

# Health Care Payments as a Percentage of Medicare Medicare Reference Based Pricing

Many cost reduction strategies have been implemented and tested to address rising health care costs both locally and nationally. One strategy in particular – negotiating commercial health insurance rates using Medicare payments as a reference – has proven effective in reducing health care spending, **especially for large employers**. CIVHC's Medicare Reference Based Price analysis shows commercial health insurance payments for facilities (including hospitals and free standing ambulatory surgical centers) for inpatient (IP) and outpatient (OP) services as a percent of what Medicare pays, along with geographic and trend information.

**i** Percent Medicare payments were calculated using Milliman's repricer tool for 2019-2022 claims in the Colorado All Payer Claims Database.

## In 2022

Hospitals and Ambulatory Surgery Centers were paid **2.7 times** Medicare prices for **Outpatient** services

Hospitals were paid **2.4 times** Medicare prices for **Inpatient/Outpatient** services

Hospitals were paid **2 times** Medicare prices for **Inpatient** services

### For Inpatient and Outpatient services combined,

the majority of hospitals received **2-3 times** Medicare payments, and many received **3-5 times** what Medicare would pay.

### 3-5+ times | Medicare prices

**26%**

21 hospitals received 3-5+ times Medicare prices

### 2-3 times | Medicare prices

**38%**

31 hospitals received less than 2 times Medicare prices

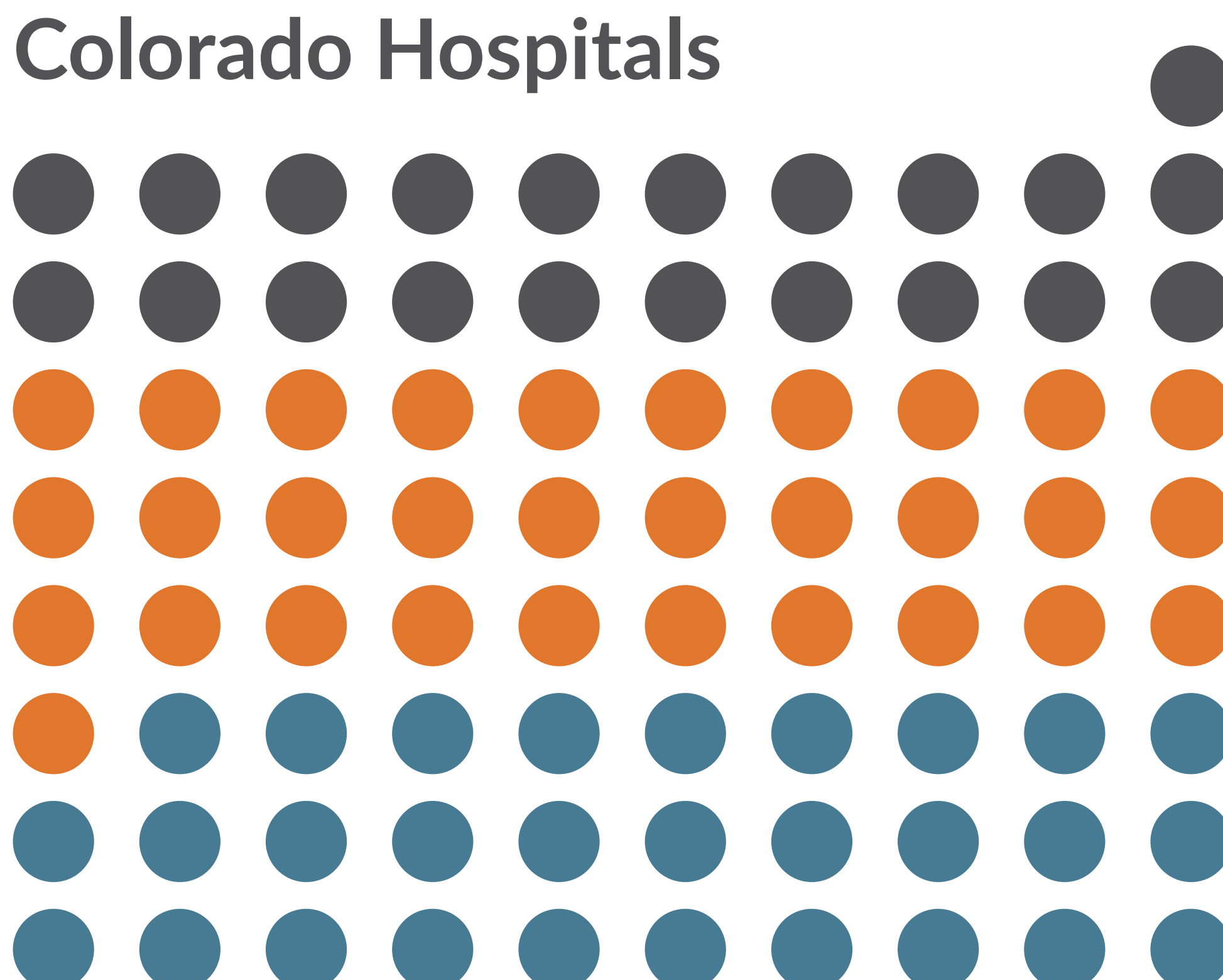
### <2 times | Medicare prices

**36%**

29 hospitals received less than 2 times Medicare prices

The majority of which (24) were Critical Access Hospitals

### Colorado Hospitals

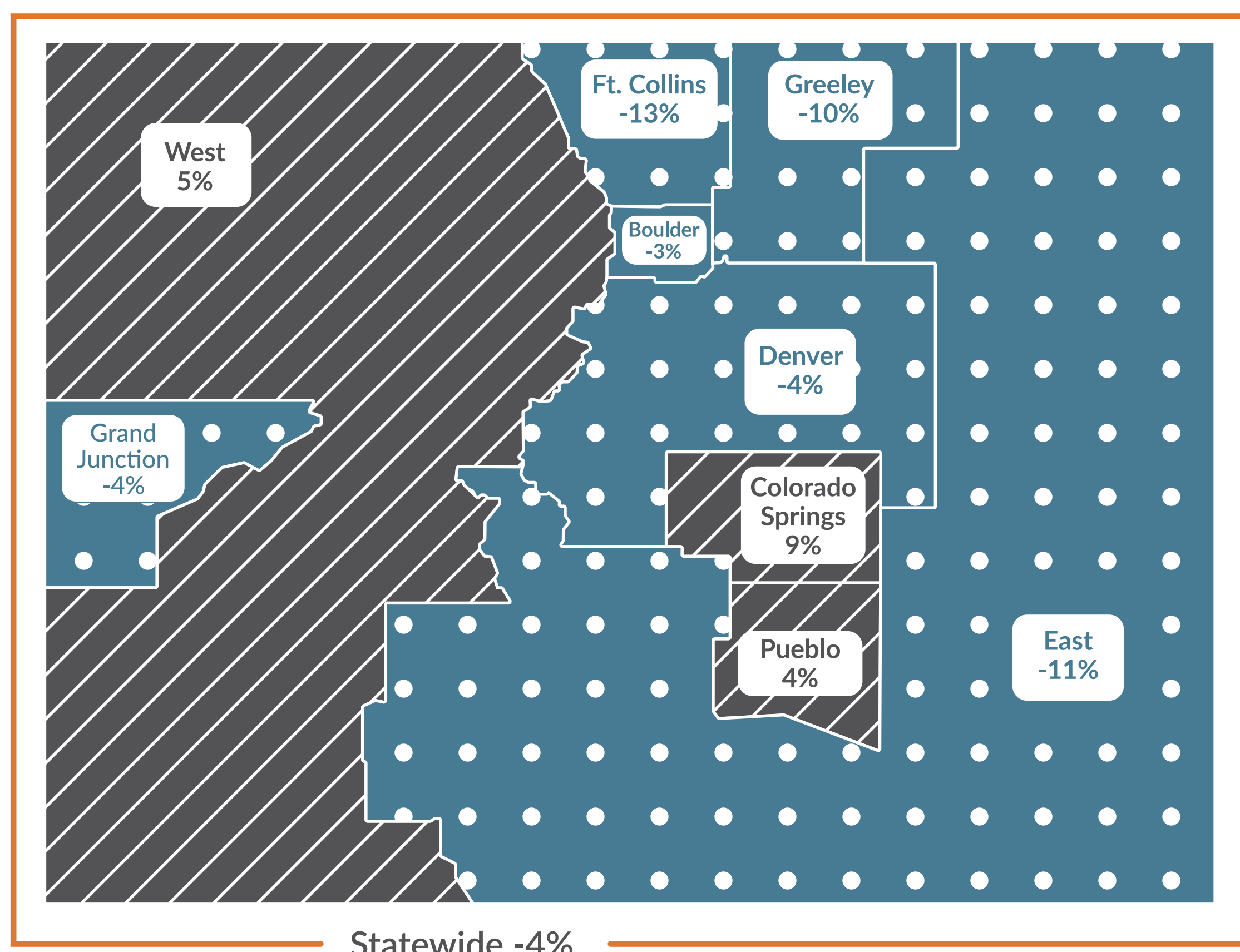


## 2019-2022 | Hospital Payments for Inpatient and Outpatient Services

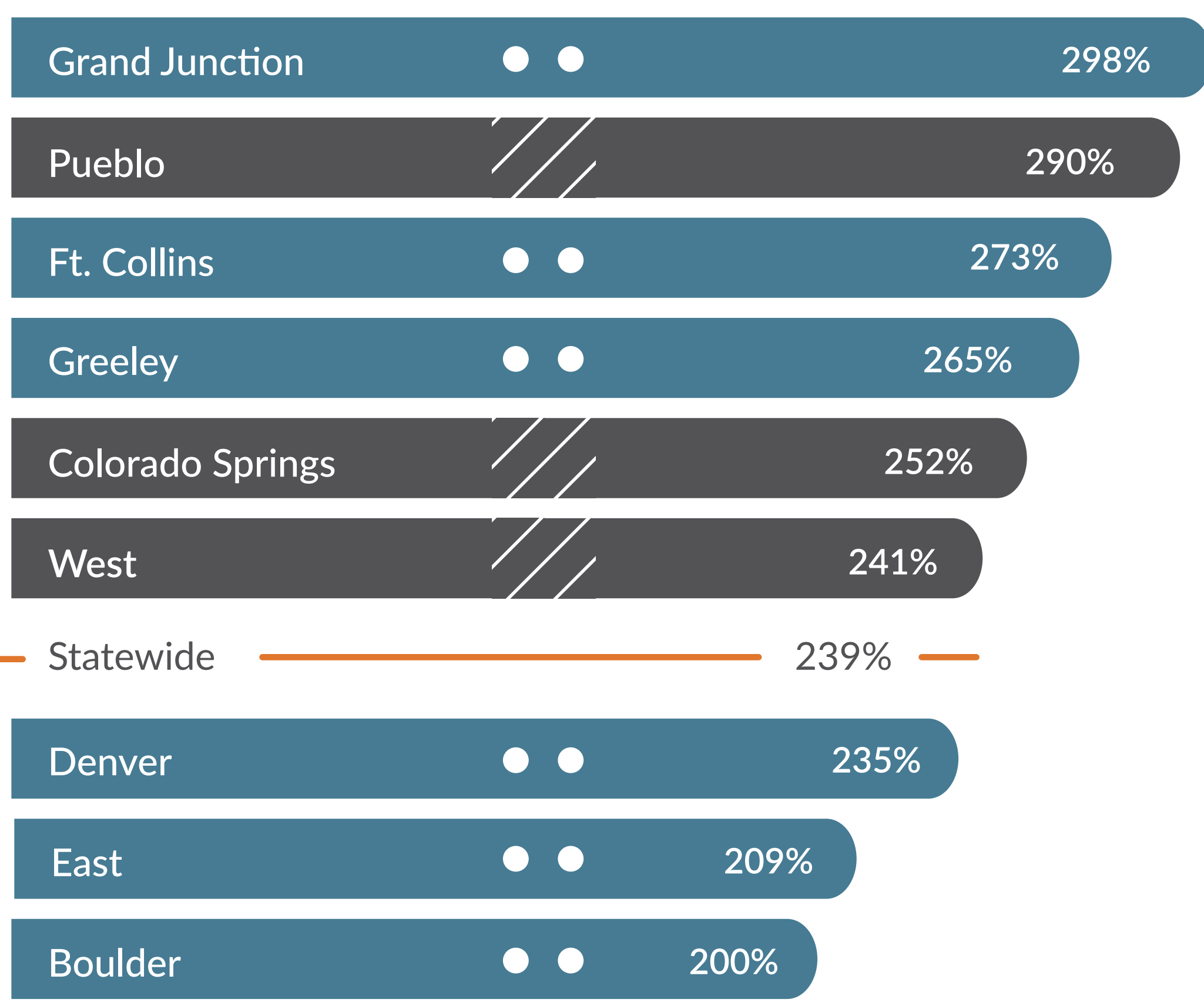
Decreased Across the Majority of Division of Insurance Regions

