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Healthcare Affordability in Kansas and State Policy Options

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Altarum Healthcare Value Hub

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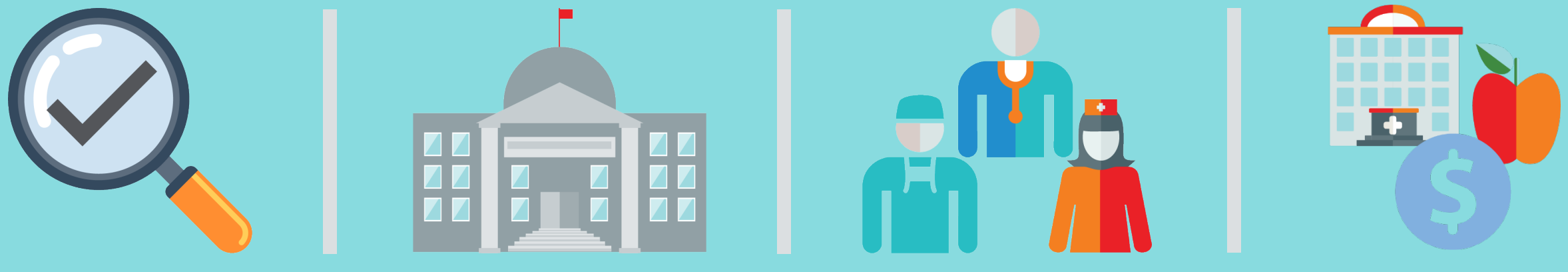
www.HealthcareValueHub.org



What is the Healthcare Value Hub?

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With support from Arnold Ventures and the Robert Wood Johnson Foundation:

- The Healthcare Value Hub reviews evidence to identify the policies and practices that work best to reduce healthcare spending, improve affordability for consumers, improve outcomes and reduce disparities.
- We provide FREE resources to help consumer advocacy groups and others' work on these healthcare value issues.
- We support and connect consumer advocates across the U.S., providing comprehensive fact-based information to help them advocate for change, and connect them to researchers and other resources.

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2021 Healthcare Affordability State Policy Scorecard

Summary Report

January 2022

Healthcare Affordability State Policy Scorecard

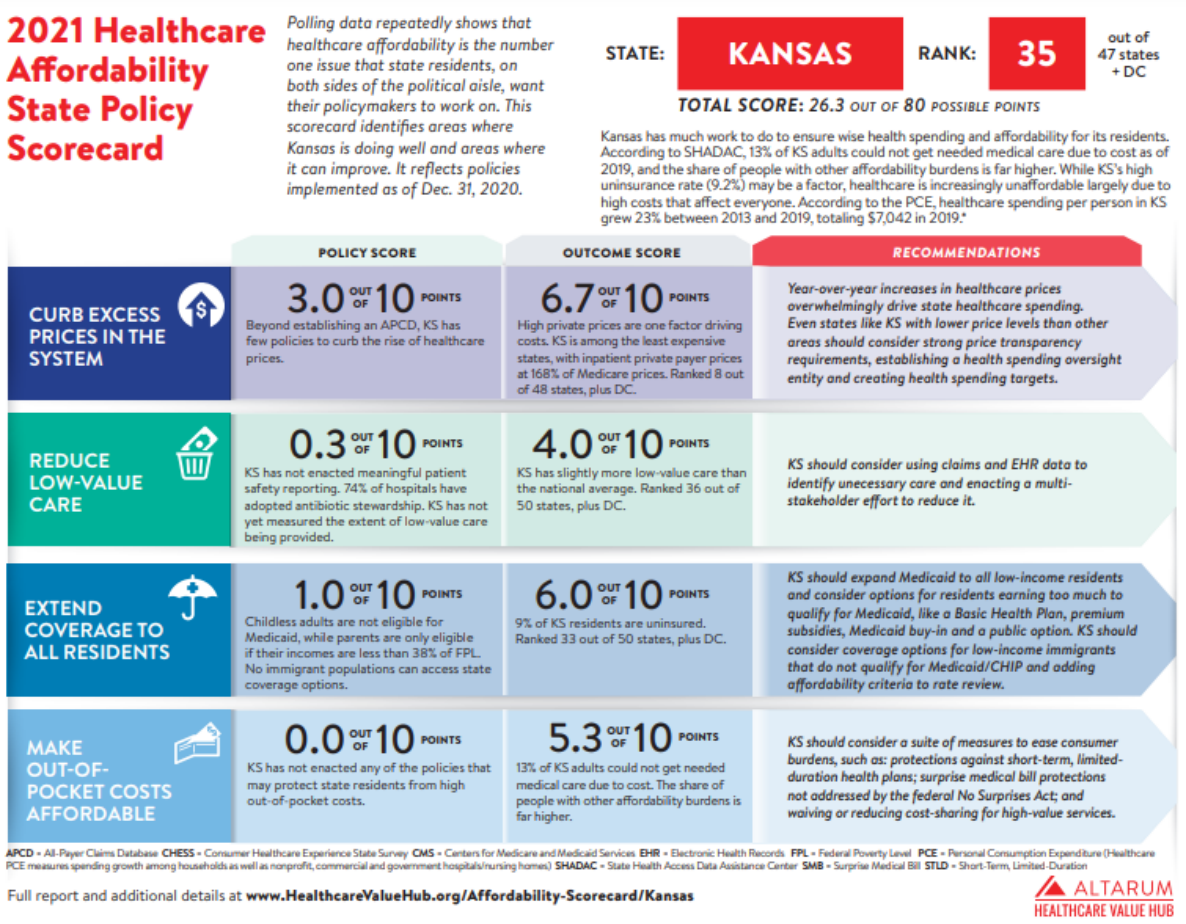
Polling data repeatedly shows that healthcare affordability is the number one issue that state residents, on both sides of the political aisle, want their policymakers to work on.

Our *Healthcare Affordability State Policy Scorecard* identifies areas where states are doing well and areas where it can improve. As the scorecard shows, state policymakers have a robust toolset they can use to ensure all residents have affordable coverage that features consumer-friendly cost-sharing and whose premiums reflect the efficient delivery of healthcare and fair healthcare pricing.

Select from the map below to access each state's scorecard and accompanying policy checklist.

