An Overview of Hot-Button Issues Impacting Hospitals and Healthcare Systems

Michelle Scott, General Counsel

March 25, 2019

FAIR Health®
Know Your Source

National, independent nonprofit with the country's largest collection of private healthcare claims

A CMS Qualified Entity with entire Medicare collection

530 Fifth Avenue, 18th Floor, New York, NY 10036
fairhealth.org • fairhealthconsumer.org • fairhealthconsumidor.org

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FAIR Health at a Glance

Unique Origins

Established as a conflict-free, independent, national nonprofit public charity

Broad Mission

To bring transparency and integrity to healthcare costs and health insurance information

Multistakeholder Solutions

Fulfills mission with robust data products and custom analytics, award-winning consumer tools and research/policy-making platform

Neutral Crossroads

The FAIR Health Private Claims Repository

27+ Billion

Medical and Dental Claims from 2002 to the Present

Updated on a monthly basis

150+ Million

Covered Lives

493

Regions in the United States

FAIR Health: Certified CMS Qualified Entity

- Complete collection of Medicare Parts A, B and D claims data for all 50 states and Washington, DC
- Probing reports on key aspects of healthcare industry/provider performance
- Powerful synergies between our private claims data and Medicare collection of claims
- Data from 2013 to present
- 27+ billion Medicare claims

FAIR Health Data Use Cases

Operations & Strategic Planning

- Provider Performance
- Plan, Benefit and Provider Network Design
- Premium Rate Review
- ACO/Bundled Payment Modeling and Evaluation
- Budgeting
- Reference Pricing
- Strategic Planning
- In-/Out-of-Network Fee Schedules
- Dispute Resolution
- Market Research
- HR Administration
- Customer Service
- Employee Management of CDHPs/HSAs
- Outmigration
- Referral Practices
- APCD Activity

Legislative/Regulatory/ Policy

- Consumer Protection
- Quality Measures
- Legislative and Regulatory Action
- Medicaid Reform
- Reference Pricing
- Auto Liability Fee Schedules
- Workers' Compensation Fee Schedules
- Statutory Benchmark for State Programs
- Specialty Fee Schedules
- Medical Pricing Indices
- Healthcare System Trending Reports
- White Papers
- Ground & Air Ambulance Studies

Public Health & Research

- Cost/Utilization Analyses
- Population Health
- Longitudinal Outcomes
- Epidemiological Syndromic Surveillance
- Clinical Trials
- Treatment Protocols
- Public Health Interventions/Prevention Campaigns
- Medicaid Analytics
- Chronic Conditions
- Comorbidities

Consumer Engagement & Professional Education

- Consumer Cost Transparency Tools
- Health Insurance Principles
- Employee Management of CDHPs and HSAs
- Open Enrollment Support
- Medical School Curricula
- Professional Libraries/Practices
- Bilingual Content

FAIR Health State Applications

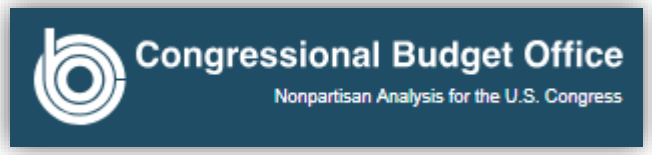
State	Purpose
Alaska	• Workers' compensation fee schedule • Out-of-network claims pricing under the state health insurance plan
Arizona	• Dental claims reimbursement for disabled pediatric patients
California	• Benchmark for emergency care for low-income patients
Connecticut	• FAIR Health 80th percentile benchmark designated as UCR for emergency services
Florida	• FAIR Health consumer website featured by Insurance Consumer Advocate • Ground and air ambulance data
Georgia	• Update and distribute state workers' compensation fee schedule
Kentucky	• Develop state workers' compensation fee schedule

State	Purpose
Mississippi	• Develop state workers' compensation fee schedule
New Jersey	• Authorized personal injury protection (auto liability) reimbursement standard
New York	• Medical indemnity fund for birth-related neurological impairments • Benchmark for consumer cost transparency and dispute resolution • Medicaid program support
North Dakota	• Data used to inform the state's workers' compensation fee schedule
Pennsylvania	• "Usual and customary" standard in the workers' compensation program is based on the FAIR Health 85th percentile
Texas	• Department of Insurance link to FAIR Health consumer website
Wisconsin	• Certified for use for workers' compensation fees

Surprise Billing Legislation: States That Have Consulted FAIR Health for Data and Thought Leadership

- Alaska
- Arizona
- Colorado
- Connecticut
- Florida
- Georgia
- Idaho
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Oklahoma
- Oregon
- Pennsylvania
- Rhode Island
- Tennessee
- Texas
- Utah
- Washington

Interaction with Federal Agencies and Officials



Surprise Billing Laws

Bringing Clarity to Issue Transfixing the Nation

BECKER'S
Hospital CFO Report

FAIR Health outlines potential solutions to surprise billing problem

Kelly Gooch - 5 hours ago Print | Email

SHARE Tweet Share 0

FAIR Health, a national nonprofit focused on healthcare cost transparency, released a brief March 6 on the surprise billing debate to offer potential reimbursement solutions.

Federal lawmakers, providers, insurers, employers and consumer groups are all working together to reach consensus on the issue. Many states are also considering surprise billing issues.

Nearly all stakeholders agree that patients need to be protected from surprise bills involving unintended out-of-network services, including emergency services, FAIR Health said. However, a key issue in the debate is how to determine the amounts that health plans should pay to compensate providers for care rendered.

The organization outlined various potential reimbursement formulations — such as percentiles of billed charges, formulations based on allowed or negotiated amounts, a hybrid embodying both billed and allowed values, and a multiple of Medicare — which could be used to determine the amounts health plans should pay providers.

Another option for policymakers would be to implement a dispute resolution process between health plans and providers, with or without guidelines.

"The policy 'onion' gets peeled even further as parties consider whether, if independent dispute resolution is selected, should there be a guidepost for resolving the dispute [such as the New York law which uses FAIR Health's 80th percentile of billed charges as a guide for discussions, among other factors] or should it be a straight baseball arbitration format without any articulated standard," said Robin Gelburd, FAIR Health's president.

"Each state has its own particular interests to protect and constituents to recognize. Accordingly, it has been a fascinating legislative 'laboratory' to observe," Ms. Gelburd said.

Read FAIR Health's full brief here.

Emergency and Surprise Bills

- Goal: Protect Consumer –
  - *From* unexpected cost of out-of-network services at in-network facilities
    - Frequent issues: ER, lab, anesthesia, radiology, pathology
    - Network compensation – fee + volume
    - Volume issue for hospital-affiliated professionals
  - *By* limiting responsibility to in-network liability

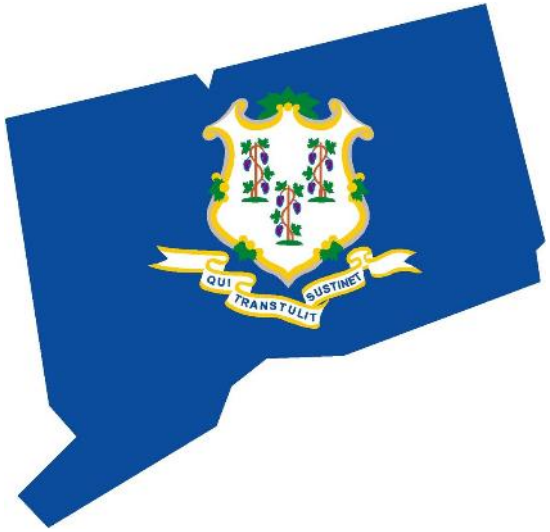
- Approaches:
  - Transparency – advance fee information
  - Set standard
    - Percentile of billed charges
    - Formulation based on in-network negotiated rates ("allowed amounts")
    - Medicare rates/multiple
  - Independent dispute resolution
    - Arbitration – with or without guideline/standard/reference point

Codified Definition: NY Usual and Customary Cost (UCC)

- 80th percentile of charges for a particular service in a particular geographic area
- As reported in a benchmarking database maintained by a conflict-free not-for-profit organization not affiliated with an insurer or similar organization
- Plans are not required to reimburse at 80th percentile level but must articulate how they reimburse in comparison to UCC
  - Supports “apples-to-apples” comparisons
  - Supports dispute resolution
- *FAIR Health is the **only** data source officially recognized as UCC*

Connecticut Consumer Protection Statute

Connecticut: FAIR Health 80th percentile is the UCR standard for payments for out-of-network emergency services.



Draft Statutory Language Refers to FAIR Health

115TH CONGRESS
2D SESSION

S. _____

To prohibit surprise medical billing of patients.

IN THE SENATE OF THE UNITED STATES

Mr. Cassidy introduced the following bill; which was read twice and referred to the Committee on

A BILL

To prohibit surprise medical billing of patients.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Protecting Patients from Surprise Medical Bills Act".

SEC. 2. STOPPING SURPRISE MEDICAL BILLS.

(a) IN GENERAL.—Section 2719A of the Public Health Service Act (42 U.S.C. 300gg–19a) is amended—

(1) in subsection (b), by adding at the end the following:

"(3) RESOLUTION OF PROVIDER BILLING.—Any difference between the amount billed with respect to

TAM18B37 **Discussion draft** S.L.C.

4

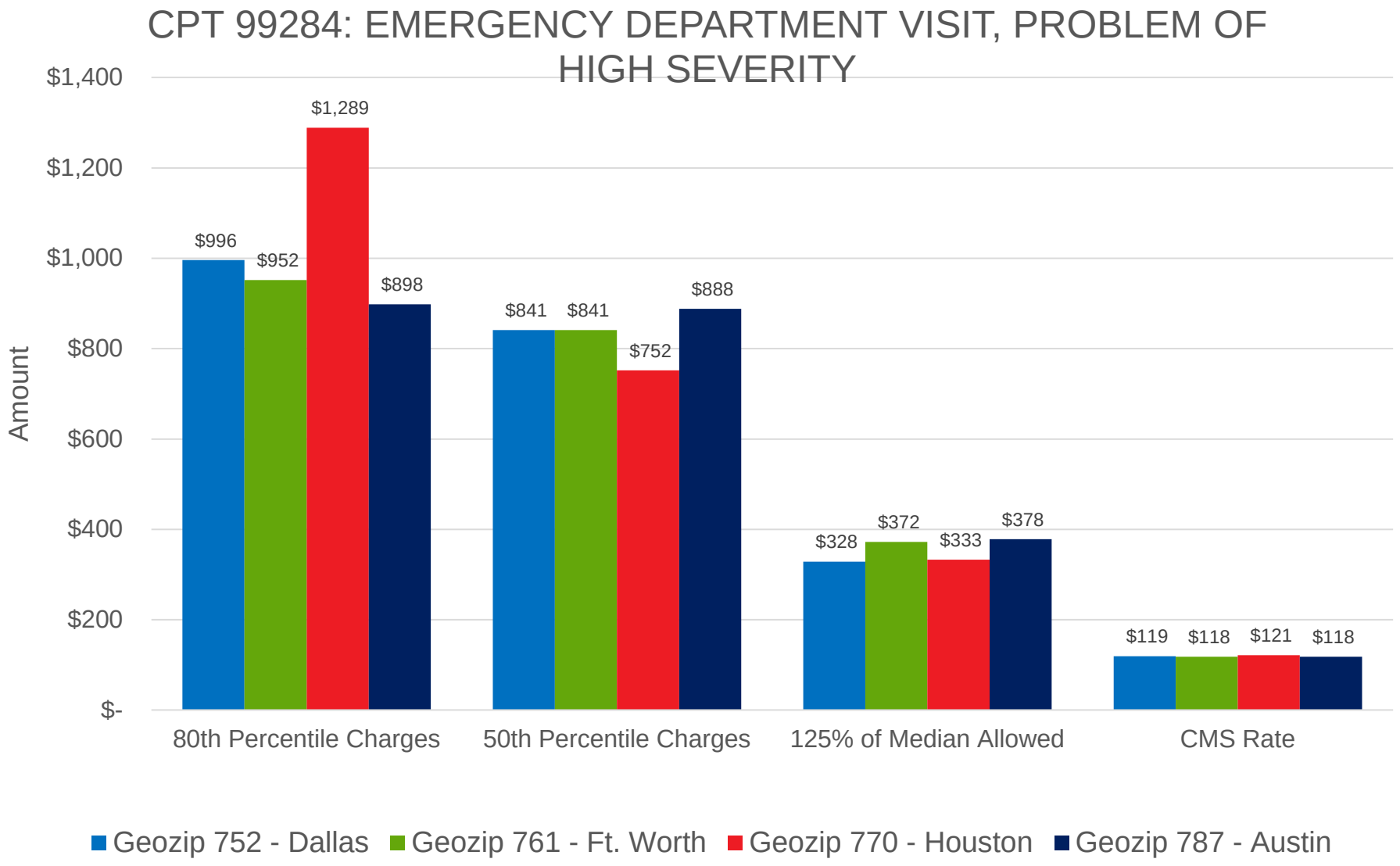
of the applicable State or, if such State does not determine a geographic area, as determined by the Secretary).

