

## FIRST-IN-THE-NATION HEALTHCARE COST COMPARISON HIGHLIGHTS HOW OREGON COMPARES TO OTHER REGIONS

*Comparison of commercial healthcare costs is the first to compare local spending data tied to actual provider practices*

**January 24, 2017 Portland, OR** — A first-ever comparison of what commercial insurers are paying for healthcare in different regions shows wide variation in spending. The report from the Network for Regional Healthcare Improvement (NRHI), a national organization of local groups working to improve healthcare, analyzed spending by commercial health insurance plans in five regions nationwide (Oregon, Utah, Maryland, St. Louis, and Minnesota). Analysts found a whopping \$1,080 yearly difference in the amount plans spend, on average, per enrollee.

“Understanding regional variation in cost and utilization shows what savings are possible and is essential to better manage and control costs. This is an important priority for all kinds of healthcare stakeholders in Oregon – employers, families, health plans, health care providers and policymakers,” said Mylia Christensen, Oregon Health Care Quality Corporation’s (Q Corp) Executive Director. “We are pleased to contribute to this groundbreaking work, to get critical information to those working to make health care in Oregon more affordable and sustainable.”

This study aggregates data from seven Oregon health plans and includes one-third of commercially-insured Oregonians, the most of any study of its kind. When compared with data from other regions, Oregon’s use of health care resources is lower than average; however, Oregon’s prices (Price Index-see chart below) are the highest of the five regions - 17% above average - which results in an overall higher total cost of care. Q Corp’s cost information, combined with its health care quality reporting, confirms what has been shown elsewhere: health care cost and quality do not appear to be correlated.

For over a decade, Q Corp has used its multi-payer claims database to report quality and utilization metrics online through Compare Your Care ([www.q-corp.org/compare-your-care](http://www.q-corp.org/compare-your-care)) and in reports to health care providers and health plans. Q Corp’s data collaborative includes 100% of the State of Oregon Medicaid data, 80% of fully-insured commercial data, and 90% of Medicare data. For this project, the organization has partnered with local commercial health plans to share their cost data. Using the same data, Q Corp is also able to provide reports comparing quality, cost and utilization to almost 200 primary care practices throughout the state. Q Corp also invited over 20 stakeholders including health plans, providers, consumers, and researchers to create a multi stakeholder steering committee that guided Oregon’s work.

NRHI experts say the data show opportunities to curb costs in a single region are significant. If the two regions with the highest costs per participant, reduced spending by as little as 2.5 percent—or roughly just \$9 per enrollee, per month—employers and private purchasers in these regions would save more than \$200 million annually in healthcare spending. Consumers would also save on out-of-pocket costs that could be better used to strengthen their communities.

“Identifying regional differences in healthcare costs is important because high costs are depleting family budgets. Entire communities pay the price as money that could go to schools, housing and other needs is instead eaten up by healthcare costs,” said Elizabeth Mitchell, president and CEO of NRHI. “This information will enable physicians to identify cost drivers, address them, and get better outcomes. This enables a transformation in healthcare delivery, enabling better care decisions while potentially saving individuals, employers and other private payers hundreds of millions of dollars.”

The cost comparison was based on five regional health improvement collaboratives producing cost data using measures endorsed by the National Quality Forum. Data generated include information by region on the price of healthcare service (i.e., price), how much those services were used by beneficiaries (i.e., utilization or resource use), and a combination of price and utilization (i.e., total cost). Additionally, data on price, utilization and total cost were broken down by inpatient, outpatient, professional and pharmacy services.

### TOTAL COST INDEX AND RESOURCE USE INDEX: COMMERCIAL POPULATION 2014 COMBINED ATTRIBUTED AND UNATTRIBUTED

Measure	HEALTH INSIGHT <i>Utah</i>	MHCC <i>Maryland</i>	MHI <i>St. Louis, MO</i>	MNCM <i>Minnesota</i>	Q CORP <i>Oregon</i>
Average Risk Score	0.890	1.088	1.079	0.996	0.986
Risk Adjusted Total PMPM	\$348	\$279	\$290	\$369	\$354
<b>TCI</b>	<b>1.07</b>	<b>0.86</b>	<b>0.89</b>	<b>1.13</b>	<b>1.09</b>
<b>RUI</b>	<b>1.08</b>	<b>0.88</b>	<b>1.08</b>	<b>1.05</b>	<b>0.93</b>
Price Index	0.99	0.97	0.82	1.08	1.17

This work is based on the patented algorithm of HealthPartners, Inc. (Bloomington, MN) and is used with their permission.

TCI: Total Cost Index; RUI: Resource Use Index

“Cost transparency is a critical building block toward payment reform,” said Christensen. “It allows for a deeper understanding of where our health care dollars are going, an essential piece in developing and testing new payment mechanisms that bolster health care improvement while reducing costs.”

The data is detailed in the full report, [From Claims to Clarity: Deriving Actionable Healthcare Cost Benchmarks from Aggregated Commercial Claims Data](#), which was developed with support from the Robert Wood Johnson Foundation.

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**About Q Corp**

The Oregon Health Care Quality Corporation (Q Corp) is an independent, nonprofit organization dedicated to improving the quality and affordability of health care in Oregon by leading community collaborations and producing unbiased information. We work with the members of our community – including consumers, providers, employers, policymakers and health insurers – to improve the health of all Oregonians. For more information, visit [www.q-corp.org](http://www.q-corp.org). Follow us on Twitter at @OR\_QualityCare.

**About NRHI**

The Network for Regional Healthcare Improvement is a national organization representing over 35 regional multi-stakeholder groups working toward achieving the Triple Aim of better health, better care, and reduced cost through continuous improvement. NRHI and all of its members are non-profit organizations, separate from state government, working directly with physicians, employers, hospitals, health plans, and patients using data to improve healthcare. For more information about NRHI, visit [www.nrhi.org](http://www.nrhi.org). Follow NRHI on Twitter at @RegHealthImprov.

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