Healthcare Affordability State Policy Scorecard

- Curb Excess Prices in the System
- Reduce Low-Value Care
- Extend Coverage to All Residents
- Make Out-of-Pocket Costs Affordable



2021 Healthcare Affordability State Policy Scorecard

Polling data repeatedly shows that healthcare affordability is the number one issue that state residents, on both sides of the political aisle, want their policymakers to work on. This scorecard identifies areas where Kansas is doing well and areas where it can improve. It reflects policies implemented as of Dec. 31, 2020.

STATE: KANSAS RANK: 35 out of 47 states + DC

TOTAL SCORE: 26.3 OUT OF 80 POSSIBLE POINTS

Kansas has much work to do to ensure wise health spending and affordability for its residents. According to SHADAC, 13% of KS adults could not get needed medical care due to cost as of 2019, and the share of people with other affordability burdens is far higher. While KS's high uninsurance rate (9.2%) may be a factor, healthcare is increasingly unaffordable largely due to high costs that affect everyone. According to the PCE, healthcare spending per person in KS grew 23% between 2013 and 2019, totaling $7,042 in 2019.*

	POLICY SCORE	OUTCOME SCORE	RECOMMENDATIONS
CURB EXCESS PRICES IN THE SYSTEM	3.0 OUT OF 10 POINTS Beyond establishing an APCD, KS has few policies to curb the rise of healthcare prices.	6.7 OUT OF 10 POINTS High private prices are one factor driving costs. KS is among the least expensive states, with inpatient private payer prices at 168% of Medicare prices. Ranked 8 out of 48 states, plus DC.	*Year-over-year increases in healthcare prices overwhelmingly drive state healthcare spending. Even states like KS with lower price levels than other areas should consider strong price transparency requirements, establishing a health spending oversight entity and creating health spending targets.*
REDUCE LOW-VALUE CARE	0.3 OUT OF 10 POINTS KS has not enacted meaningful patient safety reporting. 74% of hospitals have adopted antibiotic stewardship. KS has not yet measured the extent of low-value care being provided.	4.0 OUT OF 10 POINTS KS has slightly more low-value care than the national average. Ranked 36 out of 50 states, plus DC.	*KS should consider using claims and EHR data to identify unecessary care and enacting a multi-stakeholder effort to reduce it.*
EXTEND COVERAGE TO ALL RESIDENTS	1.0 OUT OF 10 POINTS Childless adults are not eligible for Medicaid, while parents are only eligible if their incomes are less than 38% of FPL. No immigrant populations can access state coverage options.	6.0 OUT OF 10 POINTS 9% of KS residents are uninsured. Ranked 33 out of 50 states, plus DC.	*KS should expand Medicaid to all low-income residents and consider options for residents earning too much to qualify for Medicaid, like a Basic Health Plan, premium subsidies, Medicaid buy-in and a public option. KS should consider coverage options for low-income immigrants that do not qualify for Medicaid/CHIP and adding affordability criteria to rate review.*
MAKE OUT-OF-POCKET COSTS AFFORDABLE	0.0 OUT OF 10 POINTS KS has not enacted any of the policies that may protect state residents from high out-of-pocket costs.	5.3 OUT OF 10 POINTS 13% of KS adults could not get needed medical care due to cost. The share of people with other affordability burdens is far higher.	*KS should consider a suite of measures to ease consumer burdens, such as: protections against short-term, limited-duration health plans; surprise medical bill protections not addressed by the federal No Surprises Act; and waiving or reducing cost-sharing for high-value services.*

APCD = All-Payer Claims Database CHESS = Consumer Healthcare Experience State Survey CMS = Centers for Medicare and Medicaid Services EHR = Electronic Health Records FPL = Federal Poverty Level PCE = Personal Consumption Expenditure (Healthcare PCE measures spending growth among households as well as nonprofit, commercial and government hospitals/nursing homes) SHADAC = State Health Access Data Assistance Center SMB = Surprise Medical Bill STLD = Short-Term, Limited-Duration

Full report and additional details at **www.HealthcareValueHub.org/Affordability-Scorecard/Kansas**

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CURB EXCESS PRICES IN THE SYSTEM

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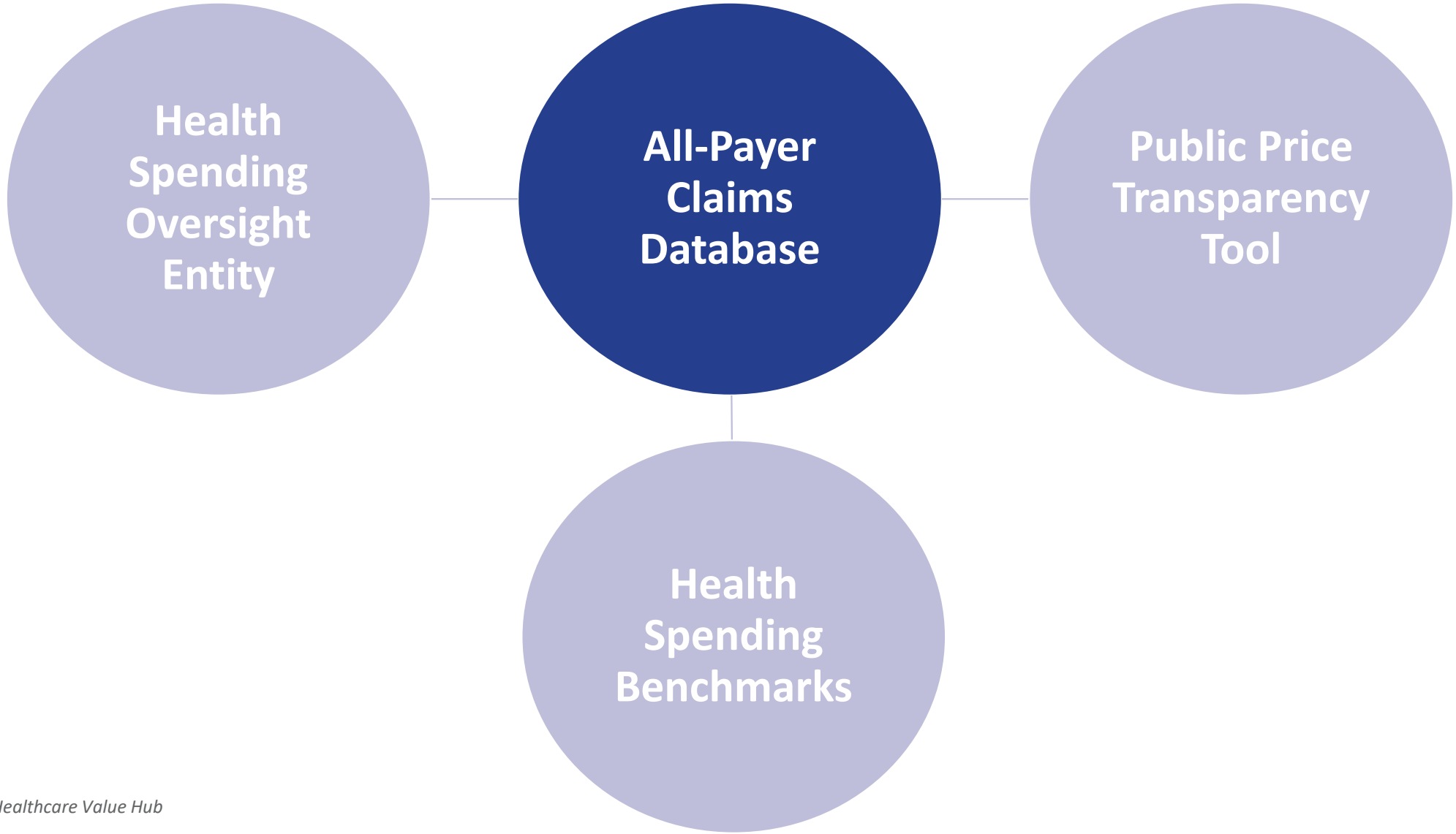
- Implement free, public-facing healthcare price transparency that reflects negotiated rates and features treatment- and provider-specific prices. ☒
- Create an all-payer or multi-payer claims database to analyze healthcare price inflation, price variation and utilization.[1] ✓
- Create a permanently convened health spending oversight entity. ☒
- Create all-payer healthcare spending and quality benchmarks for the state. ☒

