

32BJ Health Fund Virtual Forum

Healthcare Affordability & High Hospital Prices

MARCH 17, 2022
12:00 - 1:30 PM EST



32BJ HEALTH FUND

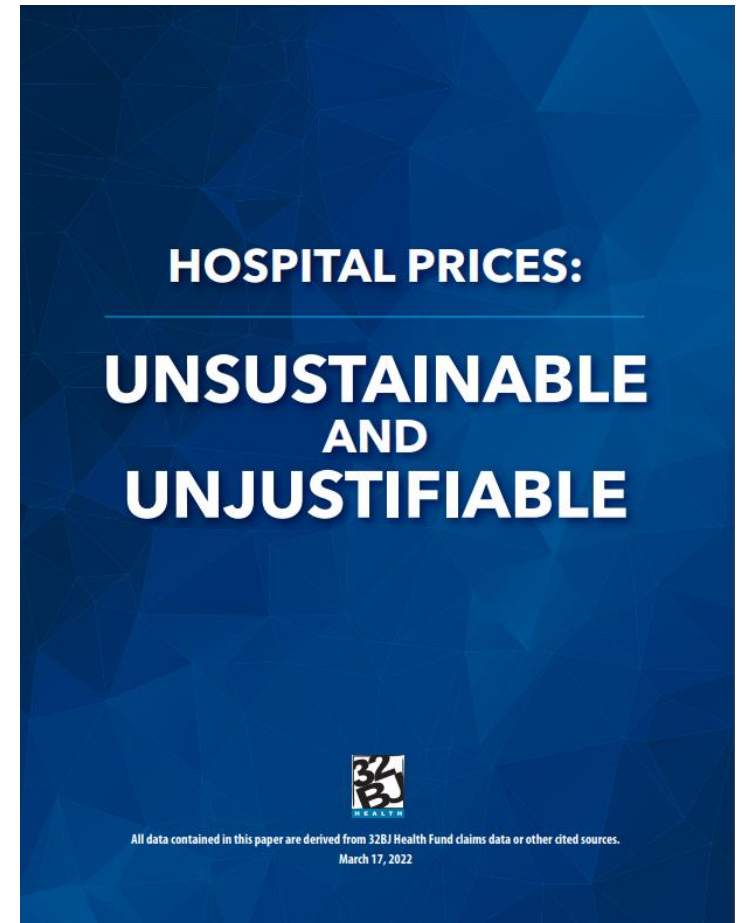
32BJ Health Fund Report Release

32BJ Health Fund report analyzes our claims data and other public information to show the impact of high hospital pricing with a focus on the New York City market.

- The leading driver of 32BJ Health Fund costs is the price of hospital care.
- Private hospital systems in NYC charge the Fund on average more than 300% of Medicare rates, with prices increasing 21% from 2016-2019.
- SEIU 32BJ estimates that an additional \$5,000 in annual wages would have been available for union members if healthcare costs had increased at the same rate as inflation from 2014-2023.
- New York City may be overpaying by as much as \$2.4 billion by paying hospitals prices above Medicare rates.
- Evidence does not support many common reasons that hospitals give to justify higher prices.
- A number of policy interventions and actions have been effective at reining in hospital prices in other markets.

Report Link:

<https://www.32bjhealthfundinsights.org/index.php/publications/>



Forum Agenda

I. Framing the Context

Mike Mulgrew, President, United Federation of Teachers

Kyle Bragg, President, SEIU 32BJ

Henry Garrido, Executive Director, AFSCME District Council 37

II. Understanding the Problem

Suzanne Delbanco, Executive Director, Catalyst for Payment Reform

III. Discussing the Solutions

Panel moderated by Cora Opsahl, Director, 32BJ Health Fund:

Marilyn Bartlett, Senior Policy Fellow, National Academy for State Health Policy

Claire Brockbank, Chief Executive Officer, Peak Health Alliance

Suzanne Delbanco, Executive Director, Catalyst for Payment Reform

Howard Rothschild, President, Realty Advisory Board on Labor Relations

Naomi Zewde, Assistant Professor of Health Policy, CUNY Graduate School of Public Health



Welcome and Thank You!

Deputy Mayor for Health & Human Services, Anne Williams-Isom
Director of State Operations, Kathryn Garcia
Manhattan Borough President, Mark Levine
New York City Comptroller, Brad Lander
City Council Member Tiffany Cabán
City Council Member Lynn Schulman
City Council Member Julie Menin
City Council Member Mercedes Narcisse
City Council Member Carmen De La Rosa
State Assemblymember Yudelka Tapia
State Assemblymember Jeffrey Dinowitz
State Assemblymember Nathalia Fernandez
State Assemblymember Steven Cymbrowitz
State Assemblymember Brian Barnwell
State Assemblymember Jaime Williams
State Assemblymember Andrew Hevesi
State Assemblymember Thomas Abinanti
State Assemblymember Gary Pretlow
State Assemblymember Phil Ramos

