

Published on HamptonRoads.com | PilotOnline.com (<http://hamptonroads.com>)

More data, but health care still hard to figure

Comparison-shopping for health care is a relatively new idea and not for the faint of heart.

Medicare gave us a little help last month when officials released reams of numbers, actual average prices that individual hospitals billed for treatment related to the 100 most common inpatient stays.

It was a dream come true for anyone who loves spreadsheets, and the resulting analyses raised questions about how health pricing is determined in the U.S. system.

Still, it didn't tell you much about whether Sentara Norfolk General Hospital or Bon Secours DePaul Medical Center would give you the better deal on care for heart failure and shock with major complications. As local hospital finance officers explained, neither government nor private insurance would pay those charge amounts, and self-pay patients usually have options for discounts, too.

Few people shop around for inpatient care anyway.

That's why it was a little more exciting when Medicare released more estimated charge information this month, this time for 30 types of hospital outpatient procedures.

On the one hand, it told me that Southampton Memorial Hospital in Franklin charged \$1,551 on average for a "level three diagnostic and screening ultrasound," compared with \$688 charged by Riverside Regional Medical Center in Newport News. On the other hand, it told me nothing about the difference between a level three and a level two ultrasound.

Lorraine Ryan, a spokeswoman for the U.S. Department of Health and Human Services, said these data releases are part of a larger push for transparency in the industry.

"This probably would be of most use, at least initially, to folks who are going to kind of slice and dice and analyze the data, and then come out with information that might be somewhat more consumer-friendly," she said.

Luckily, there already are more consumer-friendly places to go.

Check out Virginia Health Information's "Outpatient Procedure" tool. Type in your ZIP code and select the facilities you want to compare, and the site will offer information organized by procedure – for example, gall bladder removal and knee surgery.

It tells you how often a facility performed that procedure – more is typically considered better – and provides its median charge, along with the statewide median charges by type of facility. (Hospitals usually, but not always, charge more than physician offices and ambulatory surgical centers.)

Did I say "charge"? Yes, I did.

Average reimbursements received by each hospital aren't available, said VHI Executive Director Michael T. Lundberg. Charge numbers help give context for how much a procedure could cost. "Any information that helps a consumer understand the cost to them, to their employer or to the government program can be helpful to make them a more informed purchaser," he said.

There's more.

With a tool called "Health Care Prices," VHI publishes an "average allowed amount" for that knee surgery and other procedures. The allowed amount is the maximum that an insurance plan will pay for a covered service. Virginia law requires health insurers to report their averages to a nonprofit organization – in this case, VHI – which then averages the averages.

The VHI tool doesn't drill down to individual hospitals, but it does give an idea of what facilities statewide actually are accepting from insurers as reimbursement.

For the arthroscopic knee surgery, the statewide median hospital charge in 2011 was \$11,103. The average allowed amount for possible services related to the surgery was \$4,715 at a hospital. It was \$3,623 for licensed ambulatory surgical centers and \$1,592 for physician offices.

Knowing those numbers can prove useful. Just ask Dr. Jeffrey Rice.

He's the CEO of a website called Healthcare Blue Book. The site gathers information from payers, providers and employers. It uses allowed amounts to determine what the blue book calls a "fair price."

For a knee arthroscopy in Norfolk's 23510 ZIP code, that would be \$3,522, according to Healthcare Blue Book.

An insured patient who knows this can shop around for a provider in the plan's network. An uninsured patient can use that number – rather than the charge – when negotiating a price.

"The A1 message to patients is to ask about cost of care before you get your treatment," Rice said. "Because after you've gotten it, it's too late."

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Source URL (retrieved on 06/17/2013 - 17:12): <http://hamptonroads.com/2013/06/more-data-health-care-still-hard-figure>