RECOMMENDATIONS

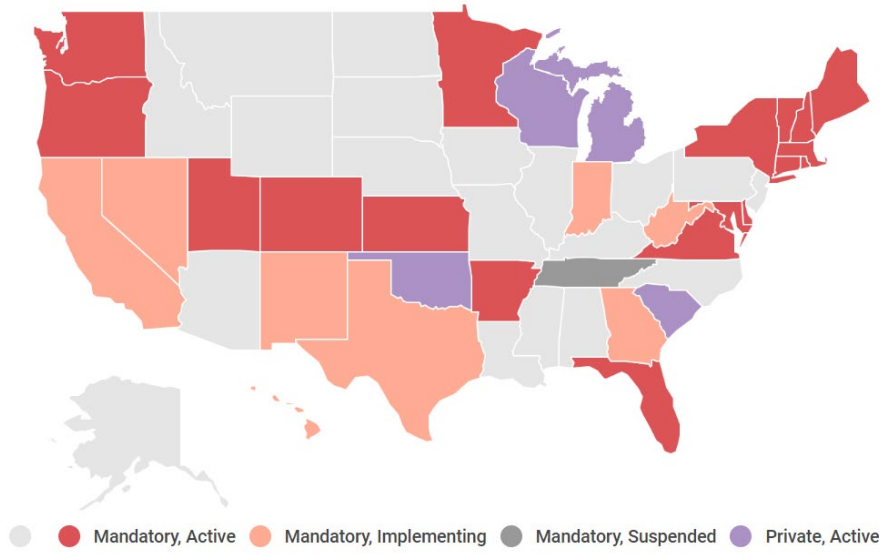
Year-over-year increases in healthcare prices overwhelmingly drive state healthcare spending. Even states like KS with lower price levels than other areas should consider strong price transparency requirements, establishing a health spending oversight entity and creating health spending targets.

Strategies to Curb Excess Prices in the System



What is an All-Payer Claims Database?

- All-Payer Claims Database (APCD): a large-scale database that contains diverse types of healthcare data, including claims data from Private insurance companies, state employee health benefit programs, Medicare, and Medicaid.
- Across the country, APCDs are being used to:
  1) Report health system spending, utilization, performance
  2) Enhance state policy and regulatory analysis
  3) Inform the public about health care prices & quality
- 22 APCDs across politically diverse states. Ex: Texas expanded voluntary APCD to mandatory statewide



The Source on Healthcare Price & Competition, "State Action – Nationwide Trends", https://sourceonhealthcare.org/state-action/

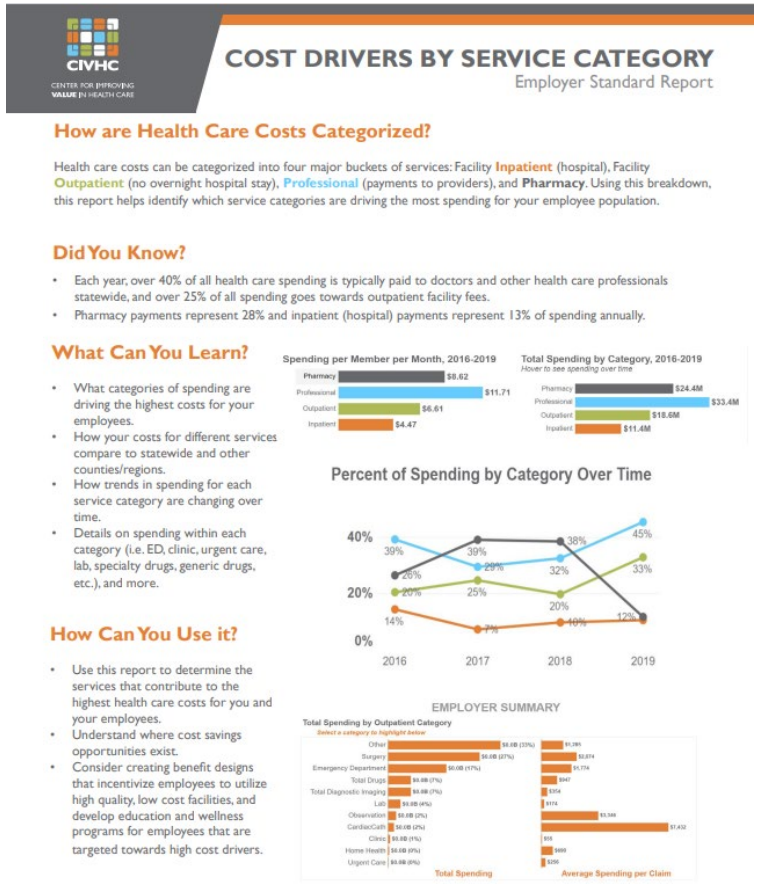
Douglas McCarthy, State All-Payer Claims Databases: Tools for Improving Health Care Value, Part 2 — The Uses and Benefits of State APCDs (Commonwealth Fund, Dec. 2020). https://doi.org/10.26099/z147-pk89
Emma Freer, "Power Data: Texas' Claims Database Will Help Clarify Care Costs", Texas Medical Association (March 2022). https://www.texmed.org/TexasMedicineDetail.aspx?id=58780
The Source on Healthcare Price & Competition, "Texas – Overview", https://sourceonhealthcare.org/states/texas/