State Assemblymember Jessica González-Rojas
State Assemblymember Michaelle Solages
State Assemblymember Kevin Cahill
State Assemblymember Kimberly Jean-Pierre
State Assemblymember Rebecca Seawright
State Assemblymember Deborah Glick
State Assemblymember Judy Griffin
State Assemblymember Sandy Galef
State Assemblymember Peter Abbate
State Senator Toby Ann Stavisky
State Senator Shelley Mayer
State Senator Alessandra Biaggi
State Senator Jessica Ramos
State Senator Michael Gianaris
State Senator Jeremy Cooney
State Senator Peter Harckham
State Senator Liz Krueger
State Senator Andrew Gounardes
State Senator James Skoufis
State Senator Cordell Cleare





Why Hospital Prices Are Hurting Us and Must be Addressed

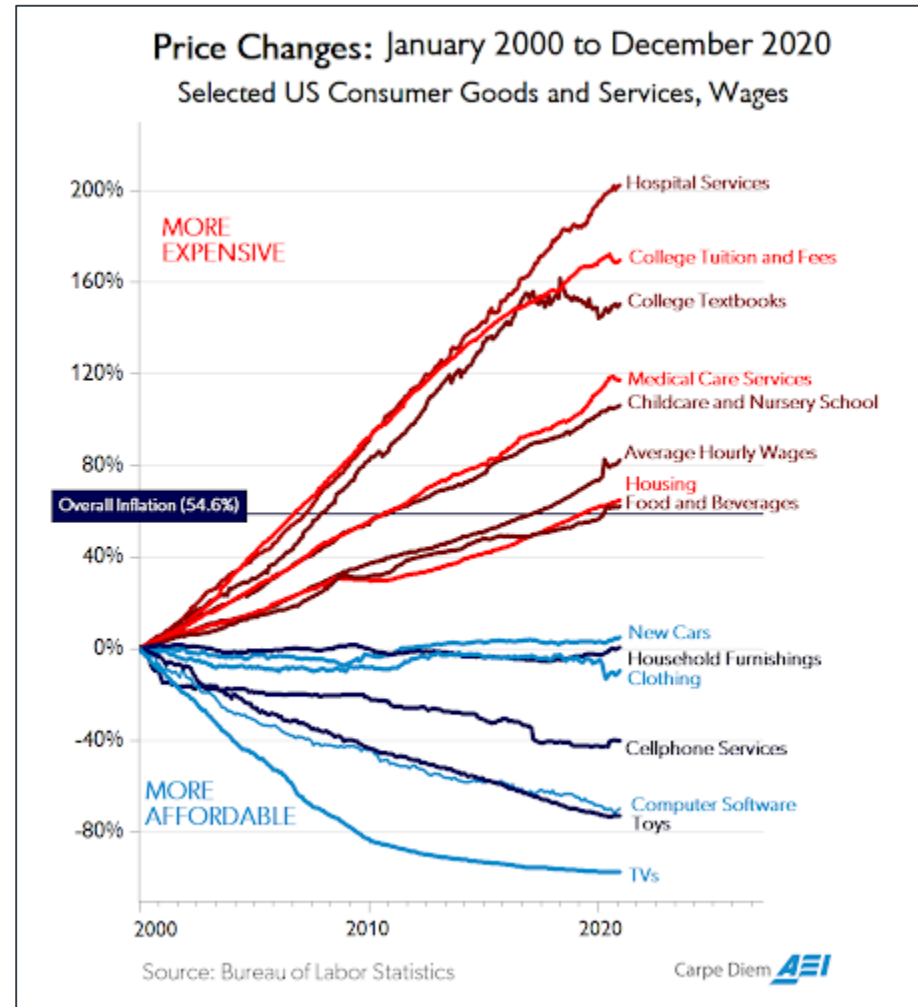
Suzanne Delbanco, Ph.D.
March 17, 2022

About CPR

An independent non-profit corporation **working to catalyze employers, public purchasers and others** to implement strategies that produce higher-value health care and improve the functioning of the health care marketplace.

- 32BJ Health Fund
- Aircraft Gear Corporation
- Aon
- Arizona Health Care Cost Containment System (Medicaid)
- CalPERS
- Compassion International
- Covered California
- Equity Healthcare LLC
- General Motors
- Group Insurance Commission, MA
- Hilmar Cheese Company, Inc.
- The Home Depot
- Independent Colleges and Universities Benefits Association
- Mercer
- Miami University (Ohio)
- Ohio Medicaid
- OhioPERS
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Purdue University
- Qualcomm Incorporated
- San Francisco Health Service System
- Self-Insured Schools of California
- South Carolina Health & Human Services (Medicaid)
- State of Tennessee
- TennCare (Medicaid)
- UNITE HERE HEALTH
- Walmart Inc.
- Washington State Health Care Authority
- Willis Towers Watson

Trends in Hospital Prices (Compared to Other Prices)

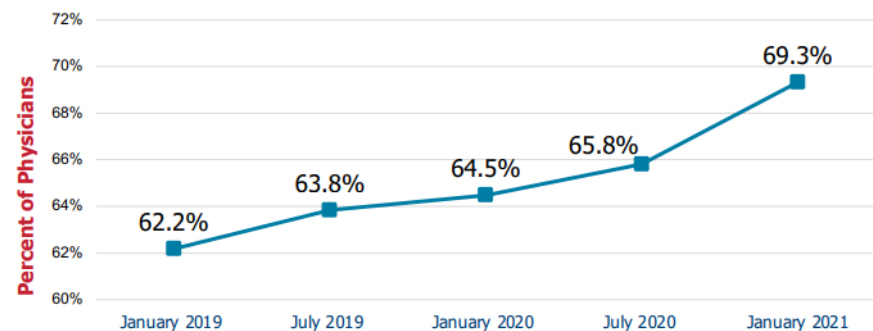


Source:
<https://www.aei.org/carpe-diem/chart-of-the-day-or-century-7/#:~:text=During%20the%20most%20recent%202022,and%20for%20average%20hourly%20wages.>

