



DENNISTON DATA

The Healthcare Transparency Company

Official Healthcare Pricing Guide™ (HPG)

US Medical Benchmark
Prices from Transparency
in Coverage (TiC) Data

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Outline

- The Need
 - 2023 breakthrough opportunity to fix healthcare due to CAA
- The Solution
 - HPG first to launch, with needed features & benefits
- HPG Return on Investment Is 1,000 to 1
 - Spend \$1,000 on HPG and save \$1 million per year
- Methodology
 - Transparent data sourcing, selection, cleaning, & quality control
- Qualifications
 - DDI experience with big healthcare data

THE NEED

For Employers: Reduce HC Costs

- **Ongoing: Save Money, Reduce Health Benefit Costs**, including reducing excessive prices paid by health plan
- **Attract & Retain Employees** with better health benefits & lessening the need to raise premiums, deductibles & co-pays
- **U.S. Healthcare Costs Are Double** those in other developed countries, without achieving better outcomes

THE NEED

For Employers: CAA New Rules

- Transparency in Coverage (TiC) MRF requirements
- Unprecedented access to proprietary price information
- Can transform how payers negotiate, and result in elimination of unwarranted price variability
- Datasets are massive and messy, value is contingent upon making data interpretable and actionable
- No Surprises Act (NSA) new basis for OON negotiation
- Increasingly self-insured employers have fiduciary resp
- Also applies to how health plans or TPAs had been bargaining for their employer clients

THE SOLUTION

HPG

- *Official Healthcare Pricing Guide*[™] (HPG), available for public use: January 31, 2023
 - From all official US Government mandated data
 - Transparent process, no guesstimates or confidential sources
- US Medical Benchmark Prices from Transparency in Coverage (TiC) and Medicare Data
- Tools for Negotiating a "Fair Price"
- The first available user-friendly tool to take advantage of the recently released TiC MRFs

THE SOLUTION

HPG Features

- **Covers All Reimbursement Codes:** DRG (hospitals), HCPCS (doctors & other providers, including CPT & CDT), ICD codes, & RC (revenue codes) - NDC codes may be added
- **Based On Tens of Billions of US Negotiated Prices,** after thorough quality control checking, using over 50,000 health plan non-duplicate files
- **Easily Searchable,** using any combination of terms
- **Access What Used to be Highly Confidential,** secretive information, now at your fingertips

THE SOLUTION

HPG Features (cont'd)

- **The Target for Fair Price is Median Price**, or 50%
 - Quartiles (25% and 75%) indicate that half of all prices are within that range
 - 90% of prices are within the range from 5% to 95%; any price outside of that is an outlier
- **Also Shows Medicare Approved** Amounts, for comparison, from Provider Ranking System™ (PRS)
- **List Prices/Billed** Amounts also from PRS
- **Further Options Available** to retrieve individual negotiated prices by provider and/or by health plan

THE SOLUTION

HPG Features (cont'd)

- **Be in Compliance with CAA** (Consolidated Appropriations Act) & NSA (No Surprises Act).
- **CAA will make fiduciaries** of self-insured employers for healthcare services they purchase
- **Includes QPA** (qualifying payment amount), basis for determining OON cost sharing in NSA
- **Pricing** based on # of employees: Only \$0.50 per employee (min annual fee of \$1,000, max of \$50,000)
- **Highest Quality Providers** do not cost more - use sister product PRS to select high performing providers

HCPCS Code: **27447** ⁽¹⁾ Billing class: Professional



SEARCH

Description: Repair of knee joint [arthroplasty, total, TKA]

U.S. Medical Prices from Transparency in Coverage and Medicare Data ⁽²⁾

	5%	25%	50%	75%	95%
Group Health Negotiated Prices ⁽³⁾ (TIC)	\$1,256	\$1,575	\$1,956	\$2,603	\$4,240
Medicare Approved Amounts ⁽⁴⁾ (PRS)	\$1,214	\$1,308	\$1,366	\$1,439	\$1,572
List Prices/Billed Amounts ⁽⁵⁾ (PRS)	\$2,650	\$3,821	\$4,973	\$6,569	\$11,460

(1) HCPCS codes include CPT codes & CDT codes

(2) The median price is 50%. The quartiles (25% and 75%) indicate that half of all prices are within that range. 90% of prices are within the range from 5% to 95%.

