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How much for that surgery? It depends

BY CHELYEN DAVIS / THE FREE LANCE-STAR

How easily can you find out how much a hospital will charge you for a procedure?

It depends on where in the United States you live.

A new report that grades states on how much transparency they require for health care costs gives 29 states an F. Two got an A.

Virginia was one of five states to get a B.

In Virginia, you can look up online the average cost insurance companies pay for about 30 different common, inpatient procedures. You can also look up what individual hospitals in Virginia list as their charges for specific procedures.

What you can't do is look up how much your insurance company pays for a specific procedure with a specific hospital or doctor. Patients often don't know how much a procedure will end up costing them until a bill arrives—because the hospital's listed price and an insurance company's negotiated payment can be quite different.

But Virginia could soon get closer to a more specific level of price transparency. A new law passed in 2012 asks health insurance companies to voluntarily report what they pay for various types of care, to build an "all-payer claims database." That database is still in the works.

People involved with two organizations that maintain health care data websites in Virginia say the state's B rating is pretty accurate, and that the state has long been making progress on health care transparency.

The issue of price transparency is getting an increasing amount of attention. Recently, Time magazine shone a spotlight on hospital costs, publishing a lengthy article outlining the high costs hospitals frequently charge to uninsured patients and the difficulties in getting hospitals to explain the reasoning for their charges.

The new report on states' transparency laws comes from a group called Catalyst for Payment Reform—a

coalition of big companies like GE and Walmart—and the Health Care Incentives Improvement Institute, a nonprofit.

The report measured states on:

whether they require any pricing information to be reported

how available that information is to consumers

the scope of pricing reported

the scope of services required to provide pricing information (such as whether laws cover all medical services or only inpatient services)

the scope of providers required to report such information

The report's authors said no state provides all the information that they want to see, but they graded on a curve to credit states with more transparency and reporting requirements.

The states that got an F have almost no health care transparency requirements at all, according to a Kaiser Health News blog post. Those states include Virginia's neighbors North Carolina and Maryland.

Virginia, by contrast, has a lot of reporting requirements. Under various state laws passed since 1993, Virginia has required an increasing amount of data reporting from hospitals, health insurance providers, outpatient centers and others.

The state also receives information from hospitals on their profits, their levels of charity care and other financial data.

No Virginia state agency itself keeps a public database where citizens can research all of this reported information.

Instead, the nonprofit Virginia Health Information, as well as the Virginia Hospitals and Healthcare Association, both distill the reported information into online databases on their websites.

VHI executive director Michael Lundberg said the VHI website has information not just about the cost of certain procedures, but also about HMOs, doctors, nursing facilities and more.

On VHI's website, you can check out the average price insurance plans pay for 31 different common procedures. That can help people who have high-deductible health plans, according to VHI's website.

Getting a colonoscopy? That costs insurance companies an average of \$886 per procedure in an ambulatory surgery center, or \$2,182 as a hospital outpatient.

How about an ER visit for a minor problem? On average, that'll cost \$437 for an insured patient. VHI's cost list doesn't include how much uninsured patients would pay.

For a different perspective, the VHHA has a PricePoint database, which provides charges at individual

hospitals. These charges are typically higher than what most people with private health insurance, Medicare or Medicaid actually pay.

Medicare and Medicaid set reimbursement rates they'll pay to health care providers, and insurance companies negotiate reductions from hospitals' chargemaster rates. The charges on PricePoint are the hospital's full charges, not the negotiated rates paid by insurance plans.

Through PricePoint, you can see that a knee replacement at Mary Washington Hospital had an average charge of \$53,014 in 2011. At Spotsylvania Regional Medical Center the average charge was \$40,296. The VHI site shows that the average actual cost paid for a knee replacement statewide in 2011 was \$26,763.

The difference in prices—from one hospital to the next, and between what the hospital charges and what actually gets paid—illustrates how hard it can be for patients to get clear pricing information on medical procedures.

VHHA started PricePoint several years ago, said VHHA senior vice-president Katharine Webb. The association modeled its program after a similar one in Wisconsin (which also got a B in the recent report).

Webb said the VHHA is a proponent of transparency in health care, although she said the association's member hospitals are often leery.

"We have a principle that we have tried to live with in this association that says that transparency, done correctly, can be a positive thing for everybody," Webb said. "It's been a struggle. I would say, by and large, our members get very nervous about this. I'm not trying to say that they don't. We've had to try to push a little bit. We are trying to do what we think is the right public policy."

Webb said that the new all-payer claims database—created by the 2012 law—will also add to transparency by providing data about insurance companies' payments.

"Once we get the all-payer claims database even started, you're going to begin to see more transparency that's going to allow for more questions to be asked," Webb said. "It isn't going to get us there yet, but it's a big step in moving us in the right direction."

Getting information on health insurance costs is trickier than requiring hospitals to provide their charges and costs, said Webb and Lundberg.

Insurance companies negotiate with hospitals and doctors on the rates they'll pay, and they don't necessarily want that publicized for their competitors to see.

"We can't do it specifically to individual plans. The law doesn't allow that," Lundberg said.

While all the reporting requirements and the databases are steps toward transparency, Lundberg said, people should still ask their providers about pricing.

"The really important thing for consumers is, if they're going to be paying a lot of money out of pocket, they should try to use this information and discuss what they'll actually pay with the provider before they have the procedure," he said.

Both Lundberg and Webb said Virginia's B grade in the report is fair.

"Given the other states and the grades they got, I'm happy with a B," Webb said. "There are not many states that even got B's."

MORE INFO

To learn more about healthcare prices, see these websites:

Virginia Health Information: vhi.org

VHHA's PricePoint: vapricepoint.org

The Catalyst for Payment Reform report: hci3.org/sites/default/files/files/Report_PriceTransLaws_09.pdf

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