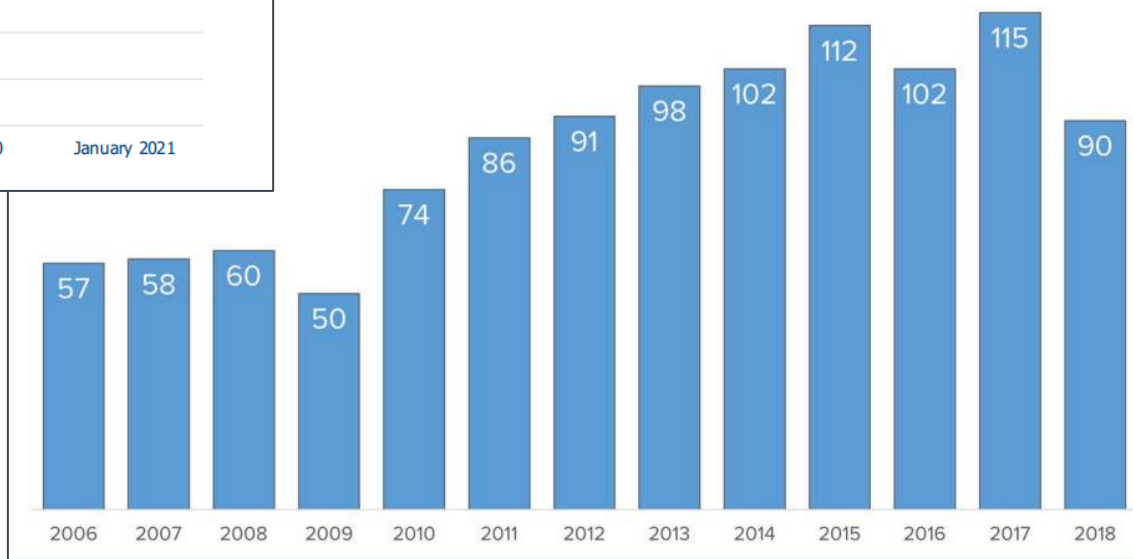
Consolidation Among Providers a Big Driver of High Prices

National Trends: Nearly Seven in Ten Physicians Employed by Hospitals or Corporate Entities at the End of 2020

PERCENT OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS OR CORPORATE ENTITIES IN 2019-20



