



CENTER FOR IMPROVING
VALUE IN HEALTH CARE

MEDICARE REFERENCE BASED PRICING

Employer Standard Report

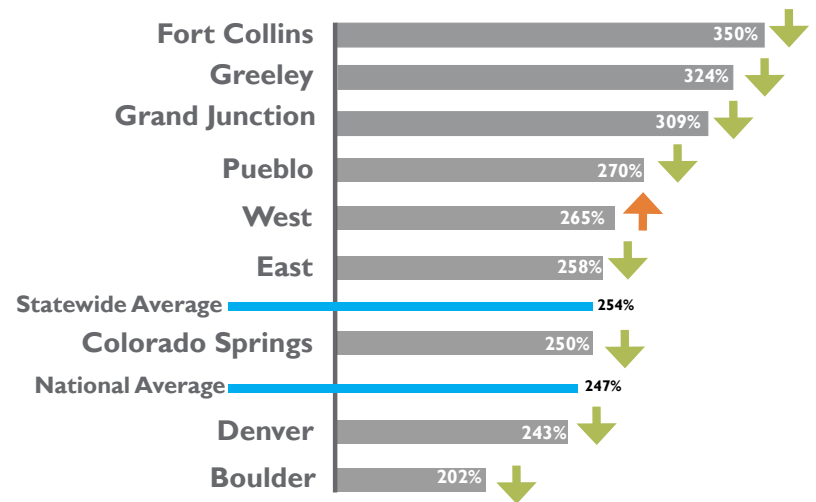
What is Medicare Reference Based Pricing?

Prices paid for medical services are commonly negotiated by offering a discount from what the provider charges. However, these charges can vary significantly because providers and hospitals do not use a consistent method for determining charges, making it difficult to know whether the rate is appropriate or not. Alternatively, Medicare uses a consistent formula for setting payments for hospitals and providers which takes into consideration a variety of factors including location, cost of living, patient mix, etc. Many employer purchasers have started using Medicare rates as a reference, or a starting point, for negotiating rates with hospitals and other facilities and have seen cost-savings as a result.

Did You Know?

- The majority of hospitals in Colorado are paid two to five times Medicare rates for inpatient and outpatient services combined.
- Hospitals in all regions across Colorado except for two (Denver and Boulder) get paid more than the national average compared to Medicare (for inpatient and outpatient payments combined).
- Check out the [interactive public report](#) for more information by hospital and region.

DOI Region %of Medicare



	Total Service Volume	Total Paid	Total Medicare Would Have Paid	Payments as % of Medicare	Inpatient Total Service Volume	Inpatient Payments Service
EMPLOYER	12,345	\$48,077,109	\$18,369,258	377%	3,499	\$1,013,479
Fully Insured	8,325	\$28,548,987	\$12,741,007	269%	1,258	\$375,045
Self - Insured	4,020	\$19,528,251	\$5,628,251	485%	2,241	\$638,434

What Can You Learn?

With this report, find out:

- How your payments for inpatient and outpatient services compare to Medicare payments.
- How your payments compare to statewide and other counties and regions across the state.

How Can You Use It?

- Use this report to identify cost savings opportunities.
- Consider negotiating lower rates with providers using Medicare payments as a reference.