"(ii) USUAL, CUSTOMARY, AND REASONABLE RATE.—The usual, customary, and reasonable rate for the service involved as determined under this clause, with respect to any calendar year, shall be equal to 125 percent of the average allowed amount for all private health plans and health insurance issuers for the service provided by a provider in the same or similar specialty and provided in the same geographical area (as determined by the insurance commissioner of the applicable State using a database selected by such State, or, if such State does not select a data-

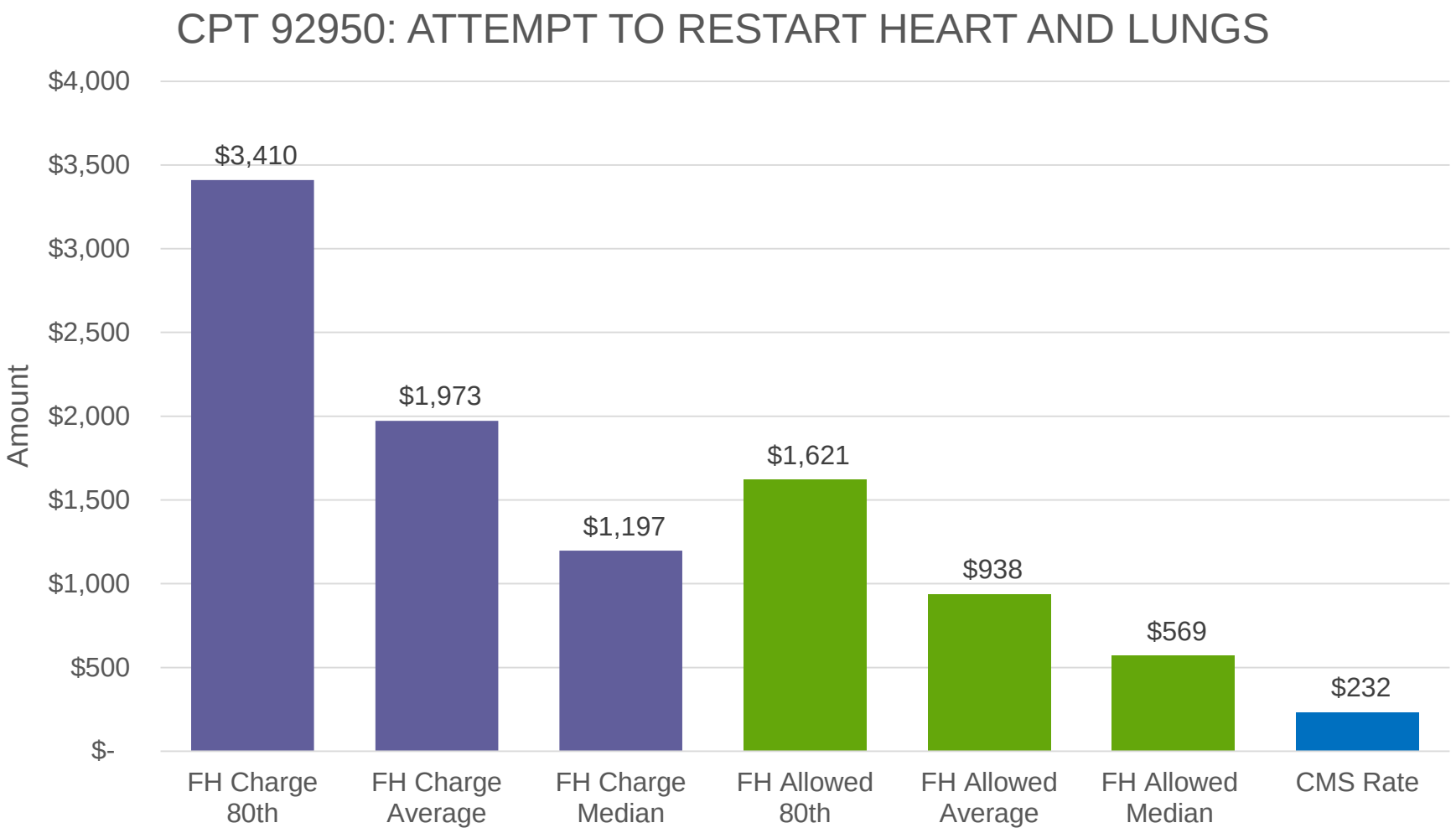
calendar year that is available, as reported in a **statistically significant benchmarking database maintained by a nonprofit organization specified by the insurance commissioner or the applicable State,** so long as such organization involved is not affiliated

such organization involved is not affiliated

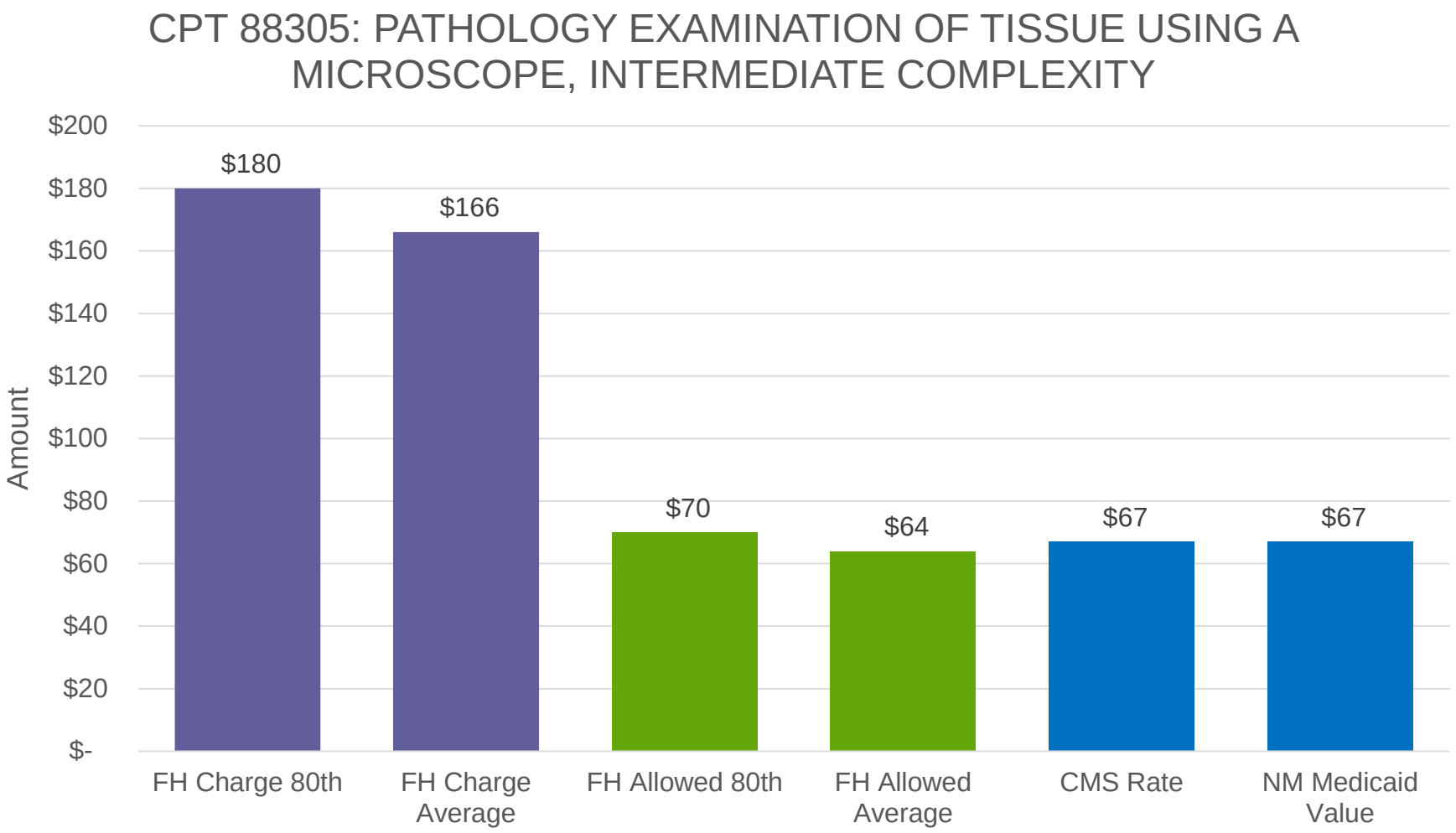
Emergency Code: Regional Comparisons in Texas



Outpatient Code: Philadelphia, PA (Geozip 191)

