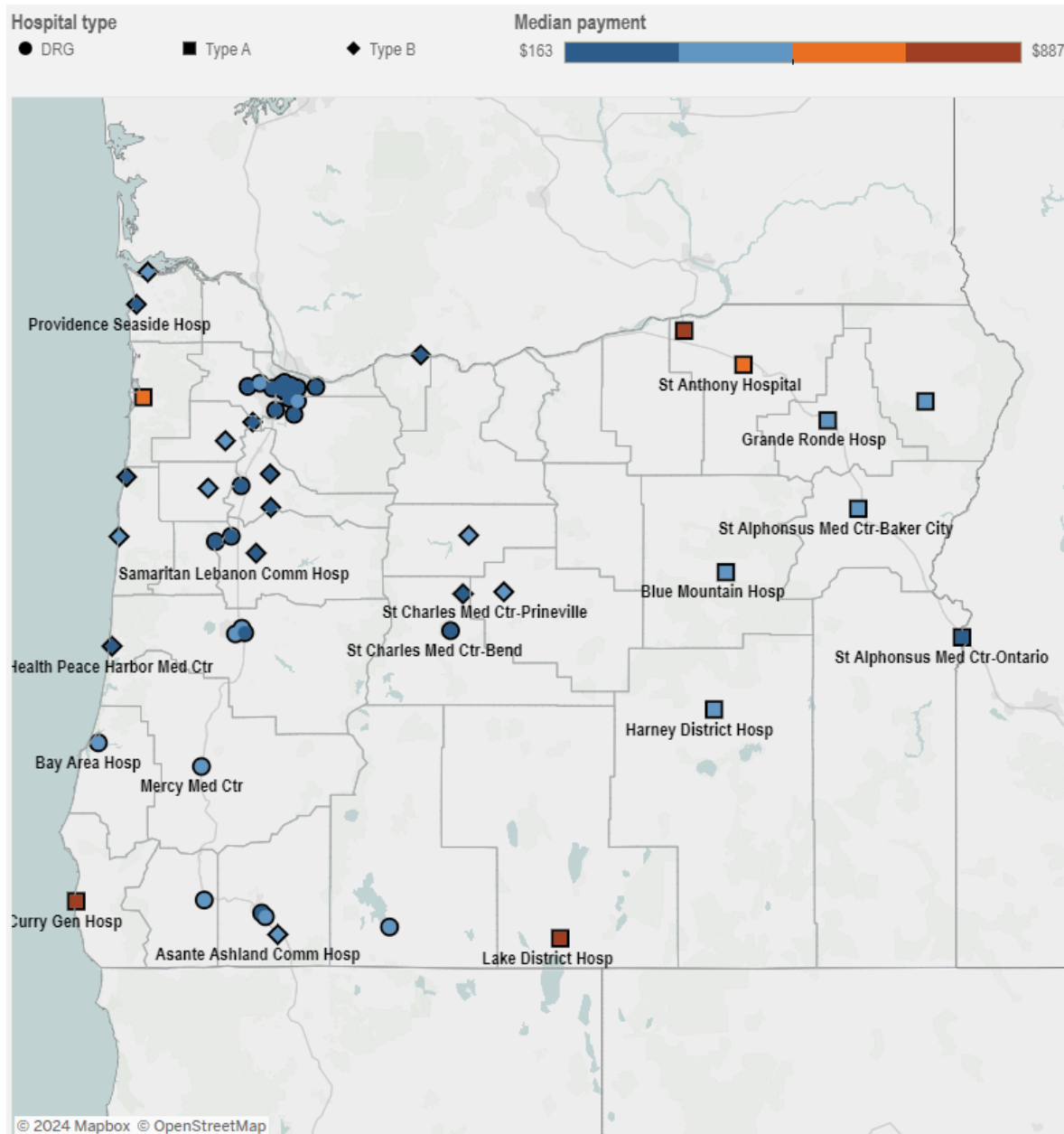
Urinalysis



Payments vary **by location.**

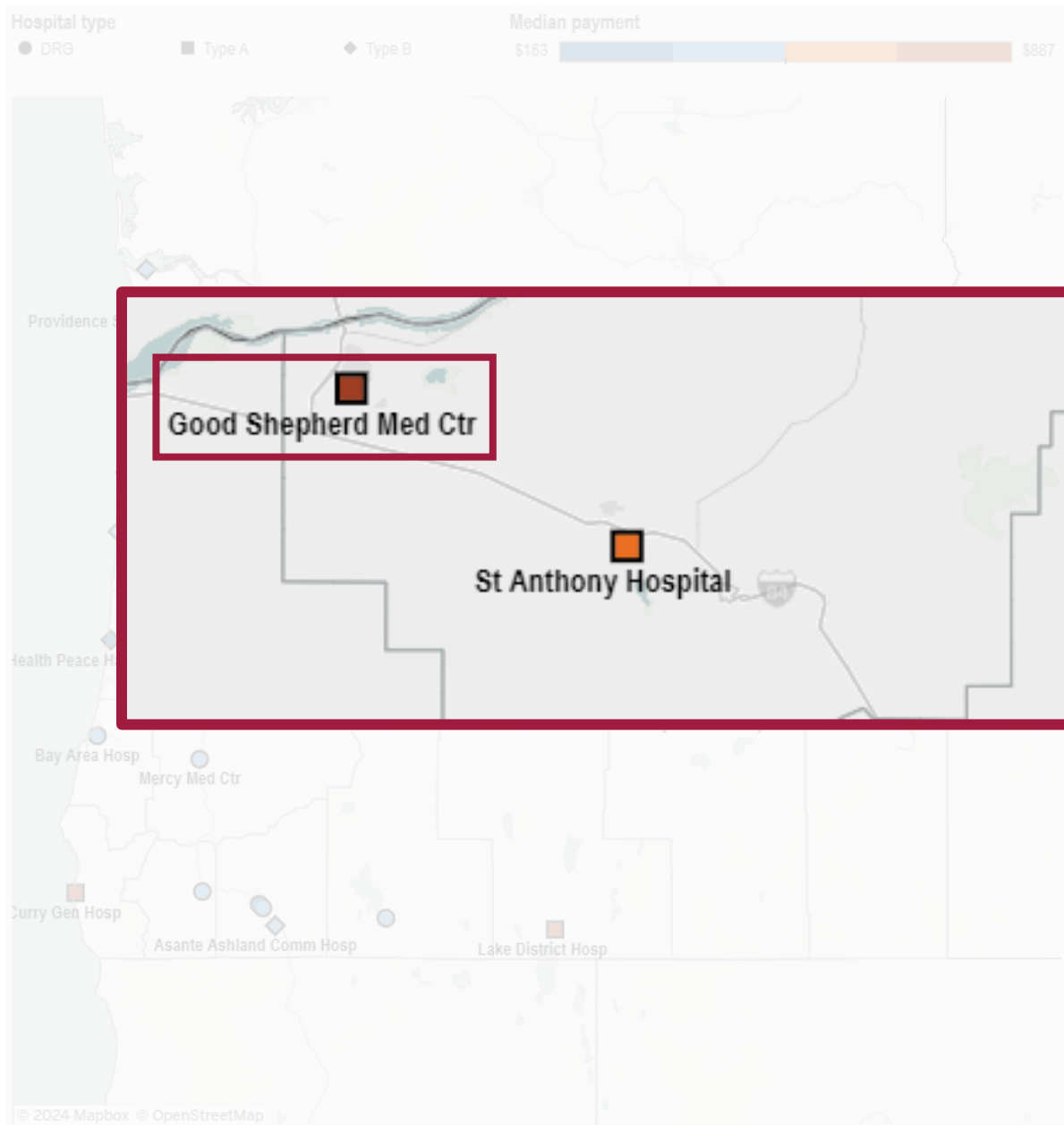
In 2022, the median commercial payment for a routine birth was **highest in the Northern Coast area (\$13,313)** and **lowest in Central Oregon (\$9,145)**.

Color legend: Hospital type		
■ Statewide	■ Regionwide	■ DRG
		■ Type A
		■ Type B
Shape legend: Critical access status		
◆ Statewide	▲ Critical access	● Non-critical access
Statewide		◆ \$10,210
Northern Coast	Regionwide	● \$13,313
	Adventist Tillamook Region..	\$15,485 ▲
	Samaritan Pacific Comm Ho..	▲ \$13,338
	Columbia Mem Hosp	▲ \$12,364
Central	Regionwide	● \$9,145
	St Charles Med Ctr-Madras	\$15,537 ▲
	St Charles Med Ctr-Bend	● \$8,000