(3) Extracted from 2022-3 Transparency in Coverage (TIC) Files, Negotiated Rates; Median (50%, highlighted in green) is equivalent to Qualifying Payment Amount (QPA) as specified in the No Surprises Act

(4) 2020 Medicare Physician Claims Approved Average from Provider Ranking System™ (PRS)

(5) 2020 Medicare Physician Claims Billed Average from Provider Ranking System™ (PRS)

HPG Return On Investment Is 1,000 to 1 (*1 of 4*)

- ROI of 1,000 to 1 in test case
 - Spend \$1,000 on HPG and save \$1 million per year in healthcare costs
- For typical self funded employer (actual example with rounded numbers):
 - Healthcare costs per employee \$10,000

HPG Return On Investment Is 1,000 to 1 (*cont'd, 2 of 4*)

- Target services where you are overpaying in contract negotiated rates relative to HPG TiC benchmark rates:
 - These services represented 20% of total costs
 - Overpaying by an average of 50%
 - After renegotiations, cut overpayments by half in first year, to an average of 25%
 - Negotiation may be by benefits consultant or TPA
 - Do not renegotiate services where currently paying at or below HPG benchmark

HPG Return On Investment Is 1,000 to 1 (*cont'd, 3 of 4*)

- Savings was \$500 per employee:
 - Cost savings is 25% of previous costs on services that represented 20% of costs
 - Equal to 5% savings, or \$500
 - Cost of HPG is \$0.50 per employee
 - ROI is 1,000 to 1 for typical self funded employer (actual example with rounded numbers):
 - With healthcare costs per employee going from \$10,000 to \$9,500

HPG Return On Investment Is 1,000 to 1 (*cont'd, 4 of 4*)

- For typical employer with 2,000 employees, HPG cost is \$1,000 and annual savings is \$1 million.
- For other employers currently overpaying on over 20% of services, savings may be much higher.
- For all employers, they would have fulfilled their fiduciary responsibility under CAA to ensure they are not paying excessive rates.

METHODOLOGY

Data Management

- PostgreSQL relational database management system, allows easy inquiry & reporting
- Tens of Billions of Negotiated Prices
- Over 50,000 MRFs
- Assure confidence level by limiting sample size to codes with over 100 price points per code

METHODOLOGY

Data Cleaning (examples)

- Need to Flag Outliers due to Lack of Required Modifier Codes in MRFs
- PA Surgical Assisting Fees, etc.
- DDI's PRS has complete NPI history of specialties, what services actually billed & approved
- Drop pricing methodology by % discount (not compatible with \$ pricing & could ruin data)

METHODOLOGY

File Selection

- **Need to Flag Duplicate Files** (using checksums) to eliminate over half of files
- **Only Using In-Network-Rates** (negotiated-price) TiC MRFs
- **Eliminating Allowed-Amounts Files**, data issues due to confidentiality of cases (under 20 cases not allowed), represent bulk of TiC MRFs
- **Not Using Hospital Price Transparency files** (inconsistent data & already covered by TiC MRFs)

METHODOLOGY

Counts by Code

33,259 separate entries (wait on NDC Codes for future publishing)

Group Health Negotiated Prices (from TiC)

HCPCS Professional	14,910
HCPCS Institutional	9,563
DRG Institutional	765
ICD Institutional	512
RC Institutional	91

Medicare Approved Amounts (from PRS)

HCPCS Professional	3,709
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List Prices/Billed Amounts (from PRS)

HCPCS Professional	3,709
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QUALIFICATIONS

DDI experience, big healthcare data

- **ODG** (fka *Official Disability Guidelines*), brings EBM to WC
 - Adopted by most US states for medical treatment & formulary
 - Used by most large employers for RTW
- **DPI** (aka *Physicians' GenRx*), largest drug database combining all products, prescribing & equivalencies
- **MDR**, Medical Device Register (aka *Official Directory of Hospital Suppliers*)
- **PRS**, Provider Ranking System™
 - The largest and most accurate data available on noninstitutional medical providers in the U.S.
 - Helps with HPG, full details cross referenced by NPI

QUALIFICATIONS

DDI experience – sister service PRS

- Full details on over 1 million providers/year for 9 years
- Every procedure performed, billed, and reimbursed
- Over 80 million procedures using HCPCS (CPT)
- Ranking by service, nationally & locally, id high performing doctors
- Repeat rate, mark-up rate, risk score, MIPS score, Composite Ranking Score (CRS), A through F
- CRS Ranking within medical specialty
- Currently CMS data, adding US all payer data