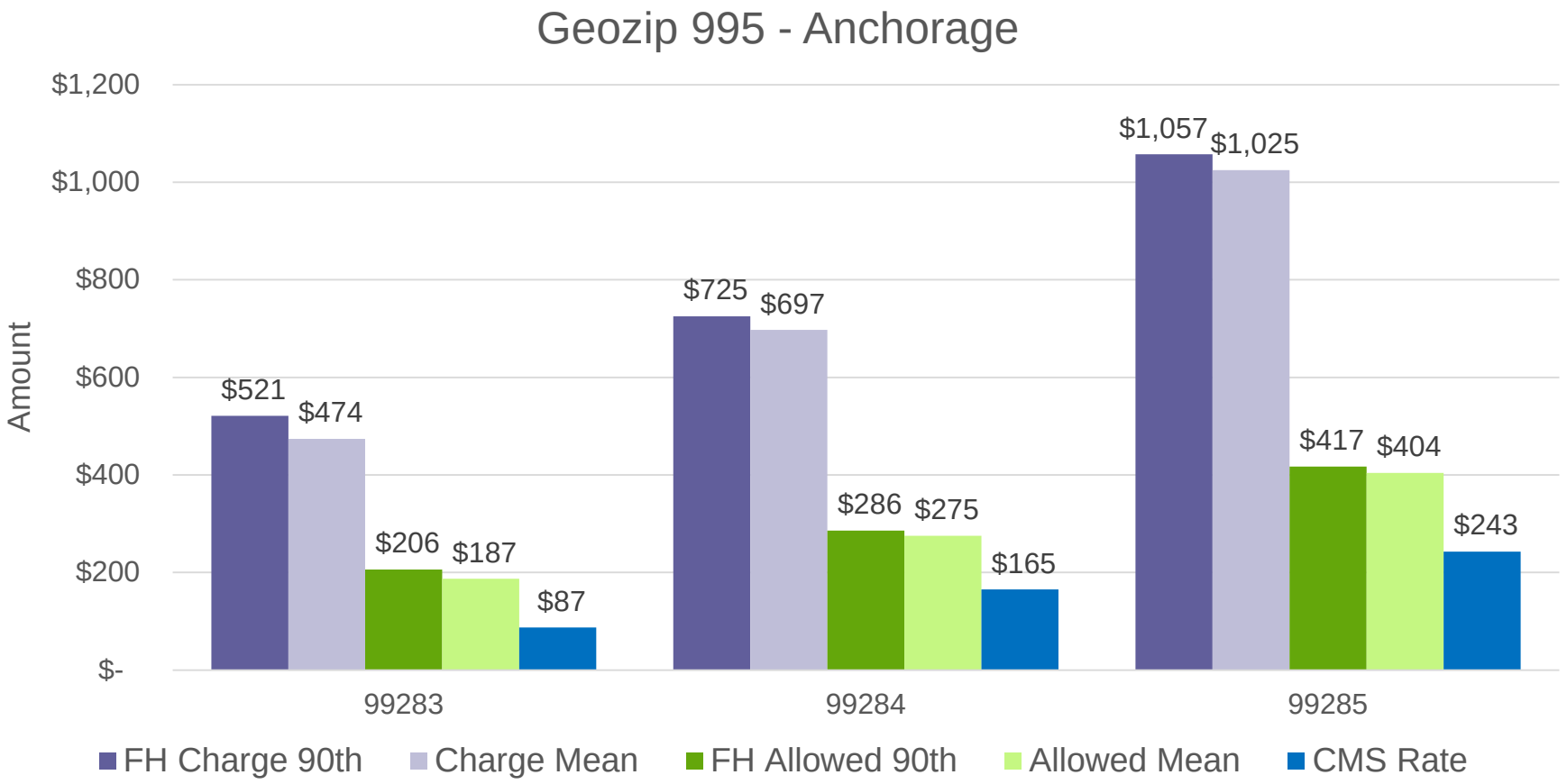


Pathology Code: Geozip 870 in New Mexico



GEOZIP 870 – GALLUP, SANTA FE, GRANTS

Emergency Code Comparison: Anchorage, AK

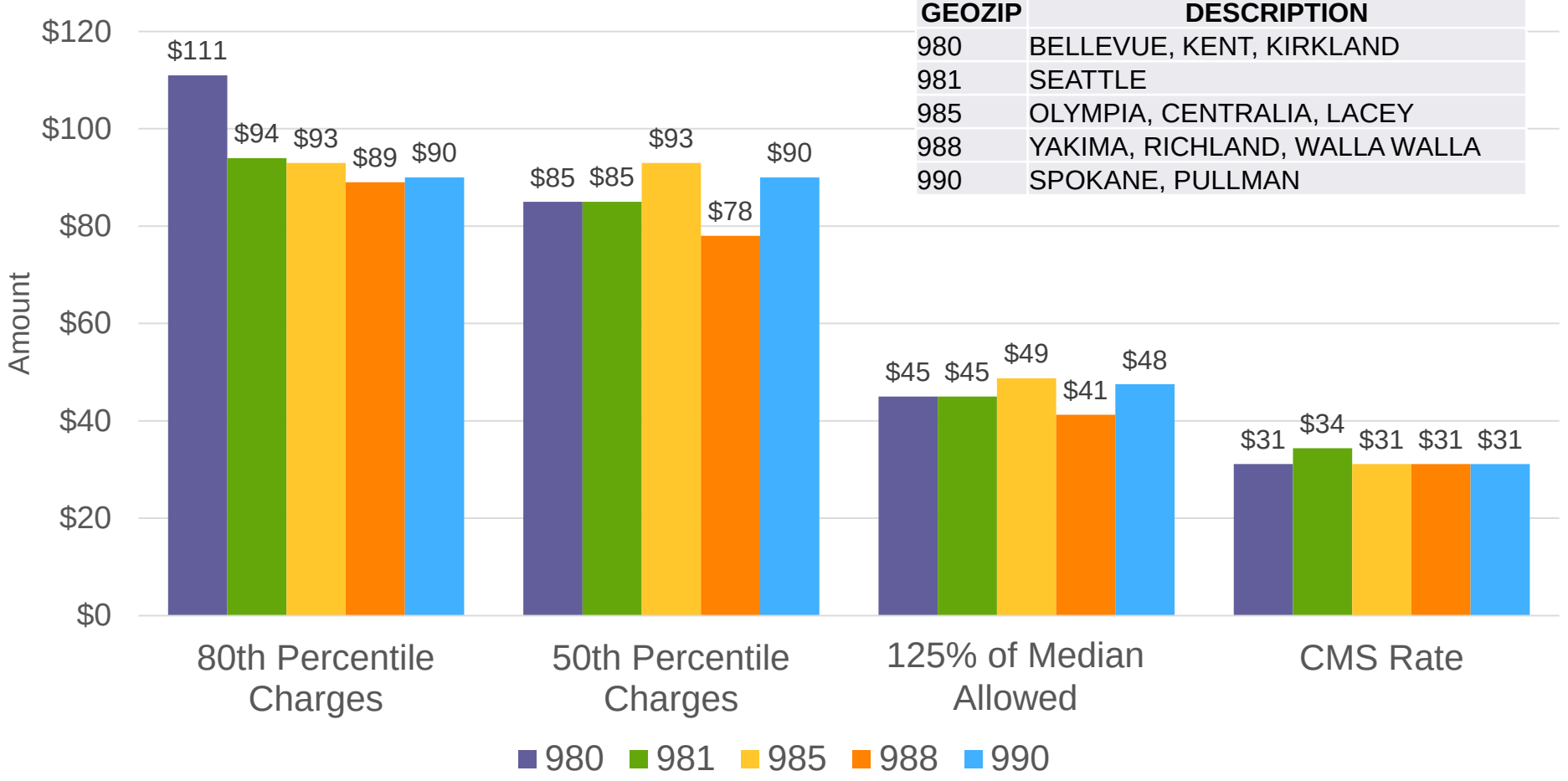


CPT CODE	DESCRIPTION
99283	EMERGENCY DEPARTMENT VISIT, MODERATELY SEVERE PROBLEM
99284	EMERGENCY DEPARTMENT VISIT, PROBLEM OF HIGH SEVERITY
99285	EMERGENCY DEPARTMENT VISIT, PROBLEM WITH SIGNIFICANT THREAT TO LIFE OR FUNCTION

Radiology Code: Regional Comparisons in Washington

CPT 71046: X-RAY OF CHEST, 2 VIEWS, FRONT AND SIDE

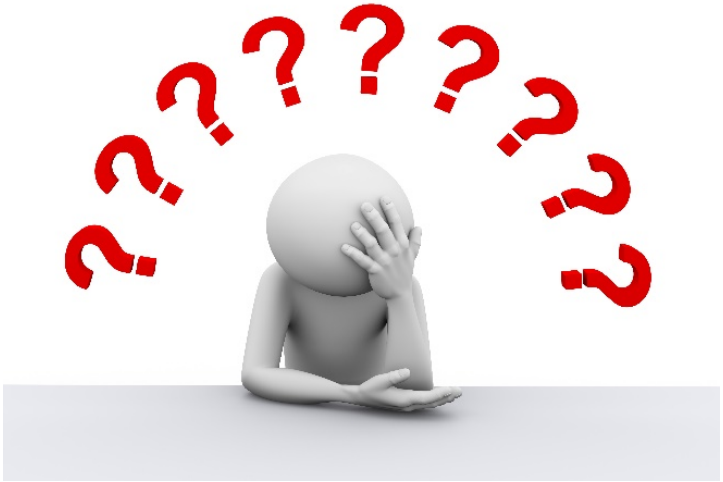
GEOZIP	DESCRIPTION
980	BELLEVUE, KENT, KIRKLAND
981	SEATTLE
985	OLYMPIA, CENTRALIA, LACEY
988	YAKIMA, RICHLAND, WALLA WALLA
990	SPOKANE, PULLMAN



Hospital Price Transparency

Hospital Price Transparency Rule: Issues Raised

- No specified format
- No specified location on websites
- No specific contextualizing information



FAIR Health Recognized Thought Leader on Transparency

HHS.gov

THE WHITE HOUSE WASHINGTON

CMS.gov
Centers for Medicare & Medicaid Services

NIH U.S. National Library of Medicine

MedlinePlus
Trusted Health Information for You

A Fair Price

If you had surgery or another procedure, it helps to know whether your hospital charged a fair price. There are some websites you can use to help you find this information. They use national databases of billed medical services. You enter the name of the procedure and your zip code to find an average or estimated price in your area.

- FAIR Health -- www.fairhealth.org

WASHINGTON JOURNAL C-SPAN

Robin Gelburd on New Law Requiring Hospitals to Post Prices Online

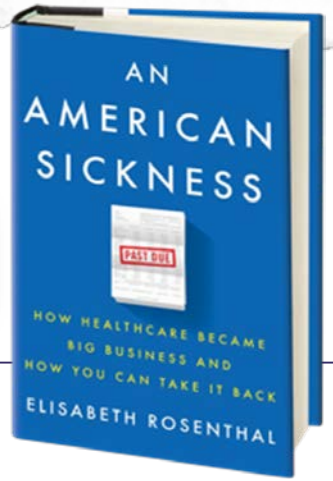
Robin Gelburd talked about the new Trump administration rule requiring hospitals to post the prices of various procedures online. Ms. Gelburd's organization, **FAIR Health**, is a non-profit consumer group that promotes health care cost transparency.