Kansas APCD Limitations

- **Only aggregate data is published.**
- Most data is limited to the fully insured private market.
- Data mostly only used internally.
- Easy to request, but difficult to access.
- Not a lot of documentation available on the data, request process, or historic access.

Example: Colorado APCD

- Colorado's APCD captures ~65% of insured residents, including commercial insurance, Medicare, Medicaid.
- Some data is released publicly through dashboards and reports, and some is available by request at a cost.
- Pre-made reports available at a cost for specific stakeholders, including employers:
  - Use "Medicare Reference-Based Pricing" report to negotiate lower rates with providers using Medicare payments as reference
  - Use "Cost Driver Analysis" to determine which services are driving highest health care cost among employees, and design benefits that incentivize employees to use high-quality, low-cost facilities



Center for Improving Value in Health Care, "Standard Reports", https://www.civhc.org/standard-reports/
Center for Improving Value in Health Care, "Community Dashboard", https://www.civhc.org/get-data/public-data/community-dashboard/

Llopis-Jepsen, Celia, "While Kansas Keeps Hospital Data Under Lock And Key, Colorado Helps Employers Dig Into Cost Of Care", KCUR, (July 2, 2021) https://www.kcur.org/news/2021-07-02/while-kansas-keeps-hospital-data-under-lock-and-key-colorado-helps-employers-dig-into-cost-of-care

Colorado's APCD Savings Story

Summit County, CO found that the local hospital got 500% of what Medicare pays for outpatient care and >800% of Medicare rates for emergency care. Peak Health Alliance negotiated new prices with the hospital.

Result: Saved ~$2 million on premiums for 4,500 people in Summit County.

Colorado

- Colorado doesn't consider hospital prices to be trade secrets.
- To avoid releasing data that could inadvertently lead to anti-competitive behavior, CO follows Federal Trade Commission guidelines, regularly consults an antitrust lawyer, and sometimes consults the state attorney general.

Kansas

- Kansas regulations treat prices as trade secrets, prohibits publication:

  "Compilations of data shall not contain patient-identifying information or trade secrets."

  Kansas Administrative Regulations, Agency 40, Article 1

- As a result, Kansas Insurance Department says they can only share aggregated figures.

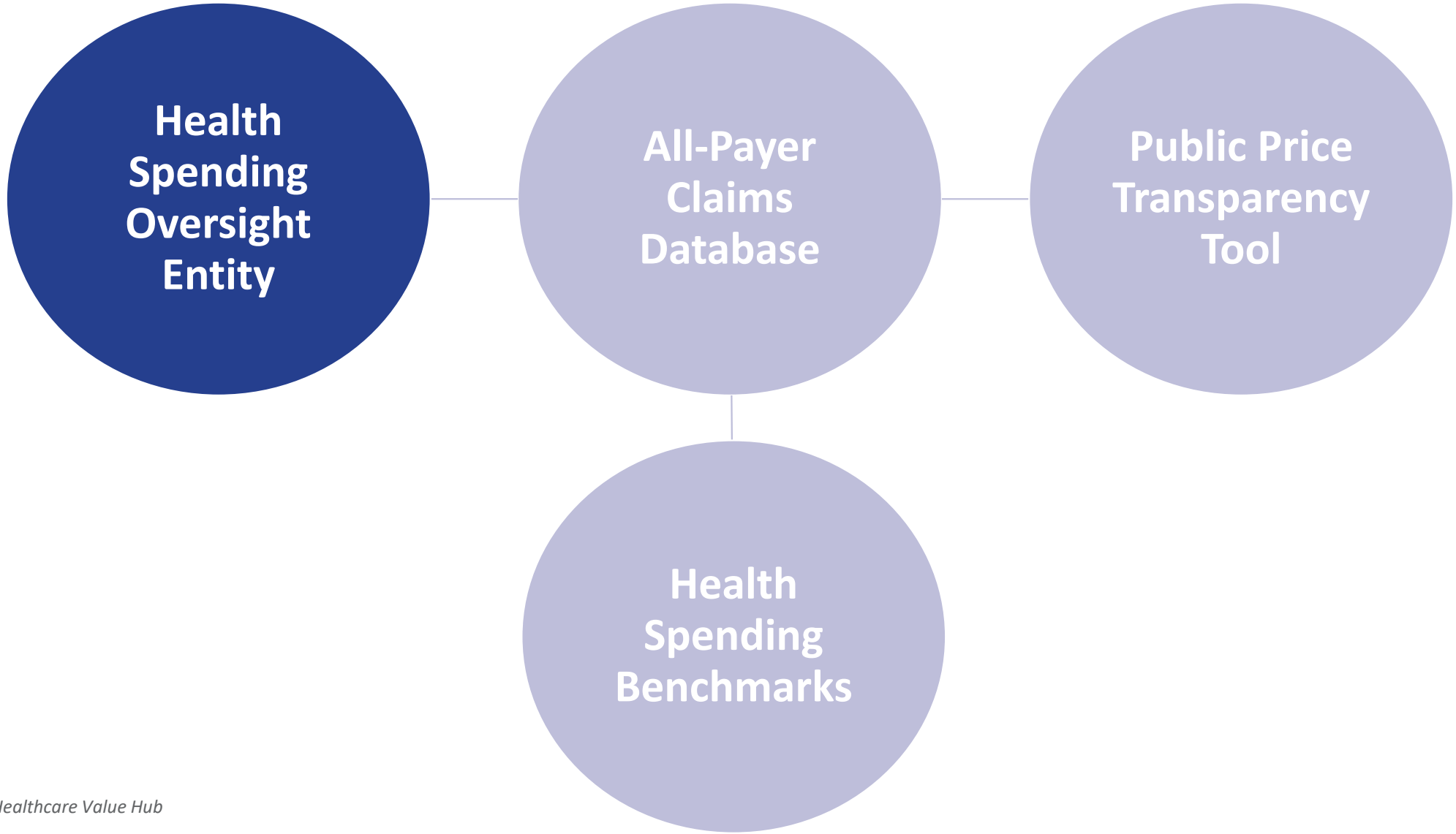
Potential to Improve Kansas's APCD

Changing these regulations could allow Kansas to develop a more robust APCD that equips regulators, employers, and consumers with the data needed to reduce healthcare spending growth and negotiate lower prices.