### DOI Region Map

● Decrease in % Medicare   ● Increase in % Medicare

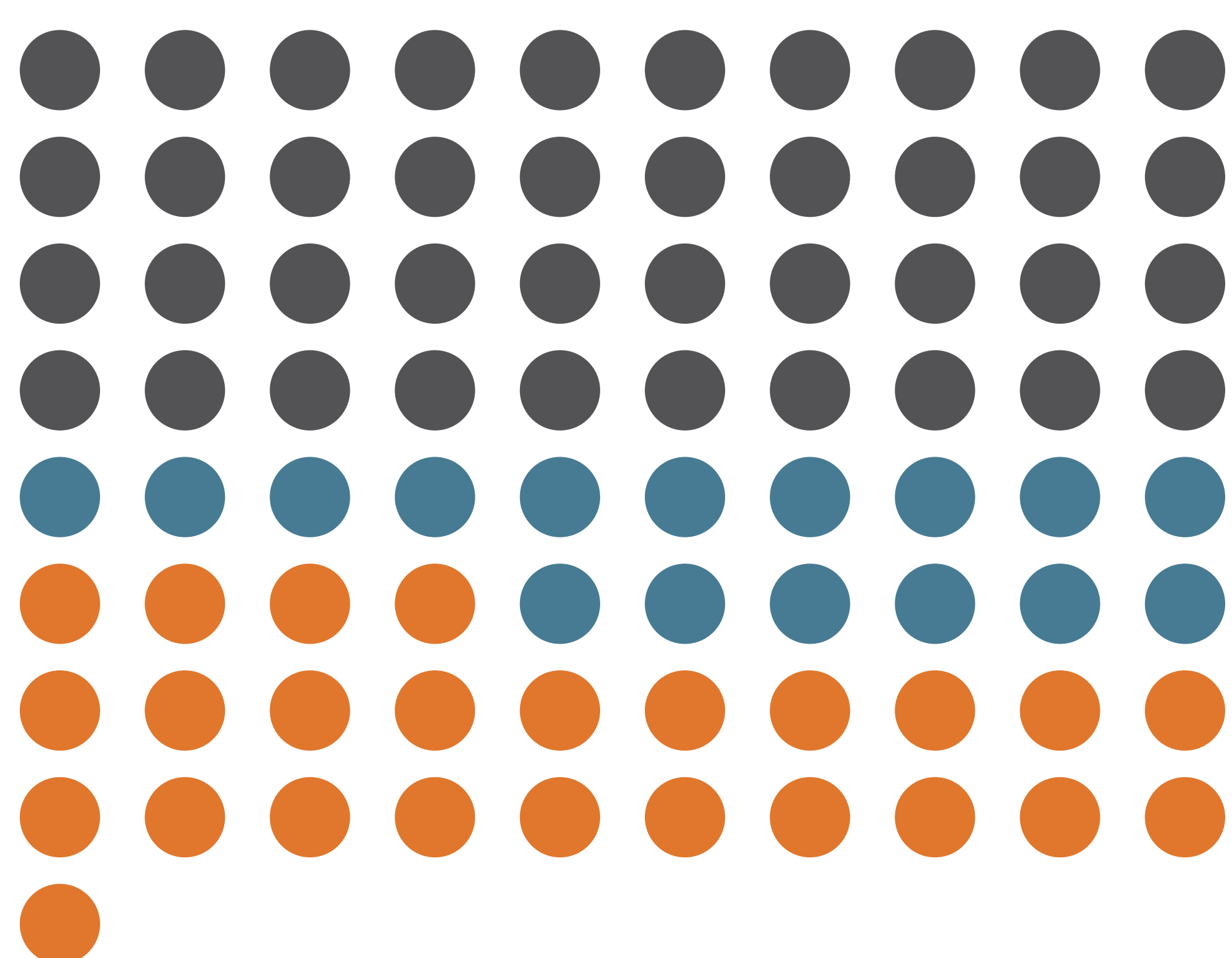


### 2022 DOI Region Payments as a Percent of Medicare | Hospitals only, IP/OP combined



## For outpatient services in 2022

### Hospitals



**Hospital Icon** Most Hospitals were paid more than 3-6 times Medicare prices

### 3-6 times | Medicare prices

40 Hospitals received 3-6 times Medicare prices