healthcare informatics

Helping Consumers Navigate Claims Data

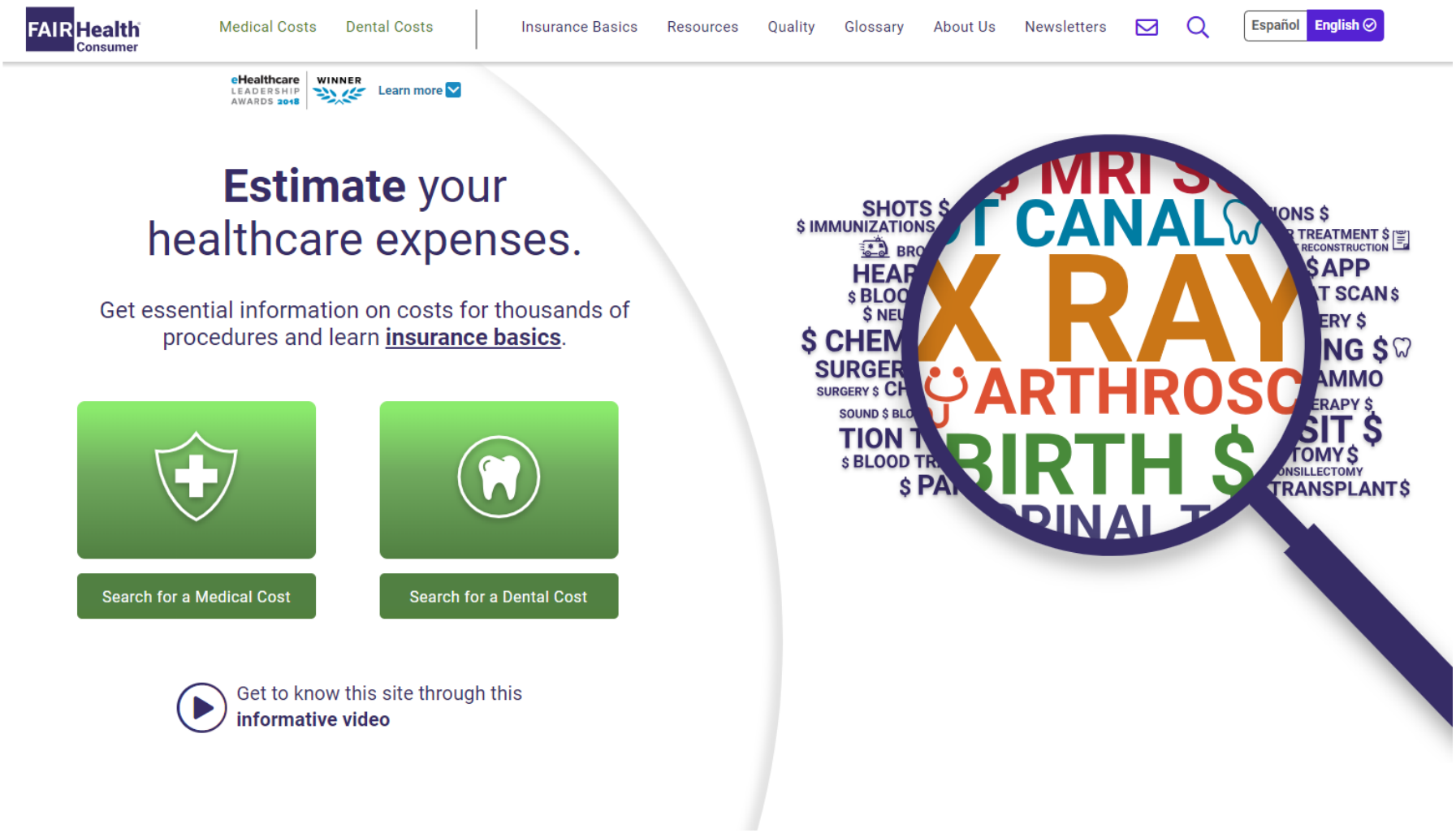
July 11, 2013

If the age of medical cost transparency is in fact upon us, then perhaps Oct. 27, 2009 might be cited as one of the key dates for this burgeoning movement. It was on that date that an organization by the name of Fair Health was created.



Other online tools are less convoluted, such as South Carolina Hospital Association's cost comparison tool and **Fair Health's national database.**

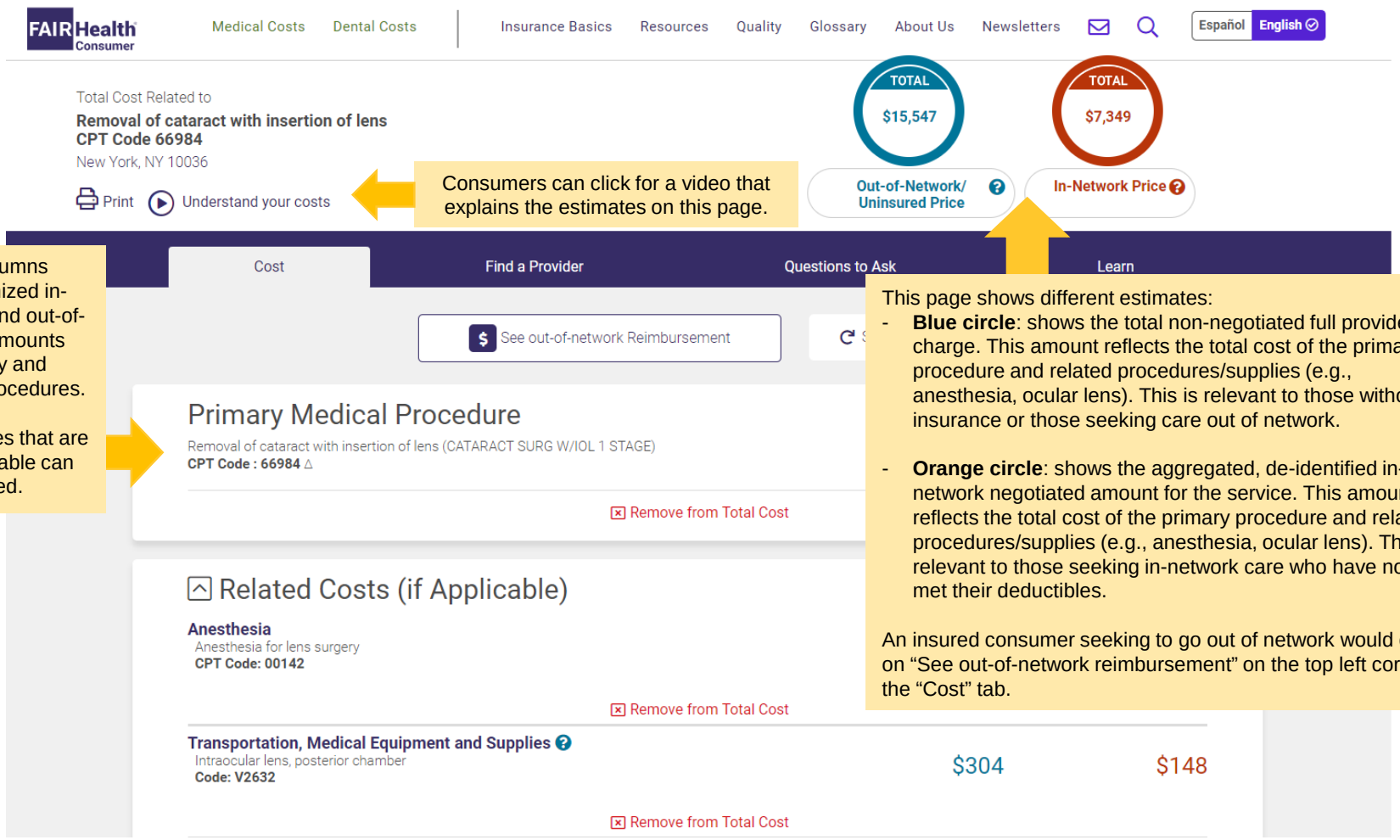
How FAIR Health Consumer Website Can Help



FAIR Health Consumer Website Features

FH® Medical Cost Lookup	• Estimates out-of-network costs for medical procedures/equipment • Estimates in-network costs for medical procedures/equipment • Estimates in-network and out-of-network facility costs • Compares reimbursement methods • Bundles related procedures • Offers menu, keyword and CPT code search options • Flexible “sliders” to customize results
FH® Dental Cost Lookup	• Estimates costs for dental procedures • Bundles related procedures • Reflects particulars of dental insurance design
FH® Episodes of Care	• Estimates costs of multiple procedures related to a medical condition • Estimates costs of multiple procedures related to a medical event
Educational Content	• Insurance Basics original series • Videos and articles on various health insurance topics • Over 30 distinct articles • Glossaries of health insurance terms, medical and dental procedures • Consumer-oriented healthcare resources • FAQs

Medical Cost Lookup Results Page



Consumers can click for a video that explains the estimates on this page.

These columns show itemized in-network and out-of-network amounts for primary and related procedures.

Procedures that are not applicable can be removed.

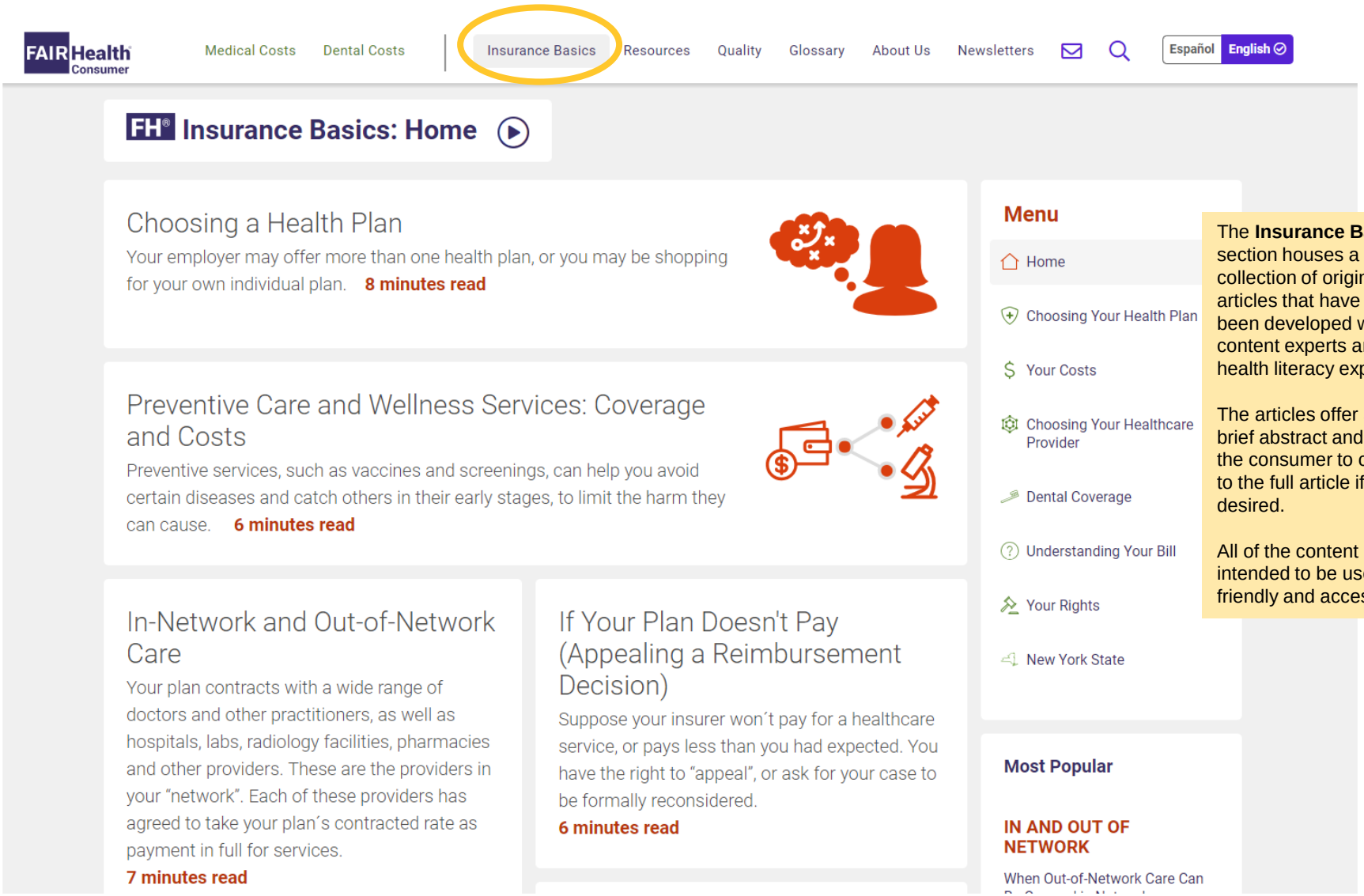
This page shows different estimates:

- **Blue circle**: shows the total non-negotiated full provider charge. This amount reflects the total cost of the primary procedure and related procedures/supplies (e.g., anesthesia, ocular lens). This is relevant to those without insurance or those seeking care out of network.

- **Orange circle**: shows the aggregated, de-identified in-network negotiated amount for the service. This amount reflects the total cost of the primary procedure and related procedures/supplies (e.g., anesthesia, ocular lens). This is relevant to those seeking in-network care who have not yet met their deductibles.

An insured consumer seeking to go out of network would click on “See out-of-network reimbursement” on the top left corner of the “Cost” tab.

Insurance Basics – Home Page



The **Insurance Basics** section houses a rich collection of original articles that have all been developed with content experts and a health literacy expert.