Important Considerations:

- **Claims Coverage:** What share of insured residents are captured in the APCD? What insurance types are captured?
- **Data Access:** What data is available to the public? How difficult/costly is it to obtain detailed data by request? Can anyone, including employers, request data?
- **Active Use:** What is the plan for how APCD data will be used once it is available?
- **Privacy and Anti-Trust:** What specific data will be released? How to avoid disclosing trade secrets and risking legal action?

Strategies to Curb Excess Prices in the System



Health Spending Oversight Entity

- An entity that looks across various types of health and social spending and to identify opportunities for improvement in terms of value for each dollar spent, quality short-comings and affordability problems for residents.
- Seven states have oversight entities that target **all spending***, and seven states target narrower forms, such as **hospital spending** and **drug spending****

*Colorado, Connecticut, Delaware, Massachusetts, Oregon, Vermont, Washington
** Maine, Maryland, New Hampshire, New York, Ohio, Pennsylvania, Rhode Island

Potential Areas of Responsibility of Healthcare Oversight Entities

Category	Description
Monitor Spending	Many oversight agencies monitor spending in all or some of the major healthcare sectors (for example, hospital spending). They may also seek to identify the underlying cost-drivers, such as unnecessary services, lifestyle factors and rising prices. Oversight authorities' abilities are greatly influenced by whether the state has an all-payer claims database.
Monitor Quality of Care/Disparities	Oversight authorities may also be responsible for monitoring quality of care received in hospitals and other settings, as well as assessing disparities in health outcomes between populations.
Recommendations	Most, if not all, oversight authorities examined here have the power to make policy recommendations and present their findings about costs and quality in an annual report to their state legislature to increase transparency.
Enforcement	Some oversight agencies go beyond data and recommendations, with power to subpoena, convene stakeholders or enforce global budgets.
Health Insurance	Some oversight authorities incorporate a dimension of health insurance review into their work. These duties range from monitoring consumer access to insurance rates, health insurance rate review and the impact of mandated benefits on insurance plans.
Pilots/Innovations	Some oversight authorities are responsible for pilots and innovations designed to improve healthcare value, including overseeing the State Innovation Model grants provided by CMS.
Aggregate Purchasing Power	States can aggregate the health spending programs they administer in support of a high-performing health system. Oversight entities can potentially oversee the coordination effort that would be needed.

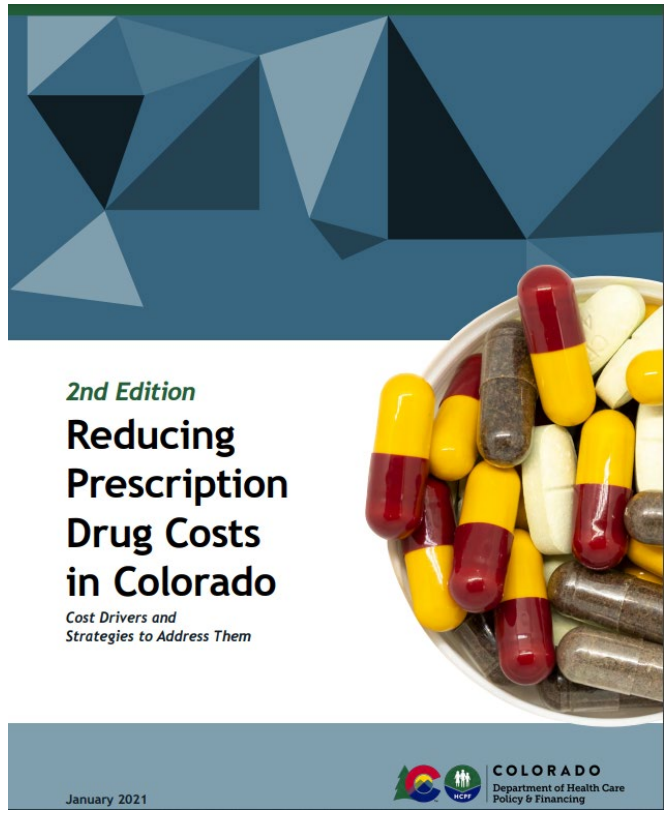
Example Oversight Entities: Colorado

Office of Saving People Money on Health Care works to reduce patient costs for hospital stays/expenses, improve price transparency, lower the price of prescription drugs and make insurance more affordable.

- Released survey report documenting the toxic burden of out-of-pocket expenses on consumers.

Department of Health Policy & Financing administers Medicaid/CHIP and provides health policy leadership.

- "Reducing the Costs of Prescription Drugs in Colorado"
- "Hospital Cost, Price & Profit Review"



Colorado Office of Saving People Money on Healthcare, ""The Toxic Impacts of High Health Care Costs on Coloradans" https://ltgovernor.colorado.gov/programs/office-of-saving-people-money-on-health-care",