Payments vary **by location.**

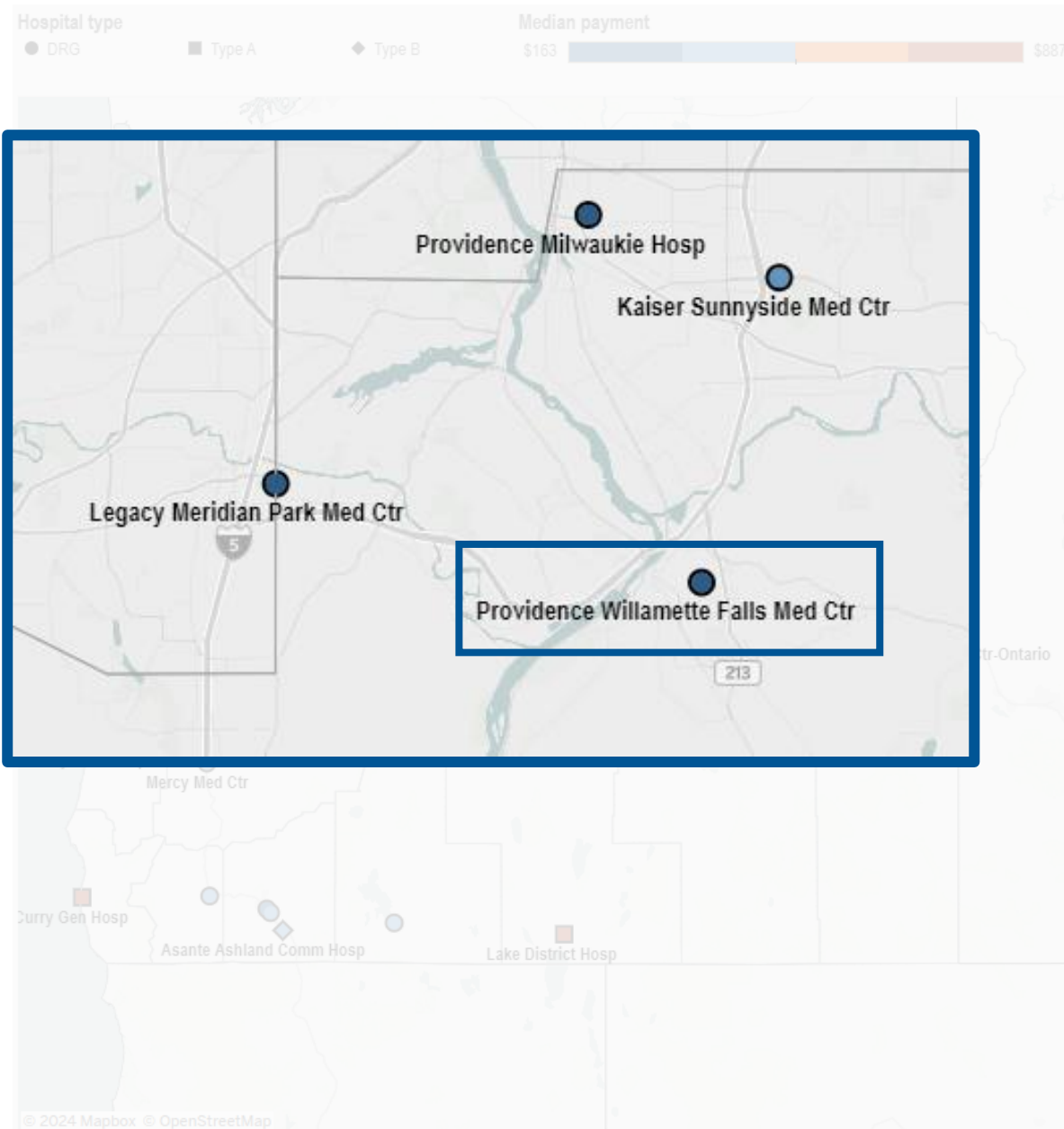
For obstetrical ultrasounds in 2022,



Payments vary **by location.**

For obstetrical ultrasounds in 2022,

Good Shepherd Medical Center
had the highest median payment at
\$887



Payments vary **by location.**

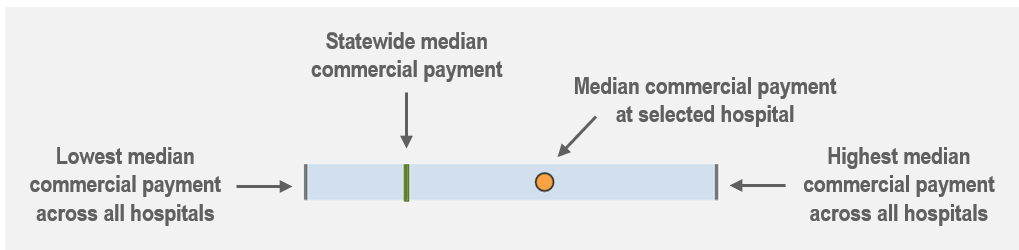
For obstetrical ultrasounds in 2022,

Good Shepherd Medical Center had the highest median payment at **\$887**,

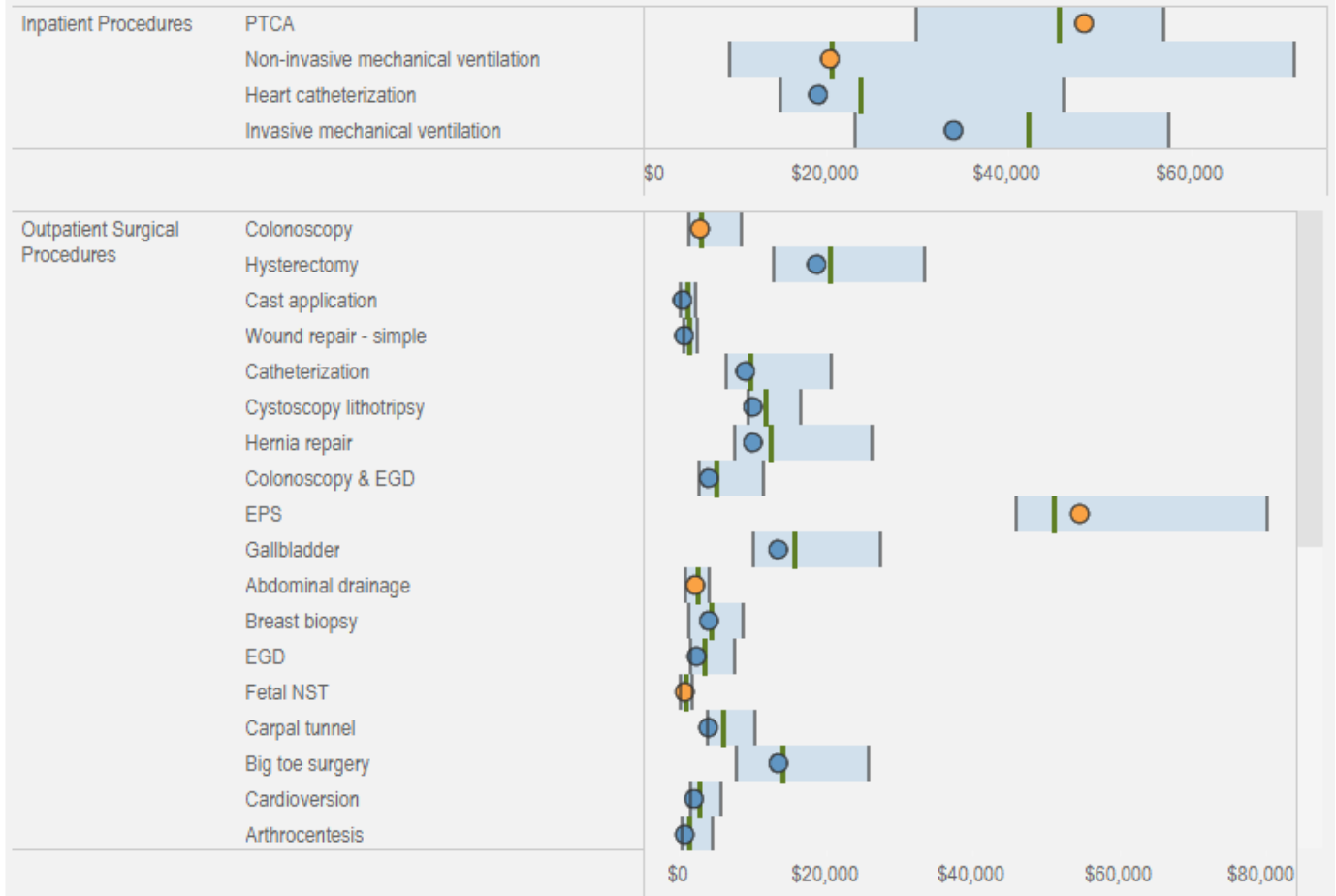
and Providence Willamette Falls had the lowest median payment at **\$163**.

Hospitals may have relatively **high payments** for some procedures and **low payments** for others.

A new feature allows users to compare a hospital's median payments with the statewide range of median payments for each procedure.



Across all reported procedures in 2022, Adventist Med Ctr (Portland Metro Region, DRG) had **27** procedures with a median commercial payment more than 5% **above** the statewide median and **64** procedures with a median commercial payment more than 5% **below** the statewide median. For **16** procedures, the median commercial payment was **within** 5% of the statewide median.



Thank You

The logo for the Oregon Health Authority. It features the word "Oregon" in a smaller, orange, serif font positioned above the word "Health". "Health" is written in a large, blue, serif font. Below "Health", the word "Authority" is written in a smaller, orange, serif font. The entire logo is centered within a light blue, rounded rectangular background.

Oregon
Health
Authority