The articles offer a brief abstract and allow the consumer to click to the full article if desired.

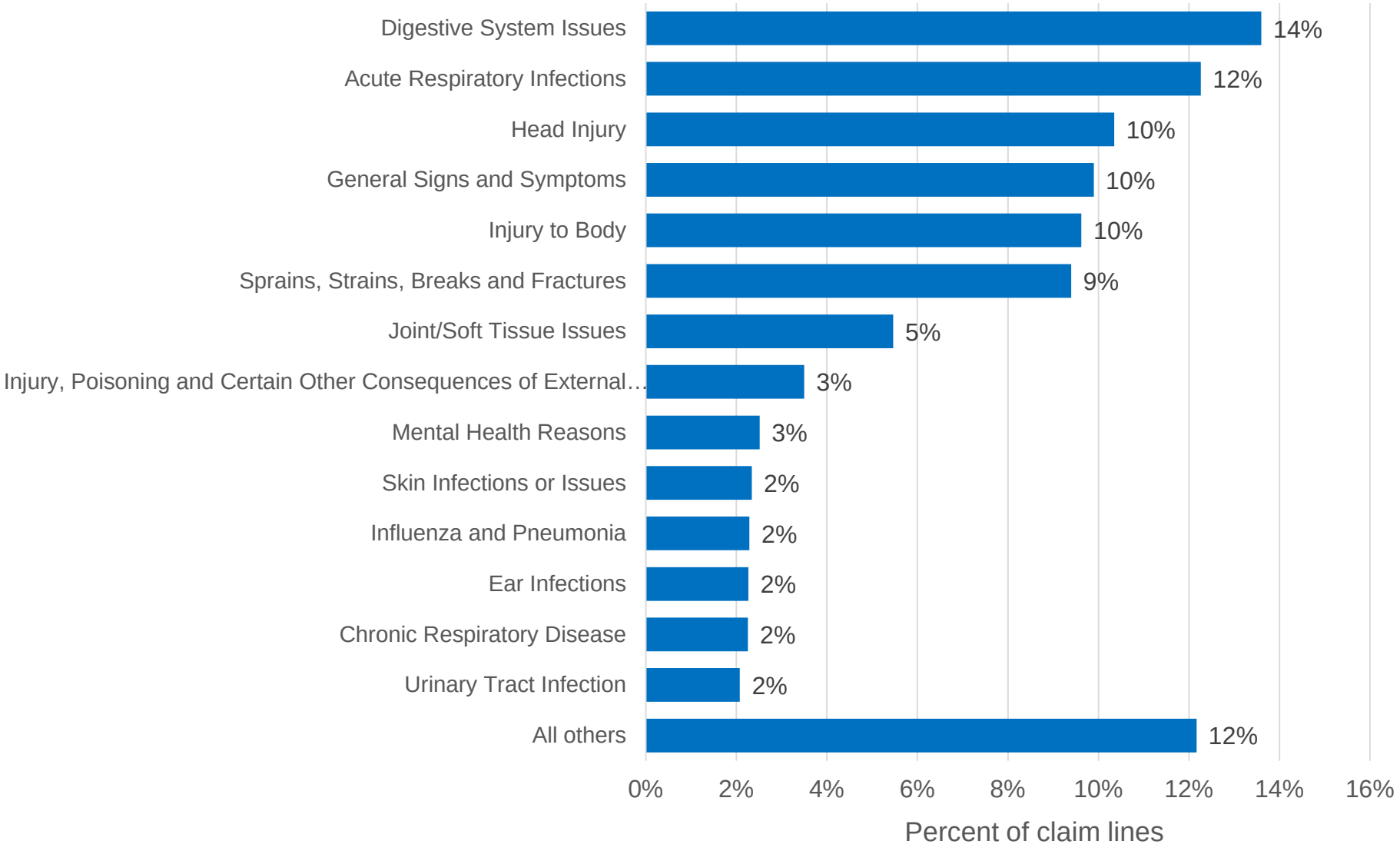
All of the content is intended to be user friendly and accessible.

Alternative Venues of Care

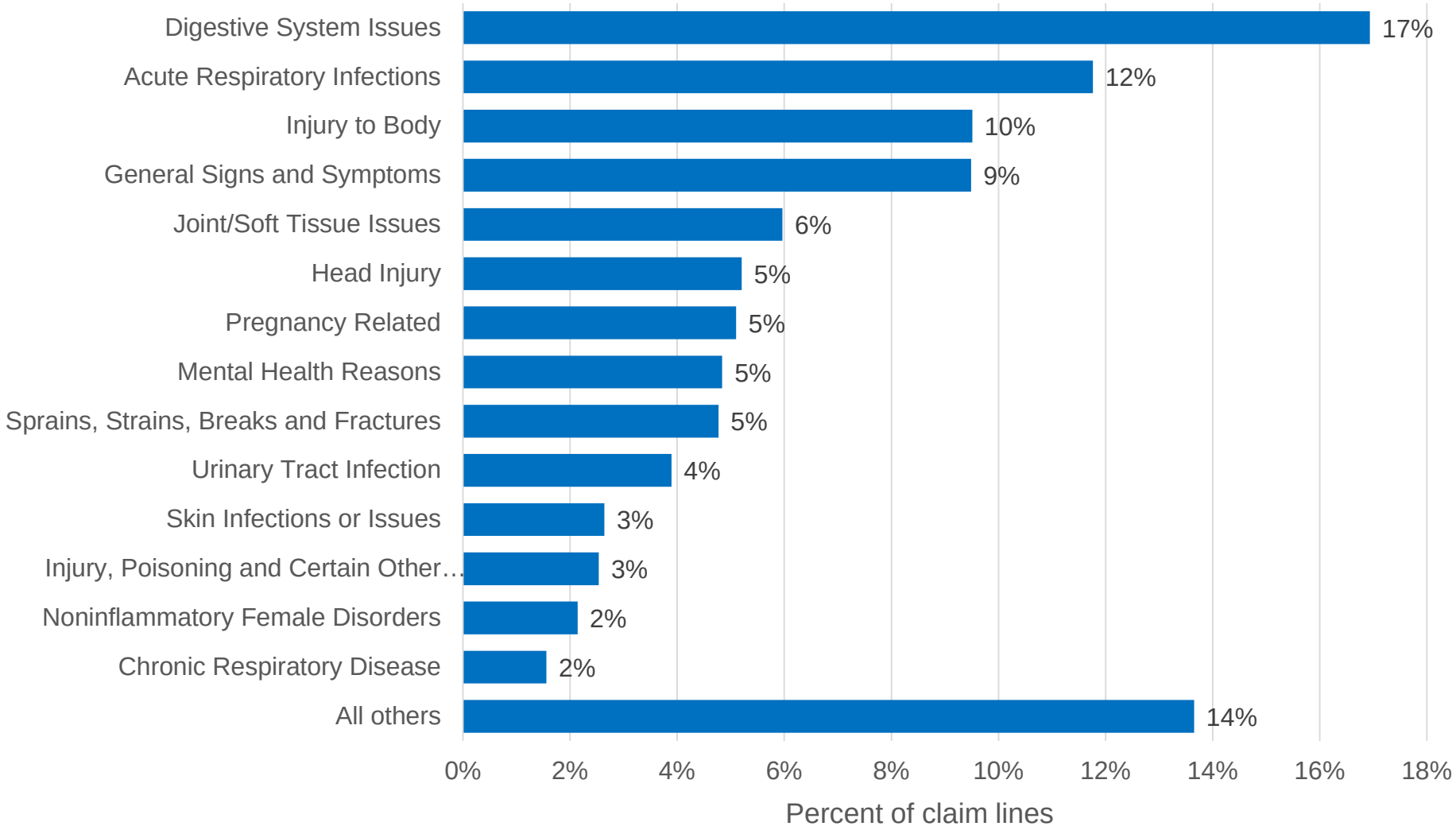
Increasing Use of Nontraditional Venues, 2009-2017

Place of Service	Percent Change 2009-2017
Ambulatory Surgery Center	30%
Office	44%
Emergency Room	280%
Urgent Care Center	**533%**
Retail Clinic	**625%**
Telehealth	**1,500%**

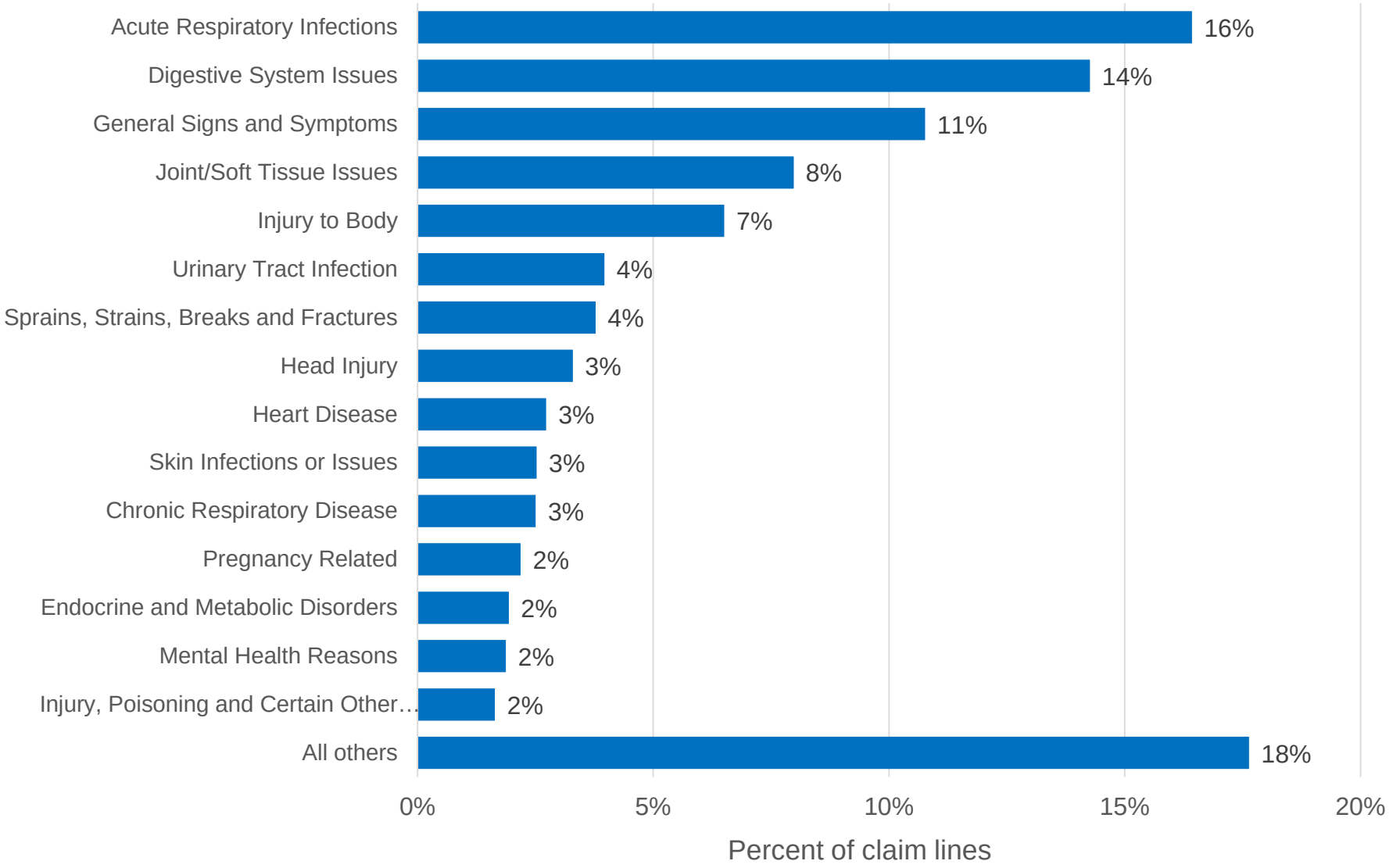
Diagnoses Presenting at ER, 2017 (0-18 Year Olds)