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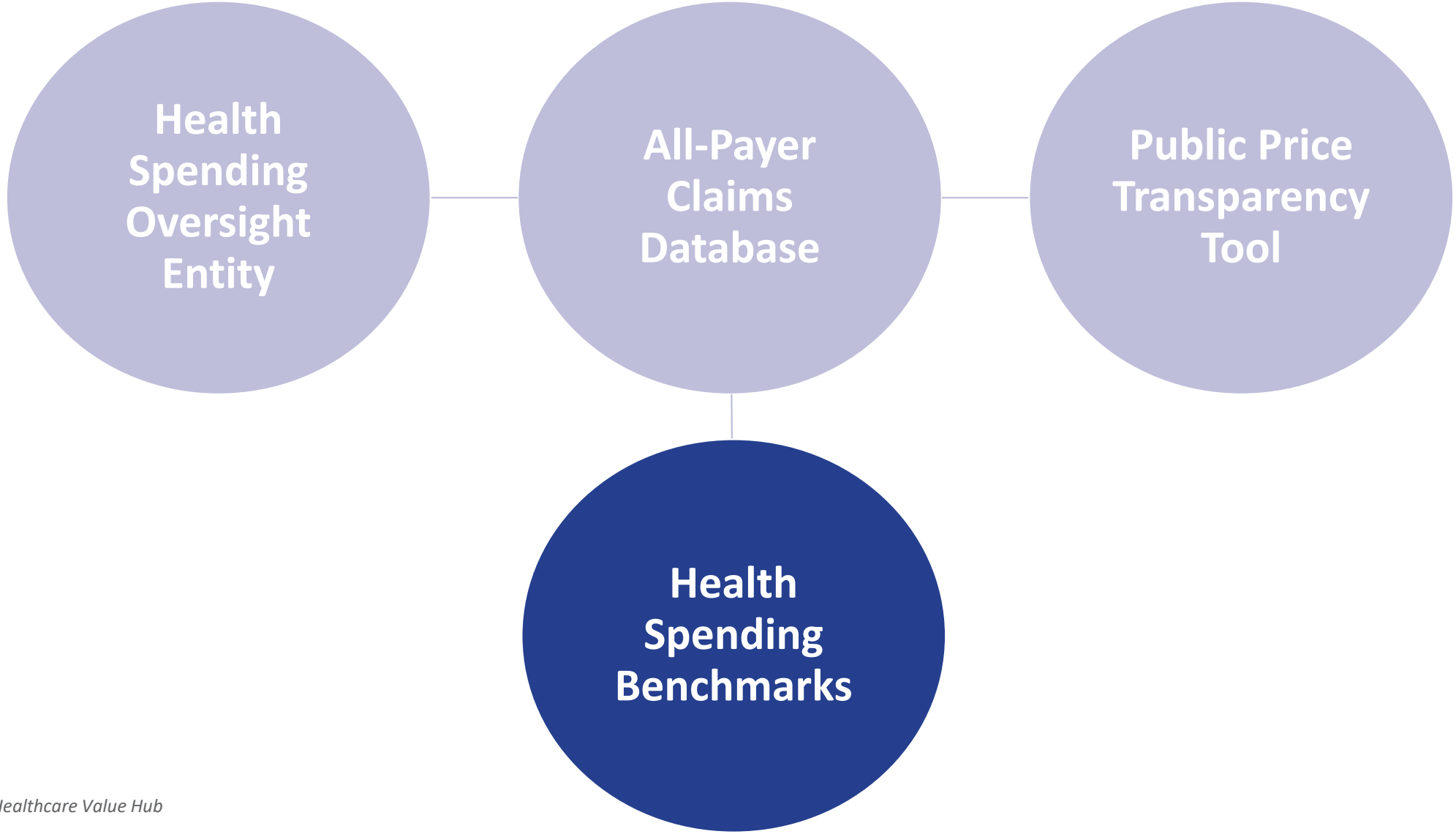


Health Spending Benchmarks

- In order to MONITOR spending, one must have some RIGHT or DESIRED level of spending to compare against. That's what a benchmark is – it doesn't have to be an absolute cap.

Spending Growth Reduction Benchmark	Quality Benchmark	Minimum Spending Benchmark for High-Value Services

- Can be for all spending or limited, like hospital spending or drug spending

Benchmark Examples

Spending Growth Reduction Benchmark	Quality Benchmark	Minimum Spending Benchmark for High-Value Services
Massachusetts: Goal to have total healthcare expenditures per capita increase by 3.1% each year	Delaware: Quality measures on emergency department use, opioid overdose deaths and risk factors, & cardiovascular health measures	CT: Increased primary care spending to 10% of total healthcare spending by 2025

Benchmarks Enforcement Mechanism

WITH Enforcement Mechanism

- Massachusetts: Performance Improvement Plan (first time use 2022)
- Oregon: Performance Improvement Plans with fines for late/incomplete data submission or PIP

WITHOUT Enforcement Mechanism

- Public price transparency to encourage benchmark adherence.
- New Jersey: Stakeholders have signed a compact to agree to try to meet the cost growth benchmarks.
- 'Name and shame' approach

Johanna Butler, "Massachusetts Health Policy Commission Takes Steps to Hold High-Cost Health System Accountable", National Academy for State Health Policy (February 2022), https://www.nashp.org/massachusetts-health-policy-commission-takes-steps-to-hold-high-cost-health-system-accountable/
New Jersey Health Care Affordability, Responsibility, and Transparency (HART) Program Blueprint (March 2022), http://www.cshp.rutgers.edu/Downloads/Benchmark_Blueprint_March_31_2022.pdf
Oregon Health Authority, "Sustainable Health Care Cost Growth Target" ((January 2021),