### 2-3 times | Medicare prices

15 Hospitals received 2-3 times Medicare prices

### <2 times | Medicare prices

25 Hospitals received <2 times Medicare prices



Most Ambulatory Surgical Centers received **less than 2 times** Medicare prices

### 3-6 times | Medicare prices

13 ASCs received 3-6 times Medicare prices

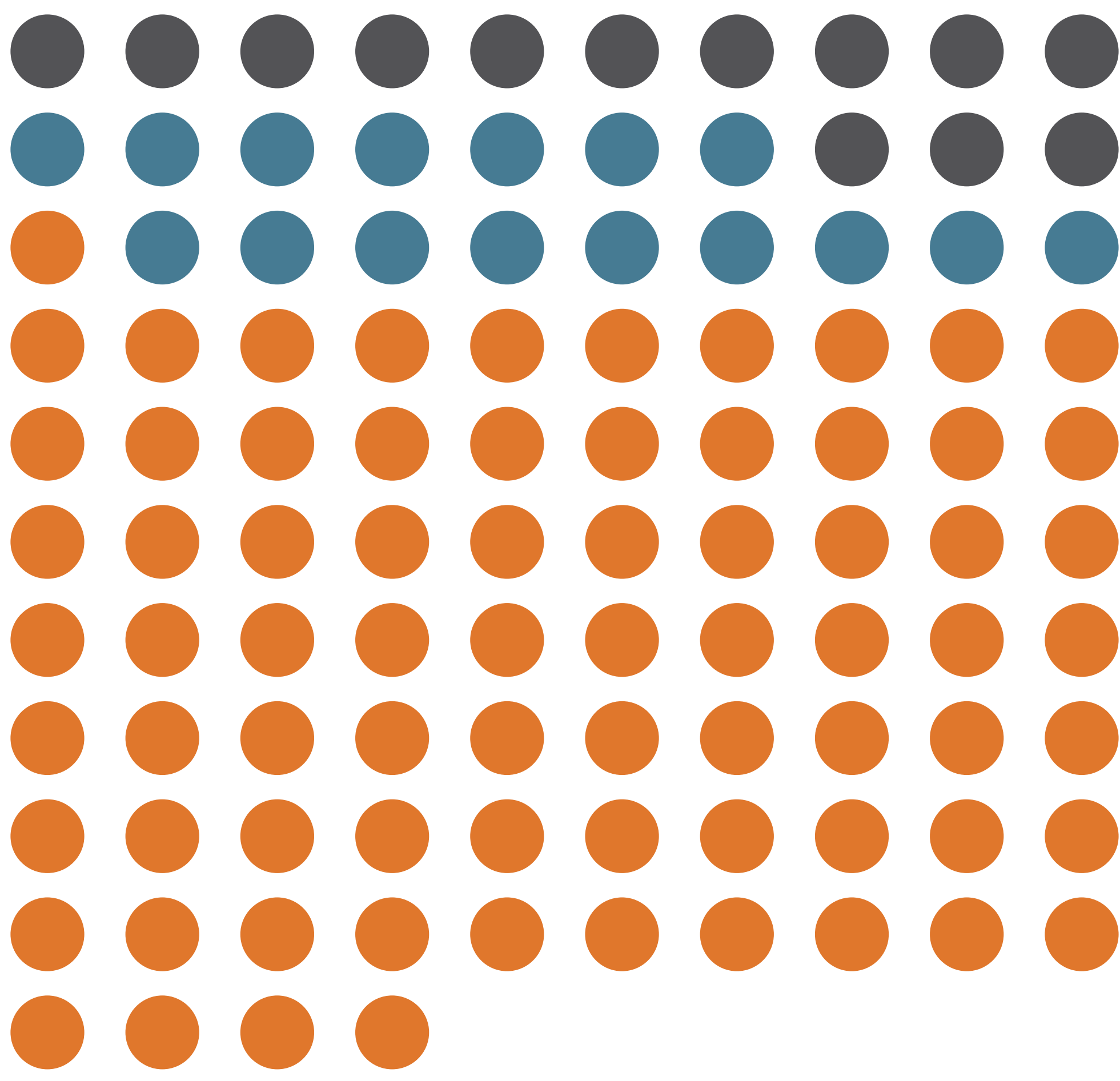