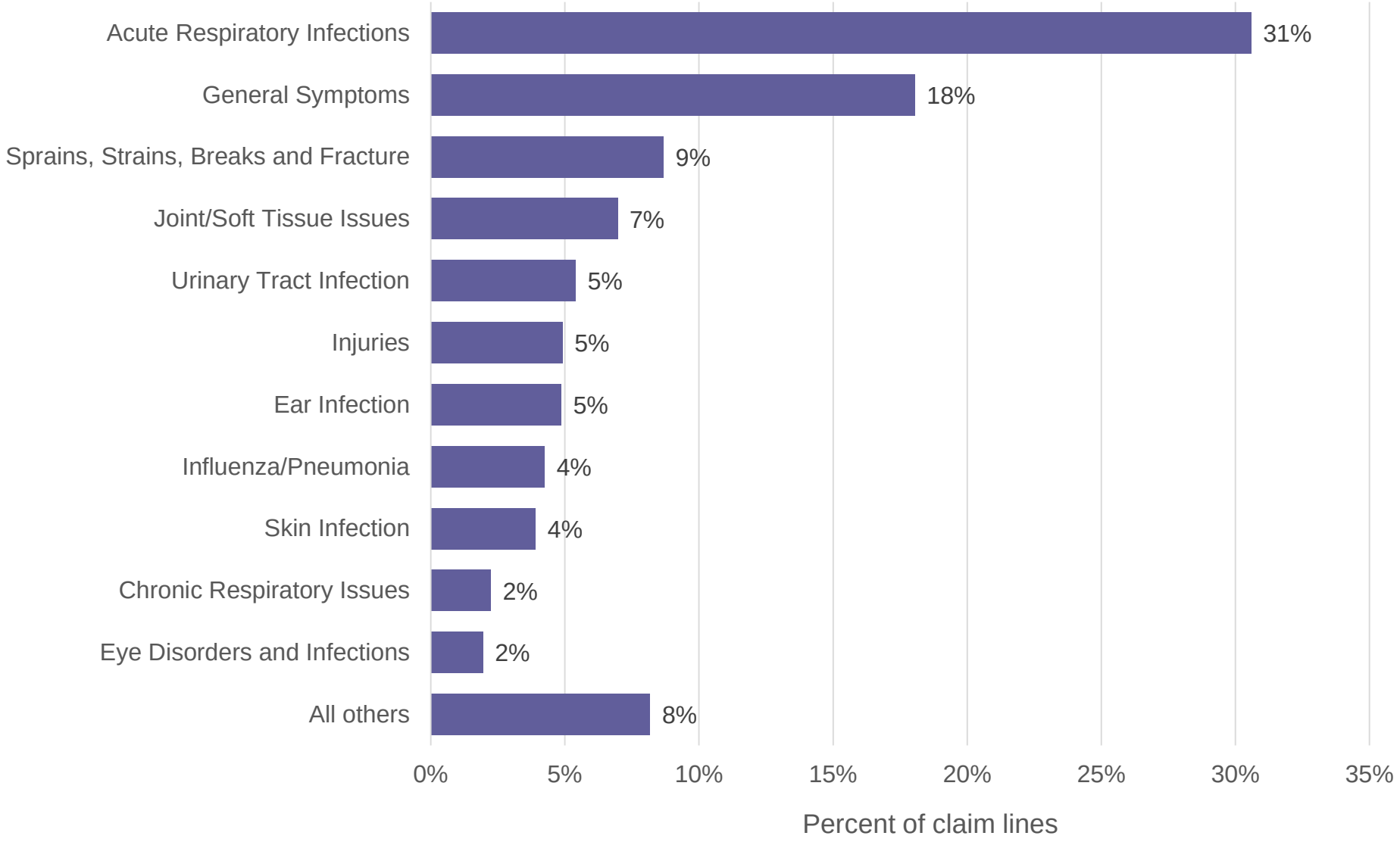
Diagnoses Presenting at ER, 2017 (19-23 Year Olds)



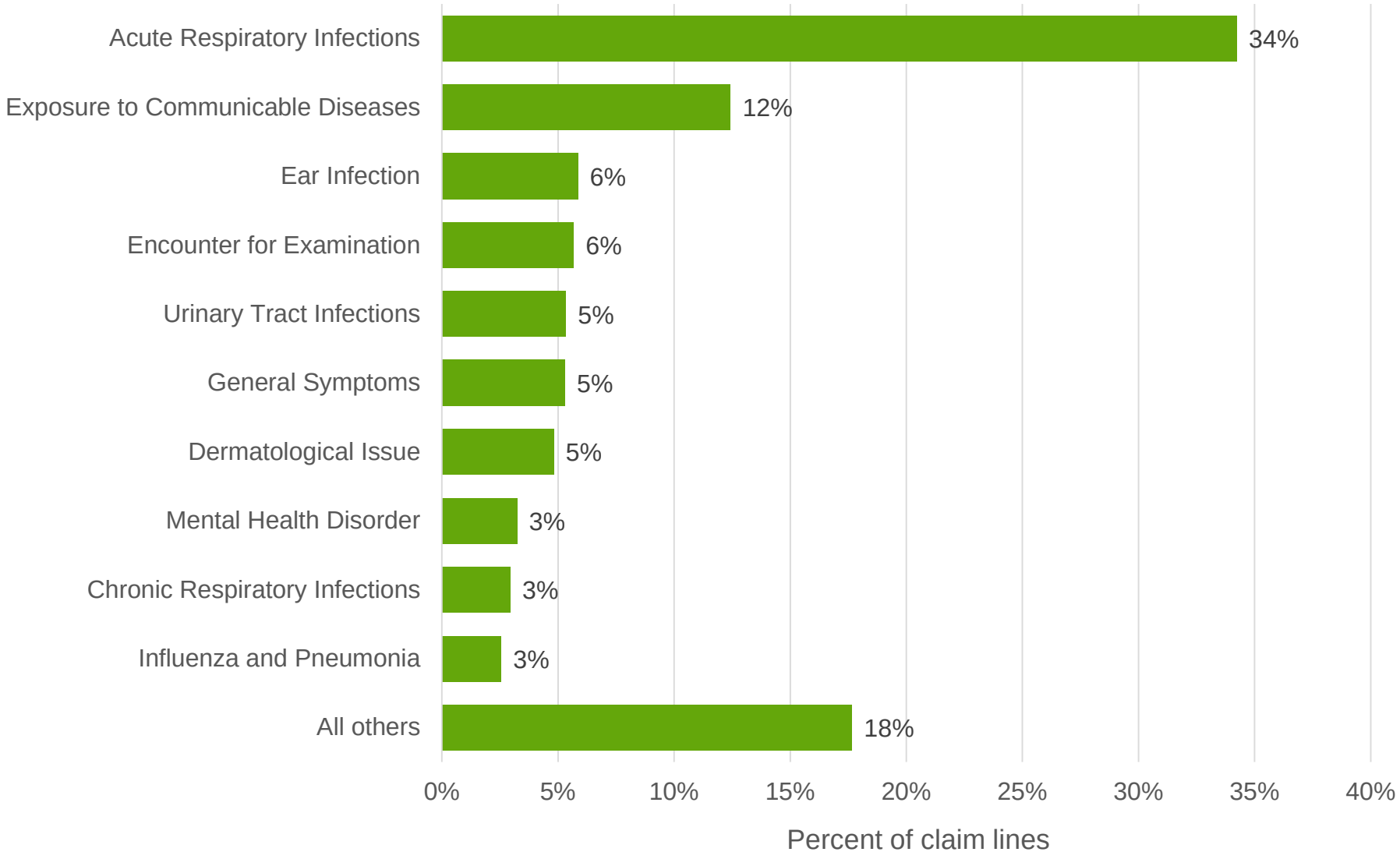
Diagnoses Presenting at ER, 2017 (24+ Year Olds)



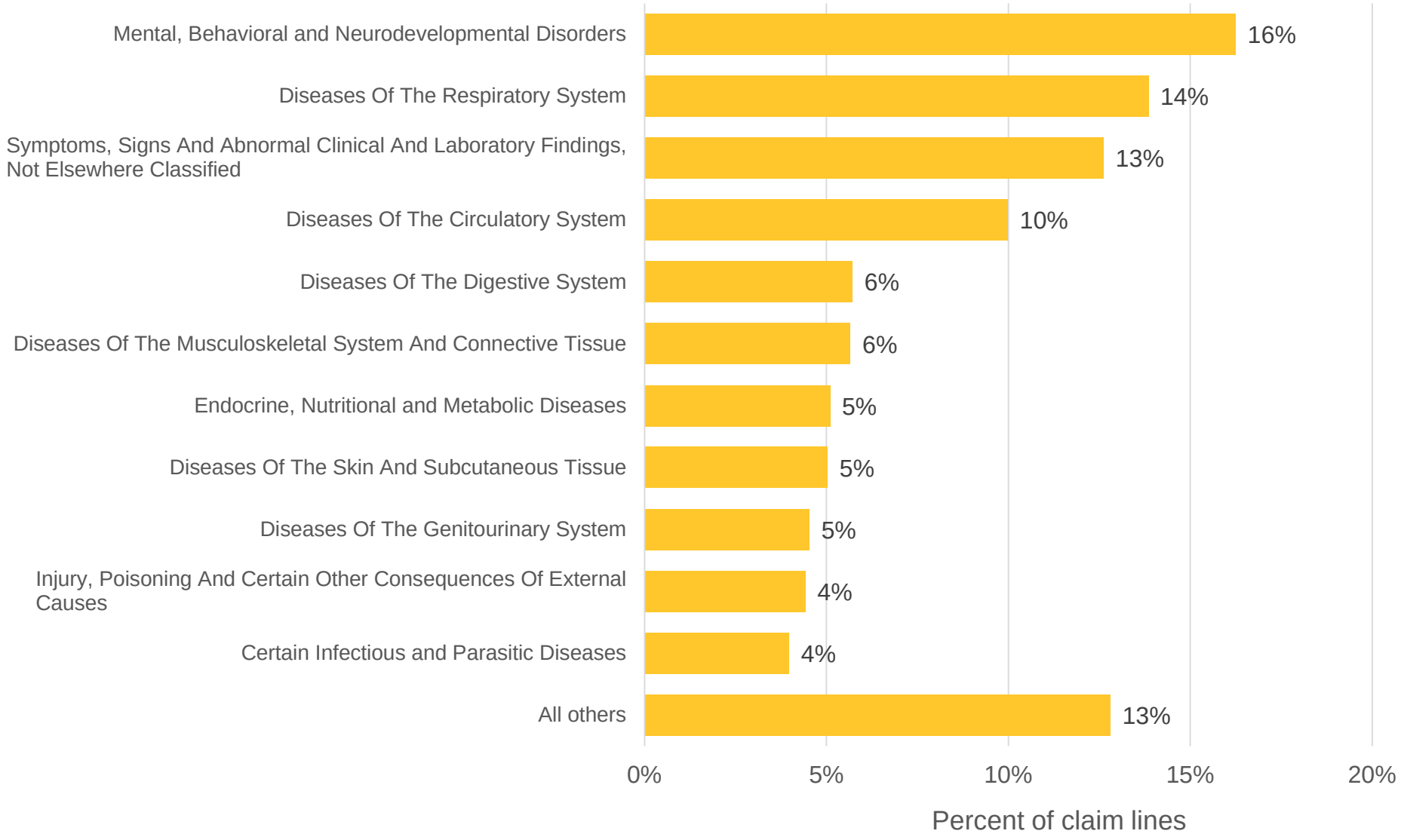
Diagnoses Presenting at Urgent Care Centers, 2017