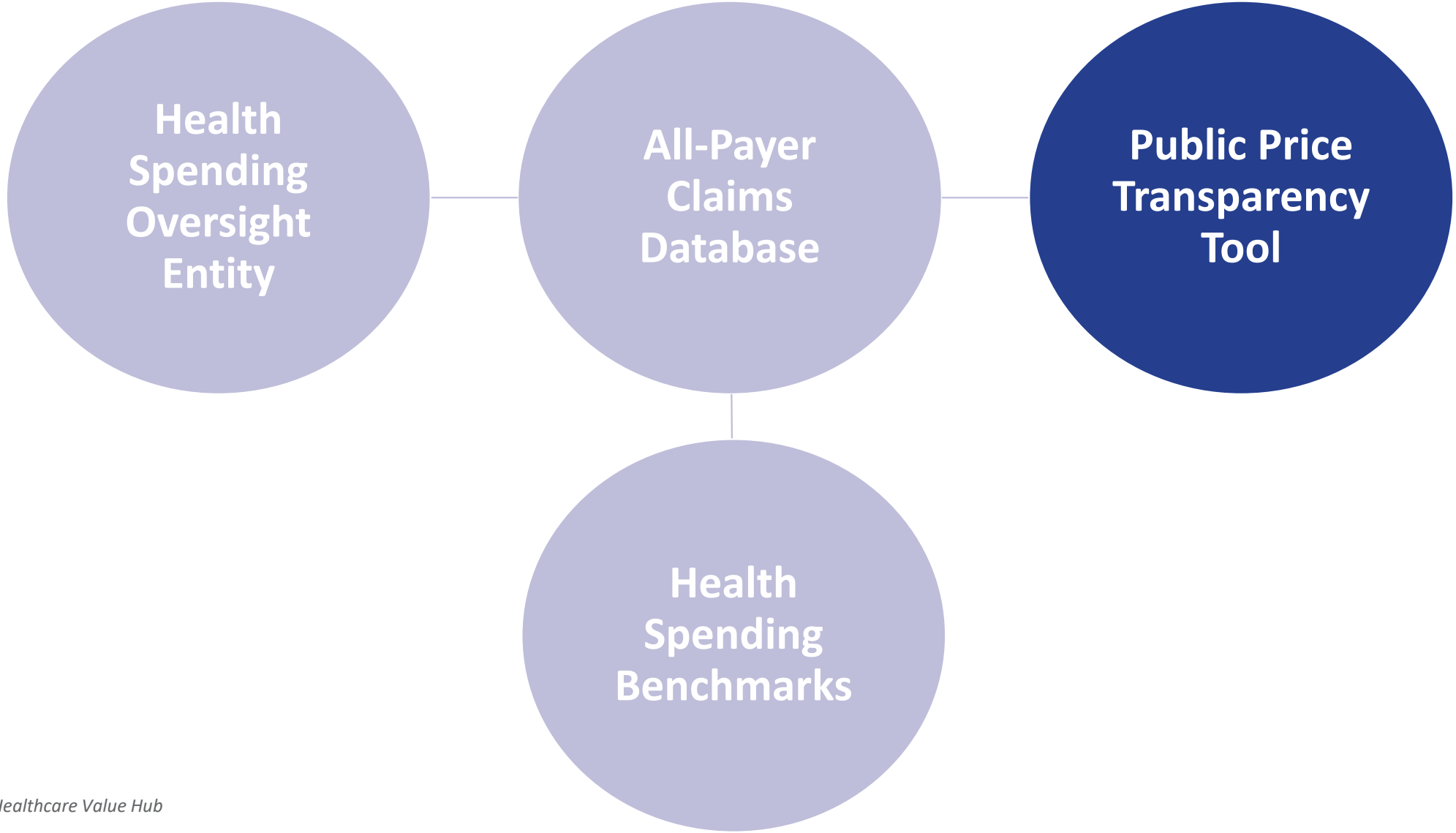
No Enforcement Mechanism: Washington Health Care Cost Transparency Board

How are the state, carriers, and providers held accountable?

This year, we can see what's happening in cost growth for the entire state and in the different health insurance markets. In 2023, the public can compare spending between different carriers and providers. Because of this, we'll be able to see who has effectively stayed below the benchmark and who has not. This kind of consumer understanding is a way for the state, carriers, and providers to do their best to lower costs.

Some states have put other measures into law, including a requirement for improvement plans or the ability to fine entities that exceed their benchmark. However, the main focus is transparency, along with understanding cost drivers and best practices more deeply.

Strategies to Curb Excess Prices in the System



Public Price Transparency Tool

Appendectomy - Outpatient

MERCY HOSPITAL, A CAMPUS OF PLANTATION GENERAL HOSPITA	$9,329 – $11,938
PALMETTO GENERAL HOSPITAL	$11,186 – $15,241
DOCTORS HOSPITAL	$12,269 – $19,917
HOMESTEAD HOSPITAL	$20,210 – $29,320

Limitations of ***Consumer*** Price Transparency

Price transparency tools targeted at consumers have generally NOT been successful at incentivizing consumers to shop for the best price.

- Tools often don't contain actionable information consumers need
- Many healthcare services are NOT shoppable (emergency situations, areas with limited selection of treatment/providers)
- Many patients defer to doctor recommendation/ referral

You can't "shop" for an appendectomy

Example of Price Transparency Success

"New Hampshire's decision to publish imaging prices led to an estimated $44 million in savings for patients and insurers over a five-year period, the Commonwealth Fund wrote. Researchers have yet to figure out if the same would prove true more broadly. New Hampshire has added price estimates for scores more medical services to its website."

Llopis-Jepsen, Celia, "While Kansas Keeps Hospital Data Under Lock And Key, Colorado Helps Employers Dig Into Cost Of Care", KCUR, (July 2, 2021) https://www.kcur.org/news/2021-07-02/while-kansas-keeps-hospital-data-under-lock-and-key-colorado-helps-employers-dig-into-cost-of-care

Potential Uses for Price Transparency for ***Policymakers, Insurers and Employers***

- Policymakers and Regulators: Price transparency allows policymakers and regulators to identify price variation, investigate key drivers of state healthcare spending, and prompt policy action.
- Providers: When payers compare providers who have unusually high prices compared to their peers, this can encourage those providers to reduce their prices. Public scrutiny can decrease hospital bargaining power and result in lower negotiated rates.
- Employers: From Colorado example, a group purchasing cooperative for small businesses used price transparency initiatives can be used to negotiate lower rates with a hospital.

