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WHN / UPDATES

RAND report says Wisconsin 10th highest in nation for hospital costs

Hospital prices in Wisconsin ranked 10th highest in the nation, according to a report released Friday that aims to provide a more comprehensive look on what employers pay for healthcare.

But hospitals in the state cautioned against drawing broad conclusions about the report until it's analyzed further.

Wisconsin was the 10th highest among the 49 states **studied** by the RAND Corporation in terms of the prices employers pay hospitals. They pay prices that are 291 percent of what Medicare pays, compared to 247 percent nationally.

Christopher Whaley, the study's lead author and a policy researcher at RAND, said they did the study due to employers' concerns that high healthcare prices vary greatly, yet there isn't much information available about prices negotiated on their behalf.

"If healthcare dollars are coming out of workers' wages and workers' paycheck, then I think we just need to have good information about prices and be honest and transparent about how much we're spending," he said.

Whaley said the new report provides a "much more robust look into hospital prices" in Wisconsin than a previous report they did, since this time around they worked with the Alliance and the Business Health Care Group.

The report was funded by the Robert Wood Johnson Foundation and participating self-insured employers. RAND conducted it with the Employers' Forum of Indiana.

Wisconsin Hospital Association CEO Eric Borgerding urged “against drawing sweeping conclusions” until a more “robust review and analysis can be completed.”

He said that RAND’s previous conclusions in their last study that include Wisconsin were “questionable at best” given a small sample size.

“Our initial review of the new study shows that this is still the case – a sample of just 3 percent of commercial payments to Wisconsin hospitals,” he said. “The RAND bias toward using Medicare rates as a benchmark for comparisons to commercial rates is also faulty based on the way that Medicare sets its rates and that the rates are set at below what it cost to provide care.”

Borgerding pointed to a recent [report](#) that suggests that evaluating healthcare performance should also take into account quality and access. The report argues that Wisconsin is in the top tier of states for quality, that providers use fewer medical services than other states to achieve similar or better outcomes for patients and that commercial premiums are now close to or at the national average.

Whaley said Wisconsin employers participating in their study provided information on the entirety of their spending at Wisconsin hospitals. He compared the study to a survey or an election poll, saying that the sample gives a “good sense” of what the state looks like.

He said it’s a valid question on whether or not Medicare pays enough to cover the total cost of care. But he said using Medicare as a common denominator allows them to compare different states as the government program sets its prices transparently, taking into account geographic factors and age.