Diagnoses Presenting at a Retail Clinic, 2017

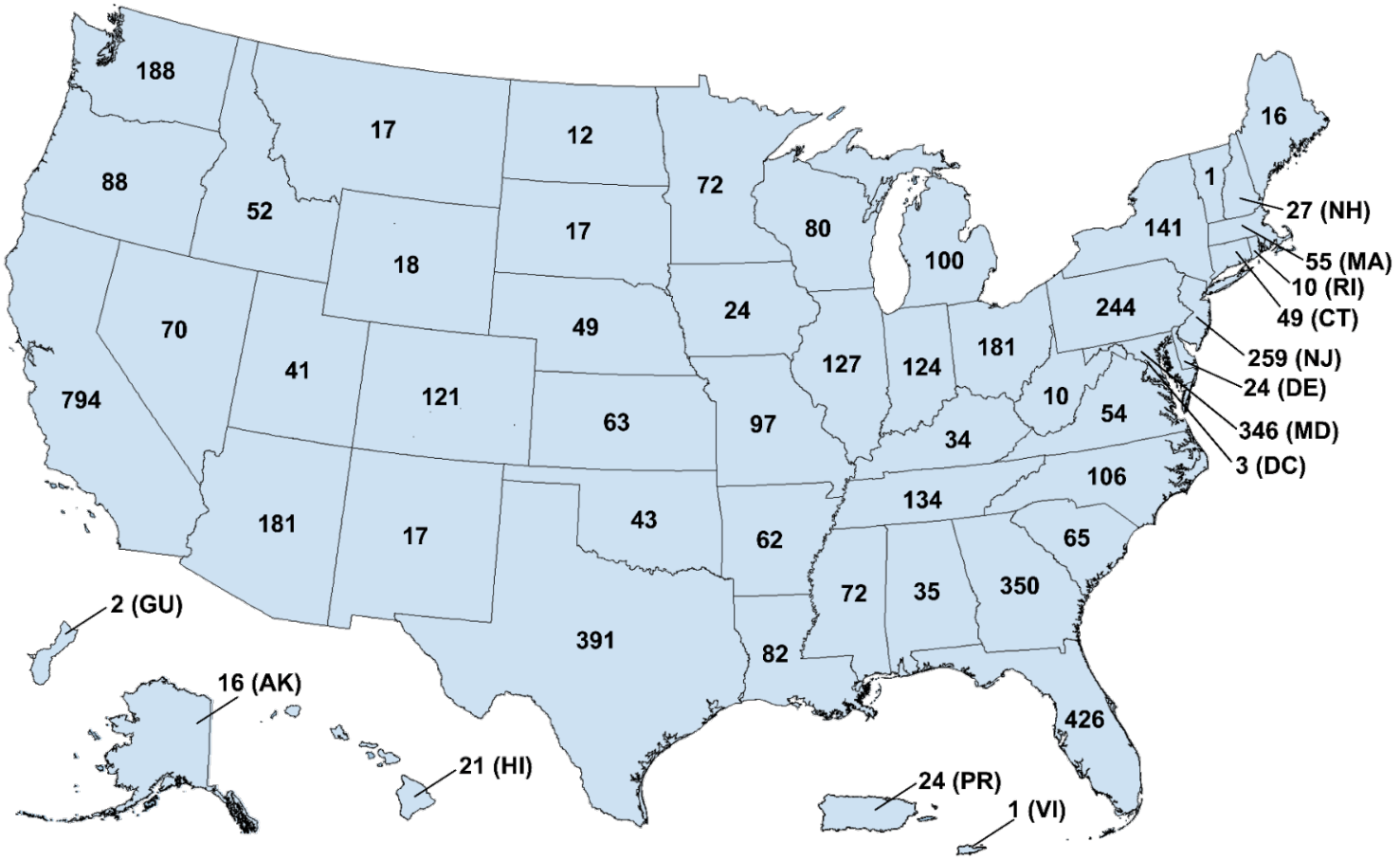


Diagnoses via Telehealth Services, 2017



Number of Medicare-Certified Ambulatory Surgery Centers

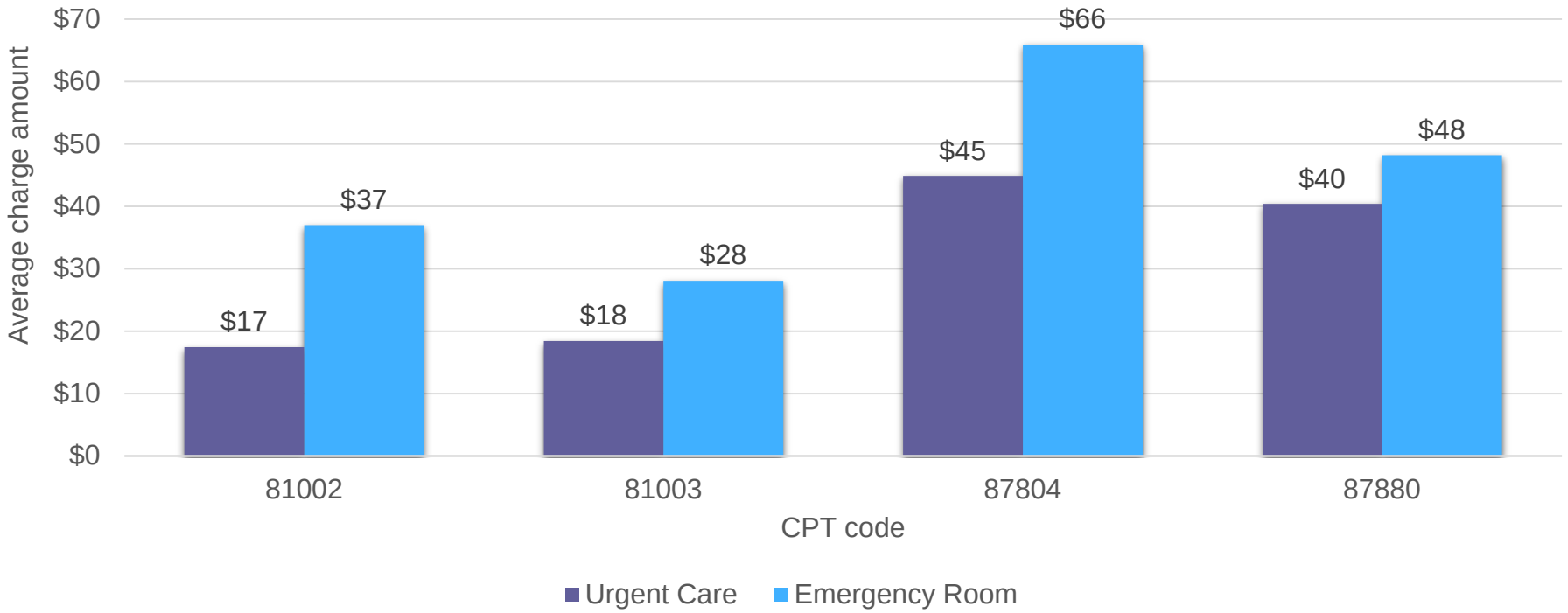
Top 10 States
1. California
2. Florida
3. Texas
4. Georgia
5. Maryland
6. New Jersey
7. Pennsylvania
8. Washington
9. Ohio
10. Arizona



Based on data provided by the Centers for Medicare & Medicaid Services (CMS), June 2018

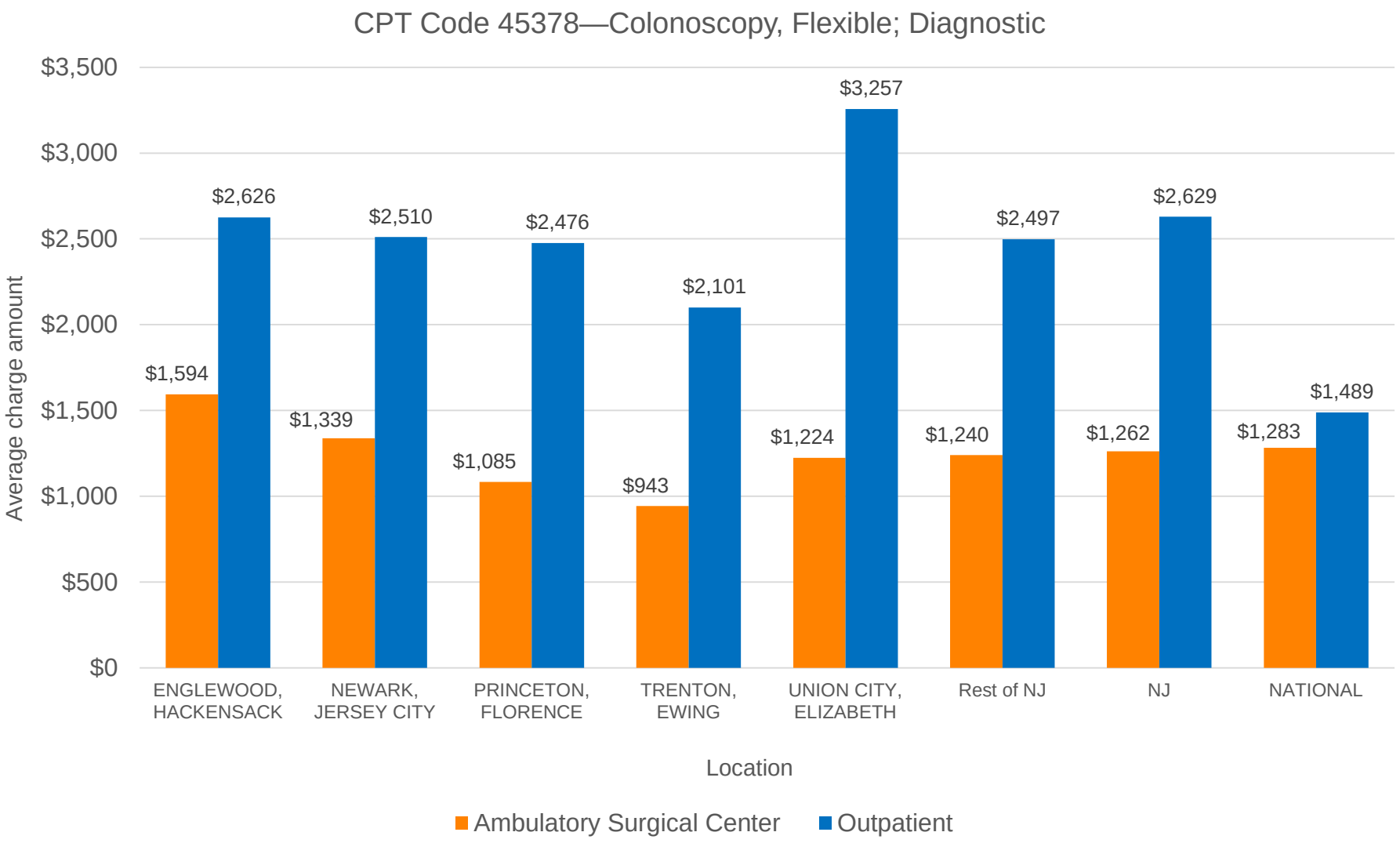
Comparative Venue Costs

Urgent Care Costs Compared to Emergency Room Costs for Common Laboratory Codes, 2017