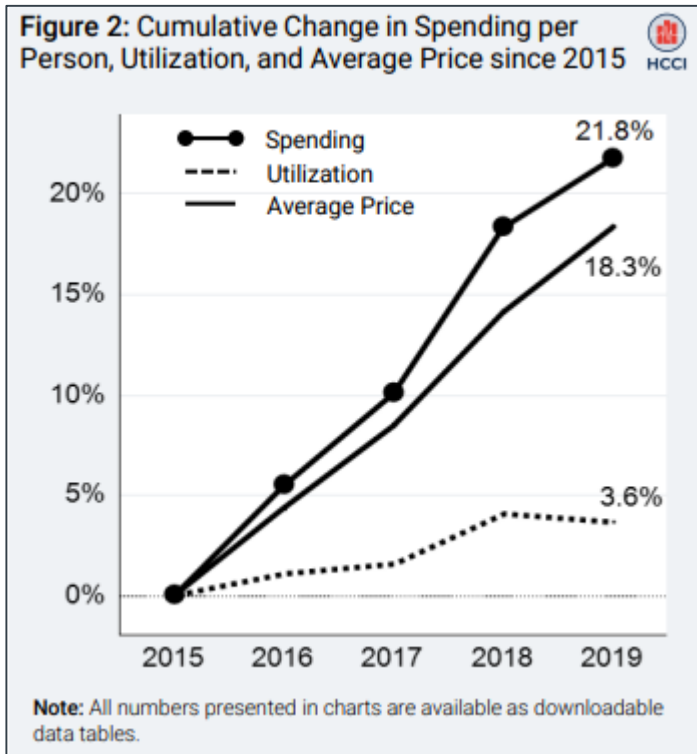
Announced Hospital Consolidations



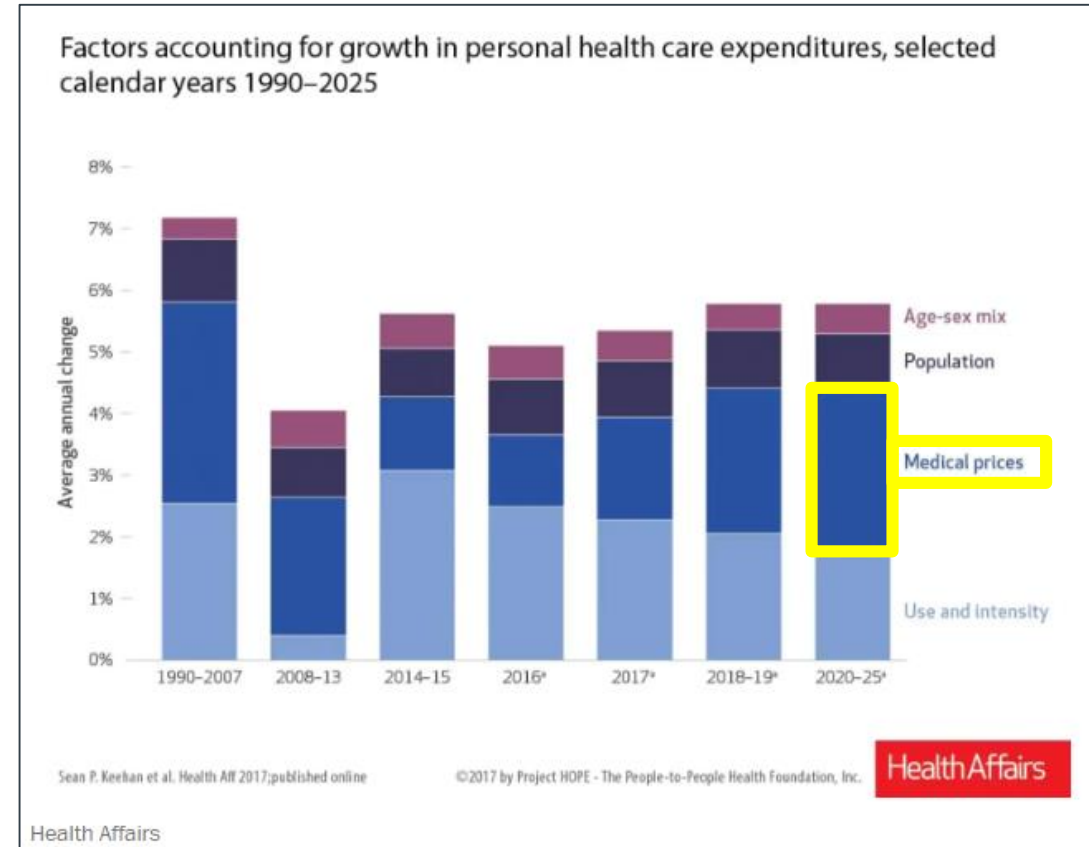
Sources:

http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/Revised-6-8-21_PA1-Physician-Employment-Study-2021-FINAL.pdf?ver=K6dyoekRSC_c59U8QD1V-A%3d%3d
<https://nihcm.org/assets/articles/nihcm-consolidation-charts-updated-010920.pdf>

Prices (not Utilization) Drive Growth in Health Care Spending



Source:
https://healthcostinstitute.org/images/pdfs/HCCI_2019_Health_Care_Cost_and_Utilization_Report.pdf

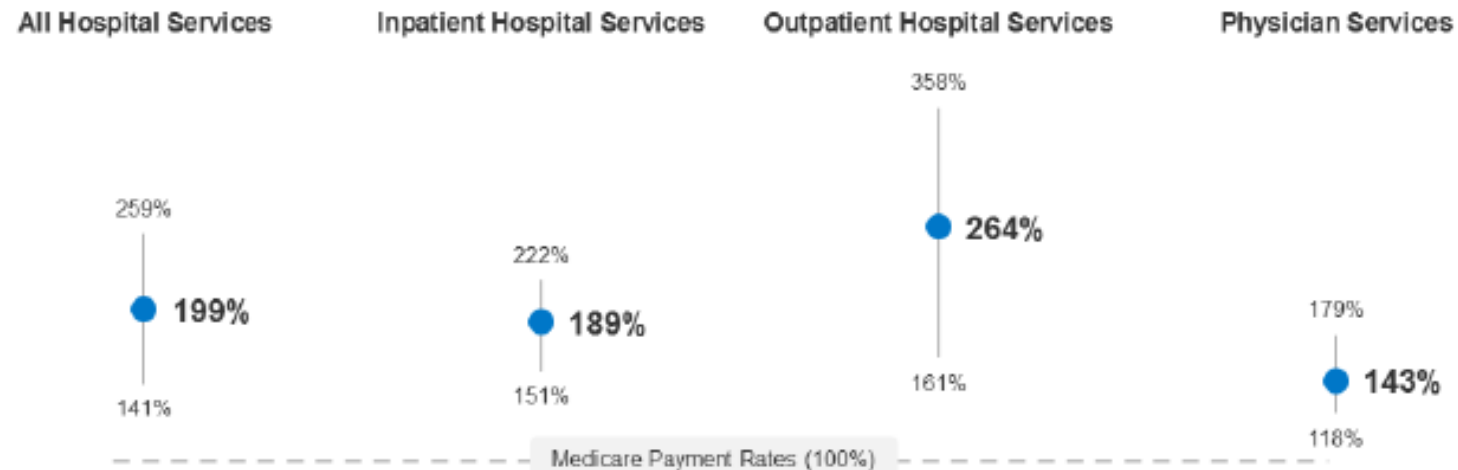


Commercial Payments Much Higher than Medicare Payments

ES Figure 1

Private Payment Rates Are Higher Than Medicare Rates for Hospital and Physician Services

● Average Private Insurance Rates as a Percentage of Medicare Rates, Across Studies Using 2010-2017 Data



SOURCE: KFF analysis of 19 published studies comparing private insurance and Medicare payments to providers. Because some studies analyze payments to providers in multiple service categories, the number of studies across all categories is greater than 19.