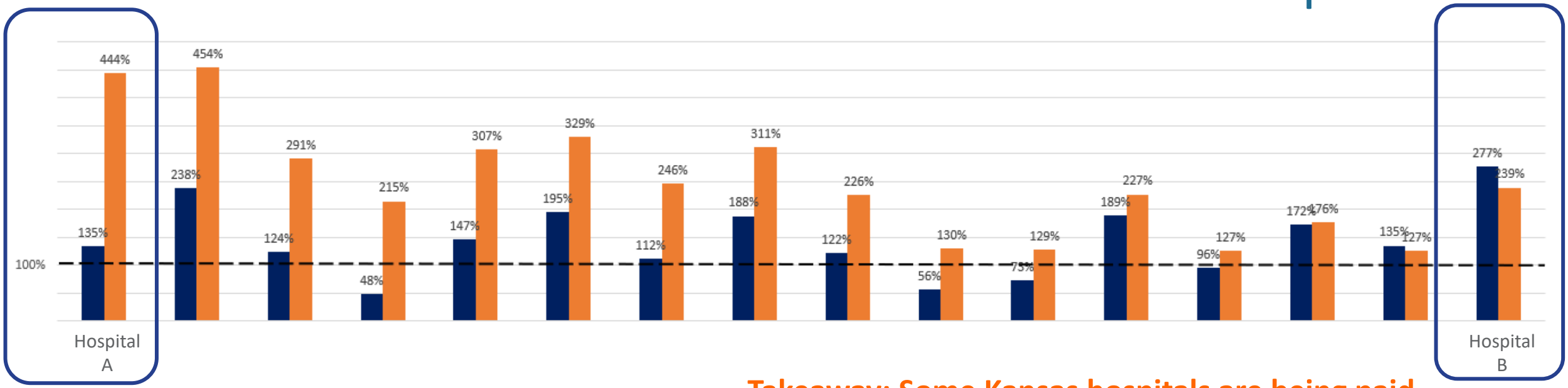
Altarum Healthcare Value Hub, "Revealing the Truth about Healthcare Price Transparency" (June 2018), https://www.healthcarevaluehub.org/application/files/3015/6322/4395/RB_27_-_Revealing_the_Truth_About_Healthcare_Price_Transparency.pdf

Considerations for Creating Public Price Transparency Tool

- Must be free and public-facing
- List payment rates for specific procedures and specific providers
- Show negotiated rates, not just chargemaster rates
- Provide resources and guidance on how to use for specific target audiences:
  - Policymakers/Regulators
  - Insurers
  - Employers
  - Consumers

Best Example: Colorado APCD doubles as price transparency tool with separate resources for consumers and other stakeholders

Commercial Breakeven vs. Prices Paid to Kansas Hospitals



Commercial Breakeven is payment level required from commercial payers to allow the hospital to cover maximum hospital expenses, with no profit.

Prices paid to hospitals by commercial payers for inpatient and outpatient services from RAND 3.0 study.

Takeaway: Some Kansas hospitals are being paid commercial rates that are HIGHER than what they may need in order to cover their expenses.

- Not suggesting all hospitals should charge at their breakeven. Rather, intended to serve as a starting point for investigating potential excess prices.
- 120 hospitals NOT included due to lack of price data.

National Academy for State Health Policy, "Hospital Cost Tool", Kansas 2019 data, https://d3g6lgu1zfs2l4.cloudfront.net/

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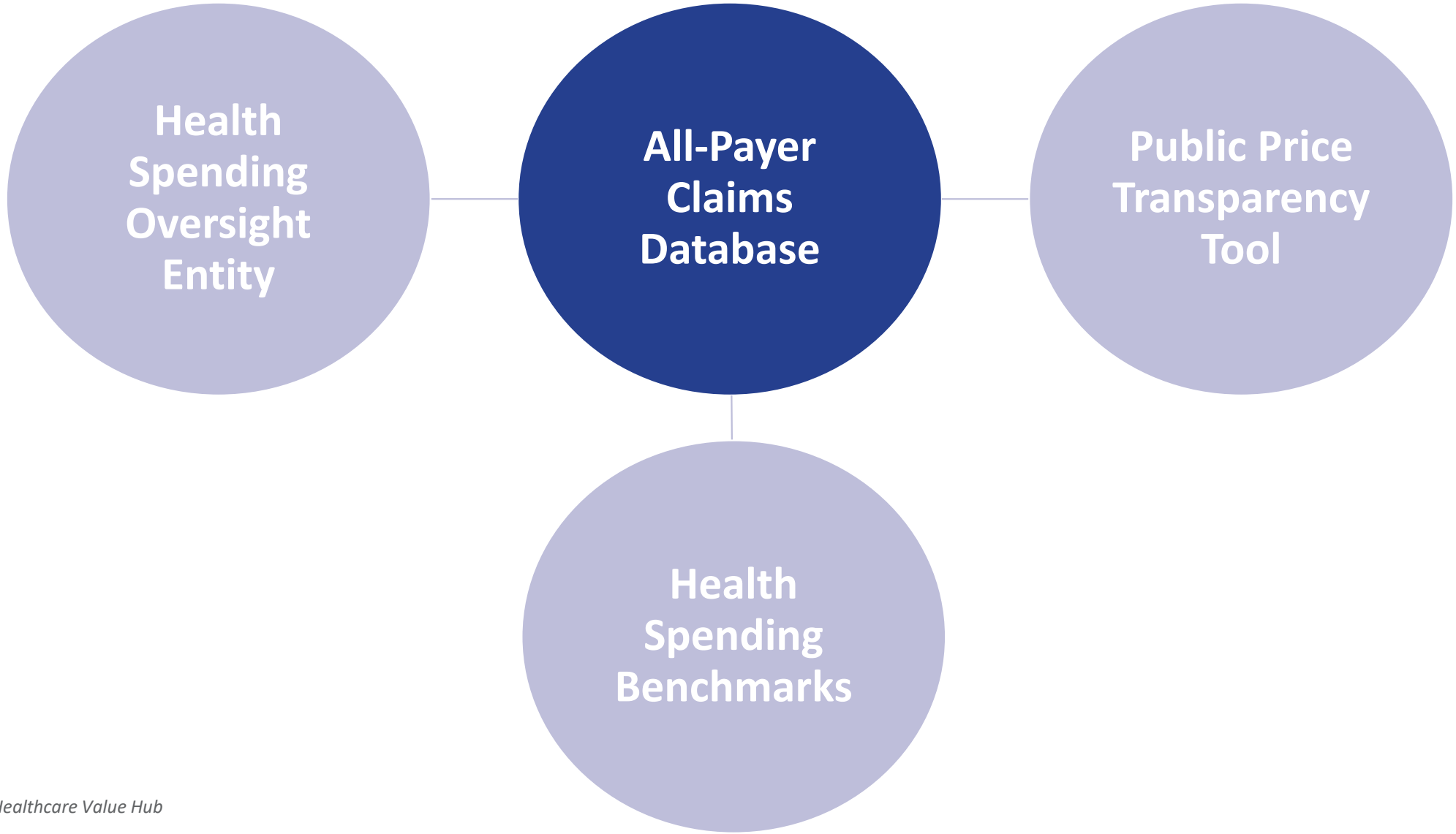

Question & Answer

Thank you!

Please direct follow up questions to Healthcare Value Hub Policy Analyst Alexandra Allen at alexandra.allen@altarum.org

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