CPT CODE	DESCRIPTION
81002	URINALYSIS, MANUAL TEST
81003	AUTOMATED URINALYSIS TEST
87804	DETECTION TEST FOR INFLUENZA VIRUS
87880	STREP TEST (STREPTOCOCCUS, GROUP A)

Comparison of Charges across Venue and Area, 2016



Regional Comparisons by Utilization

Northeast

CPT/ HCPCS Code	Description
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
H0020	ALCOHOL AND/OR DRUG SERVICES; METHADONE ADMINISTRATION AND/OR SERVICE
H0005	ALCOHOL AND/OR DRUG SERVICES; GROUP COUNSELING BY A CLINICIAN
99213	OFFICE OUTPATIENT VISIT 15 MINUTES
G0480	DRUG TEST DEF 1-7 CLASSES

Midwest

CPT/ HCPCS Code	Description
H0020	ALCOHOL AND/OR DRUG SERVICES; METHADONE ADMINISTRATION AND/OR SERVICE
99213	OFFICE OUTPATIENT VISIT 15 MINUTES
99214	OFFICE OUTPATIENT VISIT 25 MINUTES
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
36415	COLLECTION OF VENOUS BLOOD BY VENIPUNCTURE

South

CPT/ HCPCS Code	Description
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
99213	OFFICE OUTPATIENT VISIT 15 MINUTES
80305	DRUG TEST PRSMV READ DIRECT OPTICAL OBS PR DATE
G0483	DRUG TEST DEF 22+ CLASSES
99214	OFFICE OUTPATIENT VISIT 25 MINUTES

West

CPT/ HCPCS Code	Description
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
90853	GROUP PSYCHOTHERAPY (OTHER THAN OF A MULTIPLE-FAMILY GROUP)
80305	DRUG TEST PRSMV READ DIRECT OPTICAL OBS PR DATE
H0015	ALCOHOL AND/OR DRUG SERVICES; INTENSIVE OUTPATIENT TREATMENT
G0483	DRUG TEST DEF 22+ CLASSES

Regional Comparisons by Cost

Northeast

CPT/ HCPCS Code	Description
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
G0483	DRUG TEST DEF 22+ CLASSES
G0480	DRUG TEST DEF 1-7 CLASSES
G0481	DRUG TEST DEF 8-14 CLASSES
99213	OFFICE OUTPATIENT VISIT 15 MINUTES

Midwest

CPT/ HCPCS Code	Description
G0483	DRUG TEST DEF 22+ CLASSES
J2315	INJECTION, NALTREXONE, DEPOT FORM, 1MG
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
59400	OB CARE ANTEPARTUM VAG DLVR & POSTPARTUM
99214	OFFICE OUTPATIENT VISIT 25 MINUTES

South

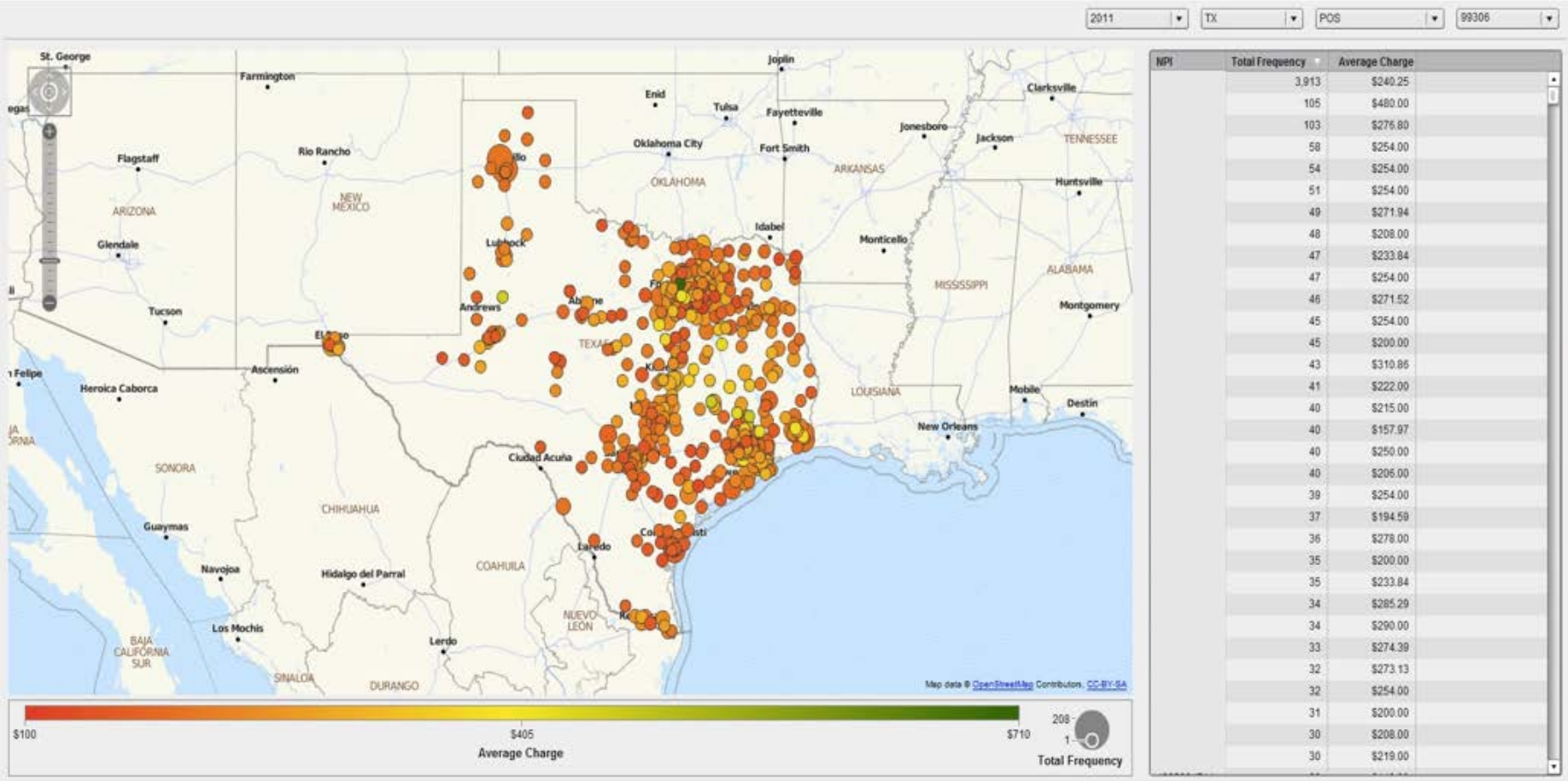
CPT/ HCPCS Code	Description
G0483	DRUG TEST DEF 22+ CLASSES
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
G0482	DRUG TEST DEF 15-21 CLASSES
G0481	DRUG TEST DEF 8-14 CLASSES
80305	DRUG TEST PRSMV READ DIRECT OPTICAL OBS PR DATE

West

CPT/ HCPCS Code	Description
G0483	DRUG TEST DEF 22+ CLASSES
H0035	MENTAL HEALTH PARTIAL HOSPITALIZATION, TREATMENT, LESS THAN 24 HOURS
H0015	ALCOHOL AND/OR DRUG SERVICES; INTENSIVE OUTPATIENT TREATMENT
80307	DRUG TST PRSMV INSTRMNT CHEM ANALYZERS PR DATE
90853	GROUP PSYCHOTHERAPY (OTHER THAN OF A MULTIPLE-FAMILY GROUP)

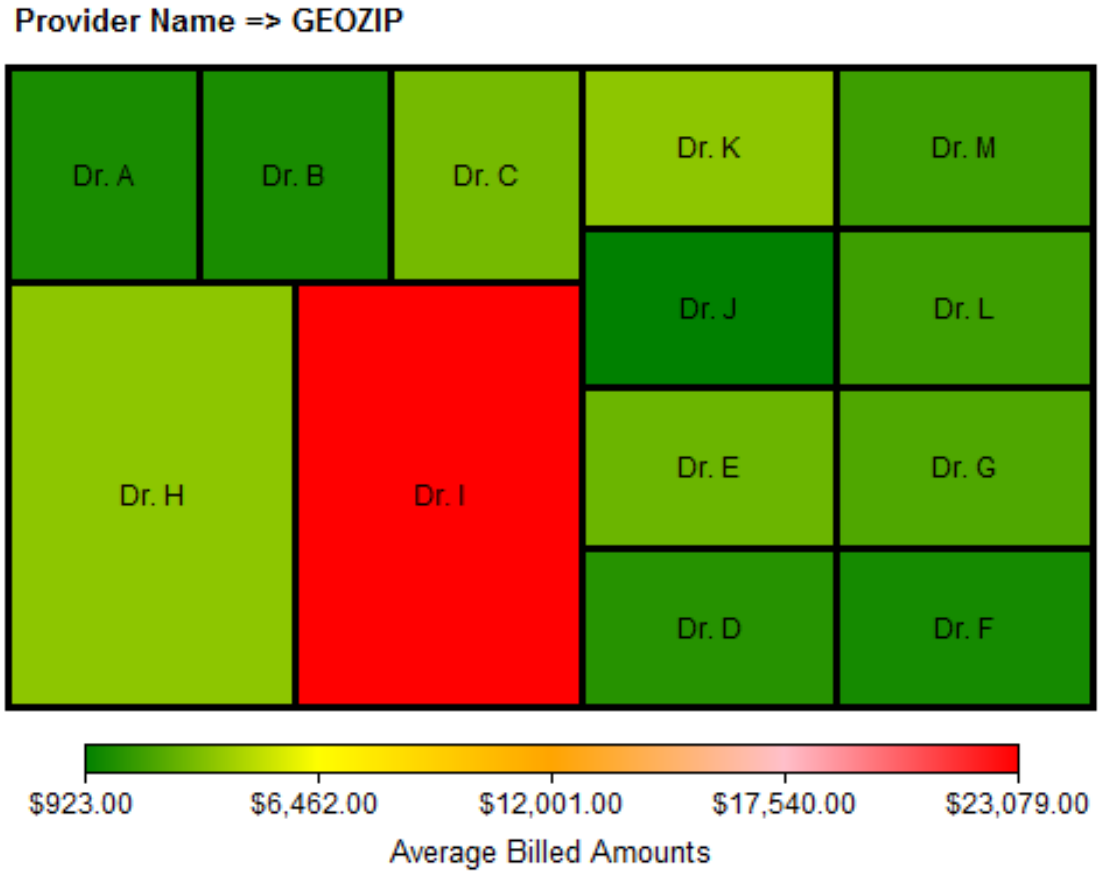
Market Analyses

Provider Access



NPI	Total Frequency	Average Charge
	3,913	$240.25
	105	$480.00
	103	$276.80
	58	$254.00
	54	$254.00
	51	$254.00
	49	$271.94
	48	$208.00
	47	$233.84
	47	$254.00
	46	$271.52
	45	$254.00
	45	$200.00
	43	$310.86
	41	$222.00
	40	$215.00
	40	$157.97
	40	$250.00
	40	$206.00
	39	$254.00
	37	$194.59
	36	$278.00
	35	$200.00
	35	$233.84
	34	$285.29
	34	$290.00
	33	$274.39
	32	$273.13
	32	$254.00
	31	$200.00
	30	$208.00
	30	$219.00

Provider Market View



CPT Code 19316: MASTOPEXY

State KY: Kentucky State

Herfindahl Index: 1003

Unconcentrated Market

Note: Provider names are de-identified to comply with the HIPAA Privacy Rule

Thank You

***Michelle Scott**, General Counsel*

For more information, contact info@fairhealth or 855-301-FAIR (3247).