Source: <https://www.kff.org/medicare/issue-brief/how-much-more-than-medicare-do-private-insurers-pay-a-review-of-the-literature/>

Myths about Why Hospitals Charge High Prices



Photo credit: Daniels Joffe

- Public sources (Medicare, Medicaid) don't pay enough and hospitals need private payers to make up the shortfall
- You get what you pay for, i.e. higher prices mean higher quality care
- And recently... COVID is expensive!

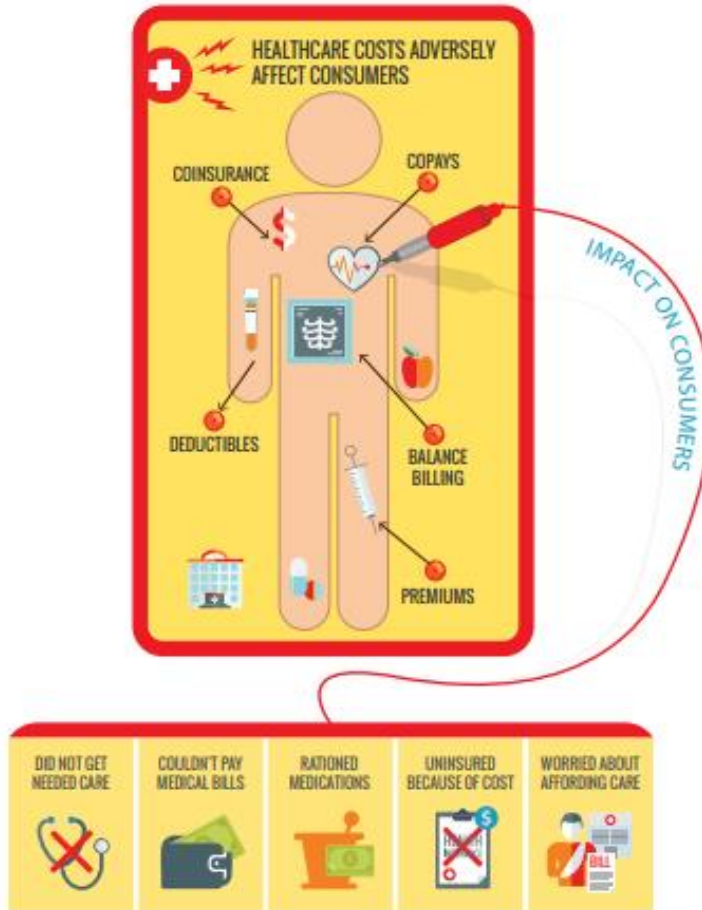
Reality about Hospitals and High Prices



Photo credit: Sri Jalasutram

- Hospitals will charge the highest price that the market will bear
- Easier to charge higher prices than to reduce the costs of delivering care (in competitive markets, hospitals do fine on Medicare payment amounts)
- There is no correlation between prices and the quality of care
- Many hospitals got federal payouts because of COVID, including those that didn't need them

