What does the DATA tell us about WYOMING?
Wyoming Market Percentage

- Self Insured: 41.1%
- Large Group: 5.8%
- Small Group: 4.1%
- Individual: 4.8%
- Medicare: 13.6%
- Medicaid: 9.4%
- Dual Eligible: 2.6%
- CHIP: 0.6%
- TRICARE/VA: 4.2%
- Other: 1.5%
- Uninsured: 12.4%

Source: Memorandum to JAC and LHSS from DOH 10/1/2016 "State Options for Increasing Value in Health Care" F-2016-548 page 42
Wyoming Medical Center - Payer Mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Other</th>
<th>Medicaid</th>
<th>Medicare</th>
<th>Title V</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>50.6%</td>
<td>11.7%</td>
<td>37.8%</td>
<td>0%</td>
</tr>
<tr>
<td>2010</td>
<td>46.0%</td>
<td>12.4%</td>
<td>41.6%</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>45.5%</td>
<td>12.7%</td>
<td>41.8%</td>
<td>0%</td>
</tr>
<tr>
<td>2012</td>
<td>45.7%</td>
<td>12.8%</td>
<td>41.5%</td>
<td>0%</td>
</tr>
<tr>
<td>2013</td>
<td>45.4%</td>
<td>11.8%</td>
<td>42.9%</td>
<td>0%</td>
</tr>
<tr>
<td>2014</td>
<td>44.1%</td>
<td>11.1%</td>
<td>44.8%</td>
<td>0%</td>
</tr>
<tr>
<td>2015</td>
<td>44.4%</td>
<td>10.3%</td>
<td>45.3%</td>
<td>0%</td>
</tr>
<tr>
<td>2016</td>
<td>45.0%</td>
<td>11.9%</td>
<td>43.2%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>46.9%</td>
<td>10.9%</td>
<td>42.2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Medicare Cost Report Analysis
Cheyenne Regional Medical Center - Payer Mix

Source: Medicare Cost Report Analysis
The Problem: Employer premiums have risen, and so have employee contributions.

*Estimate is statistically different from estimates for the previous year shown (p<.05).

Inpatient Days/1,000 member months

Source: Wyoming MPCD as of 9/17/2019
Outpatient Visits/1,000 member months

Source: Wyoming MPCD as of 9/17/2019
Overall PMPM Costs – WY v. MT

Source: Wyoming MPCD as of 9/17/2019
PMPM Costs by Service Type

Source: Wyoming MPCD as of 9/17/2019
<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Wyoming PMPM</th>
<th>Montana PMPM</th>
<th>Wyoming Provider PMPM as a % of Total PMPM</th>
<th>Difference (Wyoming vs. Montana)</th>
<th>Wyoming % of Montana</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Others</td>
<td>$ 64.08</td>
<td>$ 62.13</td>
<td>11.44%</td>
<td>$ 1.95</td>
<td>3.14%</td>
</tr>
<tr>
<td>Behavioral Health</td>
<td>$ 13.28</td>
<td>$ 13.45</td>
<td>2.37%</td>
<td>$ (0.17)</td>
<td>-1.26%</td>
</tr>
<tr>
<td>Emergency</td>
<td>$ 38.13</td>
<td>$ 42.48</td>
<td>6.81%</td>
<td>$ (4.35)</td>
<td>-10.24%</td>
</tr>
<tr>
<td>Hospital Inpatient</td>
<td>$ 93.25</td>
<td>$ 62.01</td>
<td>16.64%</td>
<td>$ 31.24</td>
<td>50.38%</td>
</tr>
<tr>
<td>Hospital Outpatient</td>
<td>$ 93.17</td>
<td>$ 77.98</td>
<td>16.63%</td>
<td>$ 15.19</td>
<td>19.48%</td>
</tr>
<tr>
<td>Other Outpatient</td>
<td>$ 34.05</td>
<td>$ 22.93</td>
<td>6.08%</td>
<td>$ 11.12</td>
<td>48.50%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$ 72.08</td>
<td>$ 79.28</td>
<td>12.87%</td>
<td>$ (7.20)</td>
<td>-9.08%</td>
</tr>
<tr>
<td>Primary Care</td>
<td>$ 58.69</td>
<td>$ 18.24</td>
<td>10.48%</td>
<td>$ 40.45</td>
<td>221.77%</td>
</tr>
<tr>
<td>Specialist</td>
<td>$ 51.86</td>
<td>$ 27.46</td>
<td>9.26%</td>
<td>$ 24.40</td>
<td>88.86%</td>
</tr>
<tr>
<td>Surgery</td>
<td>$ 41.66</td>
<td>$ 22.58</td>
<td>7.44%</td>
<td>$ 19.08</td>
<td>84.50%</td>
</tr>
<tr>
<td><strong>PMPM Total</strong></td>
<td><strong>$ 560.25</strong></td>
<td><strong>$ 428.54</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$ 131.71</strong></td>
<td><strong>30.73%</strong></td>
</tr>
</tbody>
</table>