High Health Care Prices Hurt Consumers



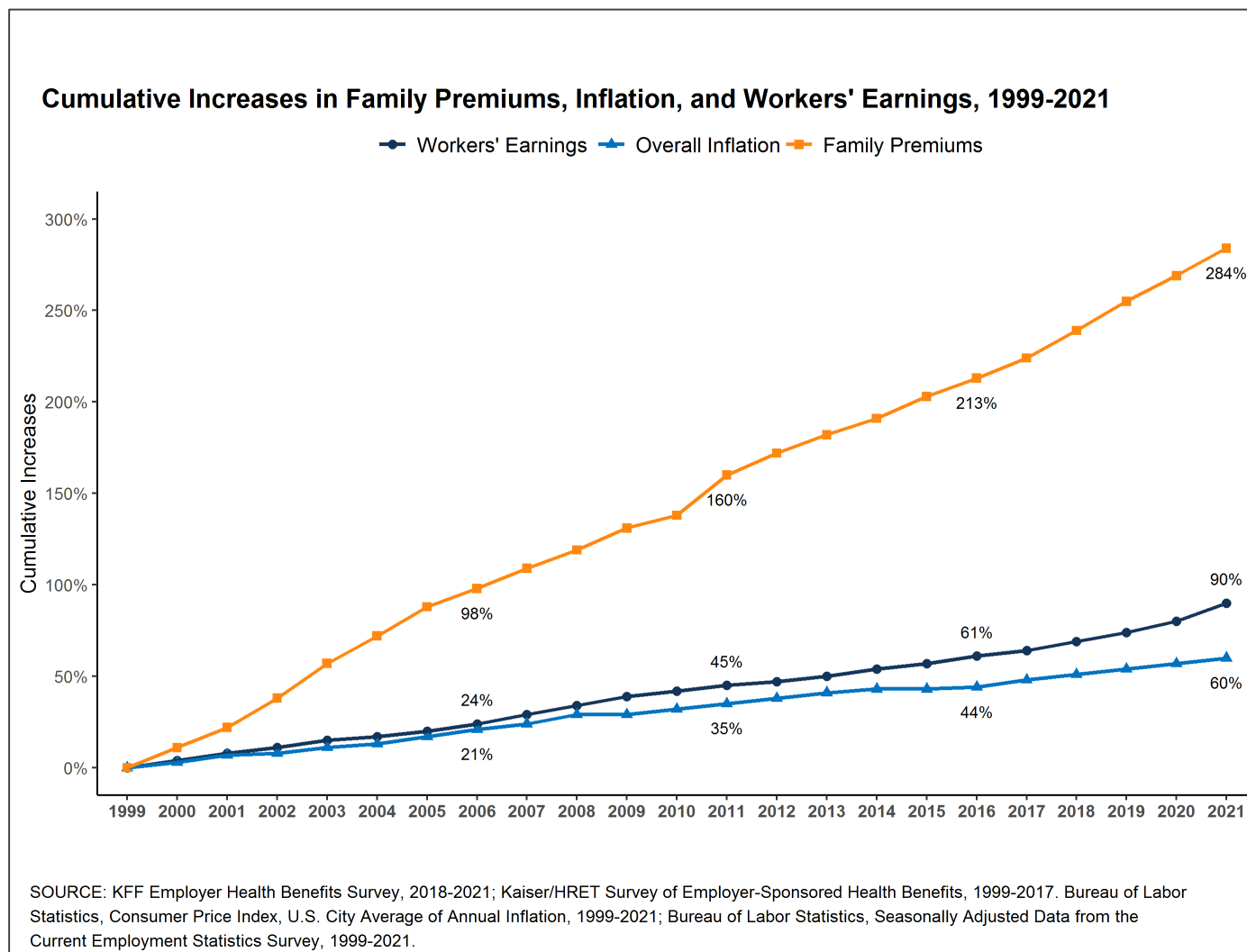
www.HEALTHCAREVALUEHUB.org/State-Survey-Results
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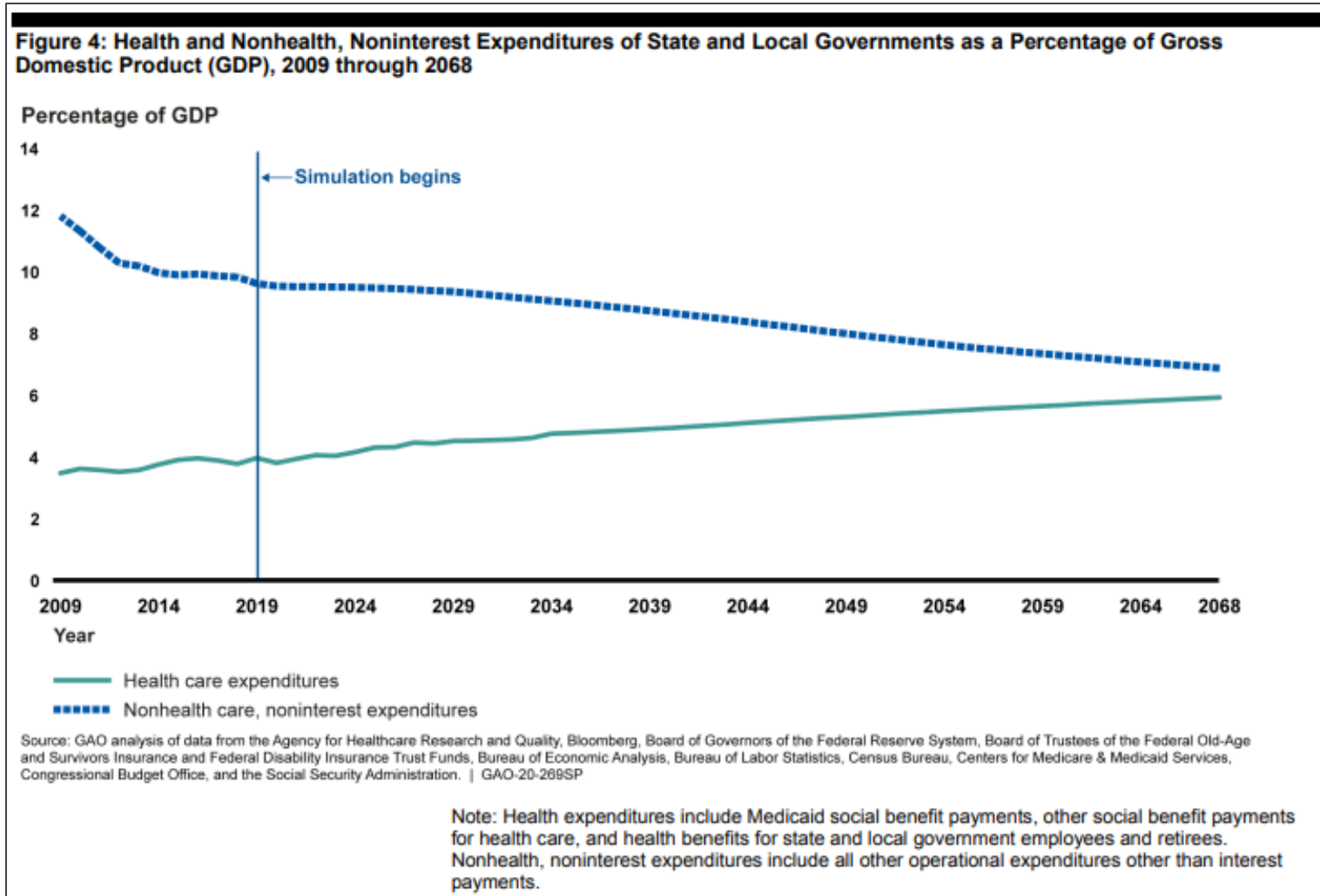
Source: https://www.healthcarevaluehub.org/application/files/6416/2922/5947/Healthcare_Costs_Flow_Final.pdf