Note: PMPM data in this chart is from year end 2018 - the last full year of data
Commercial Relative Price TREND Varies at the State Level: Comparison of 5 States

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative
Single Health-System: Indiana vs. Michigan
TOTAL Relative Inpatient plus Outpatient Prices 2017

- Indiana 2015: 284%
- Michigan 2015: 155%
- Indiana 2016: 299%
- Michigan 2016: 145%
- Indiana 2017: 312%
- Michigan 2017: 146%

Source: Derived from Supplement, White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely—Findings from an Employer-Led Transparency Initiative
75TH PERCENTILE | 50TH PERCENTILE | 25TH PERCENTILE
--- | --- | ---
$63,964 | $52,257 | $37,365
$52,175 | $43,370 | $43,697
$44,697 | $37,797 | $37,083
$48,231 | $37,038 | $29,889
$42,420 | $37,737 | $28,078

Source: WyBCH Multi-Payer Claims Database and HCCI found at: mpcd.wyo.gov
HEART STRESS TEST WITH ULTRASOUND

Source: WyBCH Multi-Payer Claims Database and HCCI found at: mpcd.wyo.gov
BLOOD DRAW

Source: WyBCH Multi-Payer Claims Database and HCCI found at: mpcd.wyo.gov
Across 25 States: Average Relative Hospital Prices, 2017

Percent Employer Health Plans Pay Hospitals Relative to What Medicare Would Pay

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely—Findings from an Employer-Led Transparency Initiative
Wyoming: TOTAL Hospital Commercial Paid Relative to Medicare, 2017 - (inpatient plus outpatient)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Relative to Medicare %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVANSTON REGIONAL HOSPITAL</td>
<td>520%</td>
</tr>
<tr>
<td>WYOMING MEDICAL CENTER</td>
<td>362%</td>
</tr>
<tr>
<td>CHEYENNE REGIONAL MEDICAL CENTER</td>
<td>317%</td>
</tr>
<tr>
<td>SHERIDAN MEMORIAL HOSPITAL</td>
<td>311%</td>
</tr>
<tr>
<td>IVINSON MEMORIAL HOSPITAL</td>
<td>285%</td>
</tr>
<tr>
<td>ST JOHNS MEDICAL CENTER</td>
<td>242%</td>
</tr>
<tr>
<td>NATIONAL AVERAGE</td>
<td>241%</td>
</tr>
<tr>
<td>WEST PARK HOSPITAL DISTRICT</td>
<td>216%</td>
</tr>
<tr>
<td>MEMORIAL HOSPITAL SWEETWATER COUNTY</td>
<td>197%</td>
</tr>
</tbody>
</table>

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative
Wyoming: INPATIENT Hospital Commercial Paid Relative to Medicare, 2017

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wyoming Medical Center</td>
<td>347%</td>
</tr>
<tr>
<td>Evanston Regional Hospital</td>
<td>313%</td>
</tr>
<tr>
<td>Cheyenne Regional Medical Center</td>
<td>227%</td>
</tr>
<tr>
<td>National Average</td>
<td>204%</td>
</tr>
<tr>
<td>St Johns Medical Center</td>
<td>182%</td>
</tr>
<tr>
<td>West Park Hospital District</td>
<td>182%</td>
</tr>
<tr>
<td>Sheridan Memorial Hospital</td>
<td>175%</td>
</tr>
<tr>
<td>Ivins Memorial Hospital</td>
<td>174%</td>
</tr>
<tr>
<td>Memorial Hospital Sweetwater County</td>
<td>125%</td>
</tr>
</tbody>
</table>

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely- Findings from an Employer-Led Transparency Initiative
Wyoming: OUTPATIENT Hospital Commercial Paid Relative to Medicare, 2017

SAGEWEST HEALTH CARE: 830%
Evanston Regional: 589%
Cheyenne Regional: 480%
Campbell County: 446%
Mountain View: 424%
Ivinson Memorial: 396%
Wyoming Medical: 392%
Sheridan Memorial: 382%
Memorial Hospital: 380%
National Average: 293%
St Johns Medical: 284%
West Park Hospital: 240%
Community Hospital: 240%
Washakie Medical: 240%
Weston County Health: 128%

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely—Findings from an Employer-Led Transparency Initiative
Wyoming In and Out - Price and Quality

### CMS Hospital Compare Rating

<table>
<thead>
<tr>
<th>Overall Relative Price</th>
<th>High Cost – Low Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>150%</td>
</tr>
<tr>
<td>200%</td>
<td>250%</td>
</tr>
<tr>
<td>300%</td>
<td>350%</td>
</tr>
<tr>
<td>400%</td>
<td>450%</td>
</tr>
<tr>
<td>500%</td>
<td>550%</td>
</tr>
</tbody>
</table>

- **Cheyenne**: 317%
- **Rock Springs**: 197%
- **Sheridan**: 311%
- **WMC**: 362%
- **Evanston**: 520%
- **Laramie**: 285%
- **Cody**: 216%
- **Jackson**: 202%