High Health Care Prices Erode Wages

Figure 14



High Health Care Prices Erode Public Spending on Other Priorities



Source: <https://www.gao.gov/assets/gao-20-269sp.pdf>

Approaches to Cost Containment by Purchasers

These approaches have been tried in the commercial market; some have also been implemented by Medicaid agencies.



Photo credit JP Valery

- **Benefit design:** cost sharing, reference pricing
- **Provider network design:** narrow, tiered, high performance networks, center of excellence programs for specific services and procedures
- **Direct contracting** with health care systems
- **Provider payment reform:** Episode-based payment, shared savings, partial capitation to primary care providers, Medicare-based reference pricing
- **Aggregated purchasing**

State Policy Interventions Are Likely Necessary

Key policies could help to level the playing field, enhance competition on the right things (e.g. quality) and contain prices.



Photo credit: Markus Spiske

Some examples include:

- California's ban on gag clauses
- Massachusetts ban on anti-tiering/steering provisions in provider contracts as well as "most favored nation" clauses
- Rhode Island caps on increases in the prices health plans pay providers

THANK YOU

Suzanne Delbanco, Ph.D.
Executive Director
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Discussing the Solutions



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Executive Director,
Catalyst for Payment Reform



Claire Brockbank
Chief Executive Officer,
Peak Health Alliance



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Marilyn Bartlett
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NASHP



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Assistant Professor,
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Cora Opsahl
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Engage on Twitter
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[@CPR4healthcare](#)
[@NASHPhealth](#)
[@peakhealthcolo](#)
[@nzewde](#)
[@RABOLR](#)
[@CoraOpsahl](#)
[@32BJBenefitFund](#)



States Taking Action

- **Transparency**
 - Compliance with federal Hospital Price Transparency Rule
 - Increased hospital reporting: Community Benefit; Financial; Contracting
- **Cost Growth Benchmark**
 - Limits how much a state's health care spending can grow each year
 - MA, DE, RI, OR, CT, WA
- **Insurance Rate Review/Affordability Standards**
 - Leverage existing health market authority via insurance departments
 - Disrupt hospital price increased with growth caps in insurance rate review
- **Anticompetitive Contracting**
 - Health System and Insurance Contracts
 - 1) All-or-nothing contracting; 2) Anti-tiering or anti-steering clauses; 3) Most-favored-nation clauses; and 4) Gag clauses

States Taking Action

- **All-Payer Hospital Rate Setting**
 - Maryland established uniform rates for hospital services from multiple payers
- **Reference Based Pricing**
 - Referenced to Medicare Rates
 - Aligns a hospital prices more closely with its costs
 - CO, NV, NC, OR, WA

[State Strategy Implementation - The National Academy for State Health Policy \(nashp.org\)](https://www.nashp.org)

Model Legislation

- + Anticompetitive Health Plan Contracts
- + Using Insurance Rate Review to Control Costs
- + Hospital Financial Transparency
- + Facility Fees
- + State Purchasing Pool Buy-in
- + Improved Oversight of Provider Mergers

[Model Legislation and Resources - The National Academy for State Health Policy \(nashp.org\)](https://www.nashp.org)