- **Low Cost – High Quality**
Wyoming Inpatient - Price and Quality

Overall Relative Price

CMS Hospital Compare Rating

High Cost – Low Quality

Low Cost – High Quality

Cheyenne 227%
Rock Springs 125%
Sheridan 175%
Evanston 313%
WMC 347%
Laramie 182%
Cody 182%
Jackson 182%
Wyoming Outpatient - Price and Quality

- **High Cost – Low Quality**
  - Lander/Riverton (830%)
  - Cheyenne (480%)
  - Evanston (589%)
  - Gillette WMC (446%)
  - Sheridan Rock Springs (380%)

- **Low Cost – High Quality**
  - Jackson (284%)
  - Torrington (240%)
  - Worland (198%)
  - Laramie (396%)
  - Cody (240%)

- **CMS Hospital Compare Rating**
  - 1
  - 2
  - 3
  - 4
  - 5

- **Overall Relative Price**
  - 100%
  - 200%
  - 300%
  - 400%
  - 500%
  - 600%
  - 700%
  - 800%
  - 900%
Why Are So Many Hospitals Losing Money on Medicare?

“Strong market power leads hospitals to reap higher revenue from private payers. This in turn leads these hospitals to have weaker cost controls. The weaker cost controls lead to higher costs per unit of service. As a result, hospitals have a narrower margin on their Medicare Business.”

Jeffrey Stensland
Principal Policy Analyst - MedPAC
Medicare Cost Report

Wyoming Compared to All Other States
So, what do we know from Medicare Cost Reports?

- Wyoming hospital revenues are high.
- Wyoming hospital capital and medical services costs are high.
- High revenues and high costs mean Wyoming hospital margins are low (even negative).
So, what are the expenses driving hospital costs?

- Low volumes spread over high fixed costs?
- Labor costs?
- Capital expenditures?
Capital Costs / Equipment?
Largest Occupations in General Medical and Surgical Hospitals, May 2018

- Registered Nurses: 1,698,700
- Nursing Assistants: 372,320
- Clinical Laboratory Technologists and Technicians: 156,190
- Medical Secretaries: 152,300
- Radiologic Technologists: 121,310
- Medical and Health Services Managers: 121,120
- Physicians and Surgeons, All Other: 117,620
- Maids and Housekeeping Cleaners: 99,600
- Respiratory Therapists: 98,960
- Medical Assistants: 97,600

Source: Bureau of Labor Statistics
So how are you feeling right now?
The goal is VALUE

• We need to have conversations about what services we can afford to have outside our front door.
  • 75 years of the delivery system telling us what they will deliver and at what price has gotten us where we are.

We have to take Ownership
Takeaway #1: Price transparency is the new normal... Hospital Shopping *Should be* a Team Sport
Takeaway #2: Markets Need Information, Buyers Need Options

- “Chaos behind a veil of secrecy” (Uwe Reinhardt)
- “Where there’s mystery there’s margin”

- We need transparency in both cost and quality
- We need solutions that will create competition based on best quality at best cost
Takeaway #3: Commercial Payment Models Can Be Transparent and Straight Forward

How does Medicare pay? – relatively straightforward
base payment * facility-specific adjustments * casemix + outliers + bonuses: one number comparison of hospital prices!

Private Sector moving to Benchmarked Bundles
One fixed price for all services associated with an episode of care.

Advantages
Simplifies shopping
Incentives care coordination and avoidance of unnecessary services
Stabilizes price trend
Stabilizes employer budgets
Takeaway #4: There are Numerous Strategies Available to Drive Value

**Benefit Design Levers**
- Referenced Based Bundles
- Multiples of Medicare
- Narrow/Tiered Networks
- Centers of Excellence
- Direct employer to hospital contracting

**Policy Levers**
- Prohibit anti-gag clause between carriers and hospitals
- Prohibit anti-tiering contract provisions
- Prohibit anti-narrow networks
- Limit/cap on out-of-network charges
Reference Based Bundled Payments or Reference Based Episodes of Care
Discount of X percent

Fee-For-Service

Number of Surgeries

Less
Young, Healthy, Uncomplicated
Price Paid
More
Elderly Co-morbid, Complicated

Price Paid

Fee
Less
More

Price Paid

Discount of X percent
Discount of X percent

Bundled

Fee-For-Service

Number of Surgeries

Young, Healthy, Uncomplicated

Elderly Co-morbid, Complicated

Less

Price Paid

More

Price Paid

Less

More
Discount of X percent

Bundled

Fee-For-Service

Number of Surgeries

Price Paid

Elderly
Co-morbid,
Complicated

Young, Healthy,
Uncomplicated

Less

More

Fee - For Service
Bundled
Discount of X percent

Price Paid

Elderly
Co-morbid,
Complicated

Young, Healthy,
Uncomplicated

Less

More
Together we can get there.