TOOLS TO HELP Employers and States

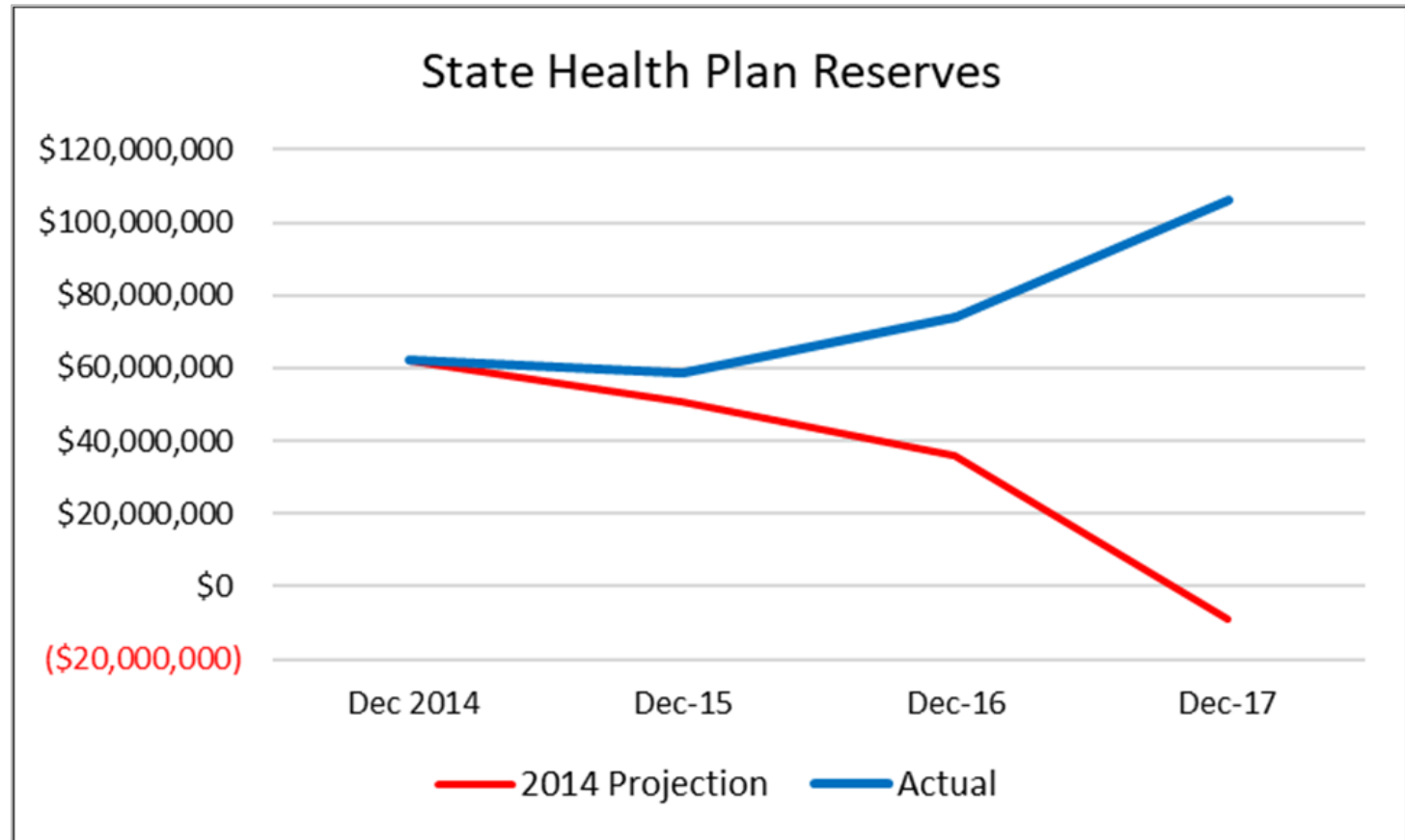
NASHP's Hospital Cost Tool

- **Downloadable tool health purchasers, including state officials, can use to better understand and address hospital costs**
- **Identifies financial data and benchmarks using Medicare Cost Reports**
 - Hospital specific
 - 10 years of data – 6,500 hospitals
 - MCRs provide hospital level data and are the only national, public source of hospital costs
- **Online Searchable Database coming in April 2022**

Developed by the National Academy for State Health Policy (NASHP) alongside Rice University, with support from Arnold Ventures

Montana State Employee Health Plan

- 31,000 Total Lives
- Largest Self-Funded Plan in Montana
- Senate Bill 418 (2015)



Gaining Legislative Support : What can \$25 million do?

- Retain 450 Jobs
- Build 500 miles roadway in rural Montana
- Support 3,000 Medicaid enrollees
- Educate over 2,000 students in public schools



Legislation passed to lower Health Plan Reserves and increase State Fund
\$25 million in 2017 and \$27 million in 2021

No Health Plan rate increases 2017 - 2023

Saving Money For Our Communities

County	2019	2020	Premium Reduction	2021	Premium Reduction	2022	Premium Reduction	Total Premium Reduction
Summit	\$ 557.13	\$ 343.07	38.4%	\$ 304.74	11.2%	\$ 296.41	2.7%	46.8%
Grand		\$ 458.32	na	\$ 304.74	33.5%	\$ 296.41	2.7%	35.3%
Lake		\$ 458.32	na	\$ 304.74	33.5%	\$ 296.41	2.7%	35.3%
Park				\$308.74	na	\$ 286.98	7.0%	7.0%
Dolores		\$ 458.32	na	\$ 304.74	33.5%	\$ 296.41	2.7%	35.3%
La Plata		\$ 369.61	na	\$ 304.74	17.6%	\$ 296.41	2.7%	19.8%
Montezuma		\$ 394.24	na	\$ 304.74	22.7%	\$ 296.41	2.7%	24.8%
San Juan		\$ 458.32	na	\$ 304.74	33.5%	\$ 296.41	2.7%	35.3%
		Pre peak		Year prior to Peak				
40-year-old non-smoker who selects the 2nd lowest off-exchange Silver, receives no Advance Premium Tax Credit, and chose the 2nd lowest on-exchange Silver last year. Factors in monthly membership fee. Does not include other savings.								

Discussing the Solutions



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Thank You!

Questions?

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Report and Forum Recording

<https://www.32bjhealthfundinsights.org/>