### 2-3 times | Medicare prices

16 ASCs received 2-3 times Medicare prices

### <2 times | Medicare prices

74 ASCs received <2 times Medicare prices

### Ambulatory Surgical Centers



## 2019-2022 | Across all service categories, payments as a percent of Medicare went down

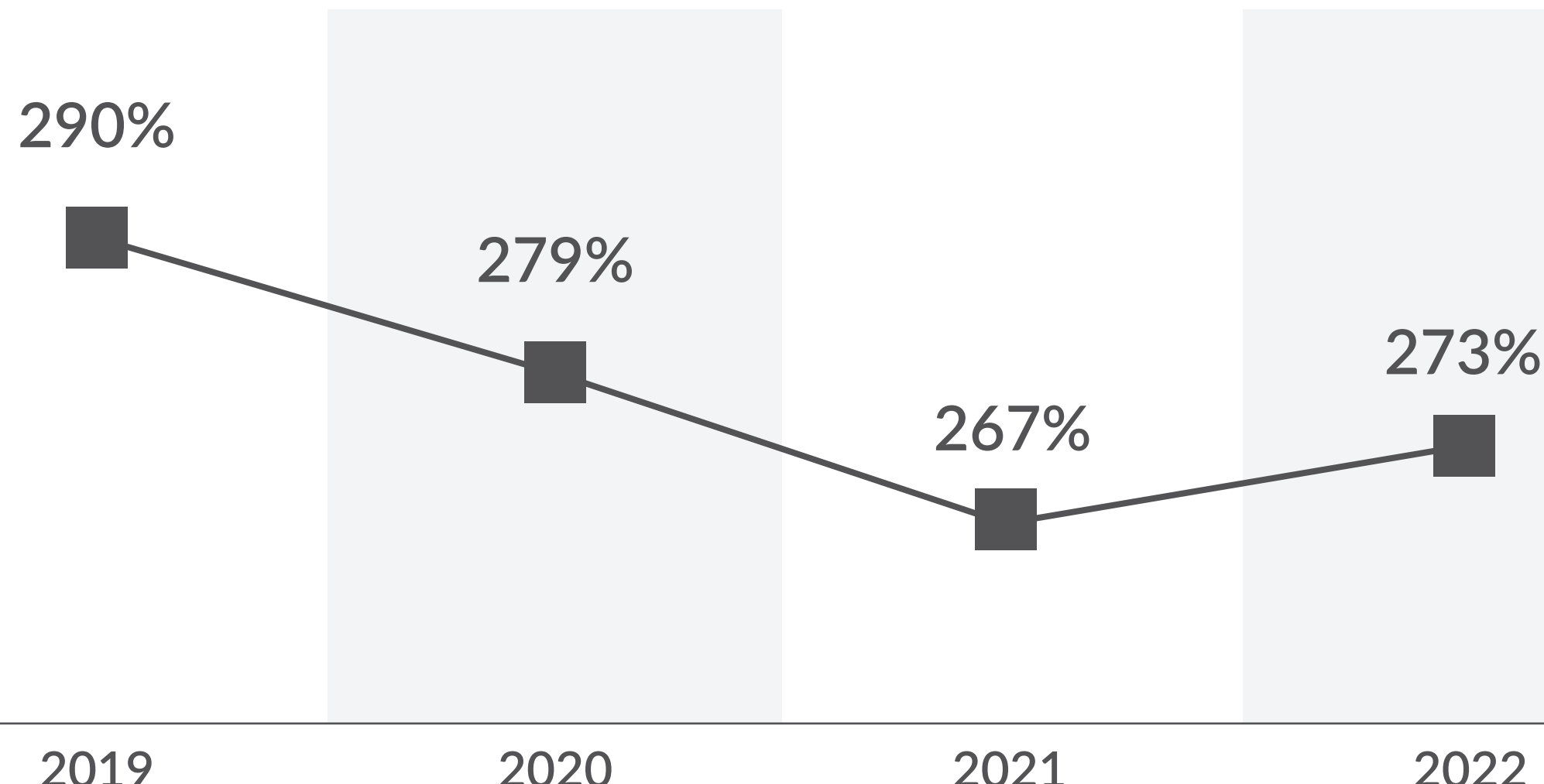
### Outpatient Only (Hospitals and ASCs)

**64%**

64% of ASCs had lower payments in 2022 compared to 2019

**68%**

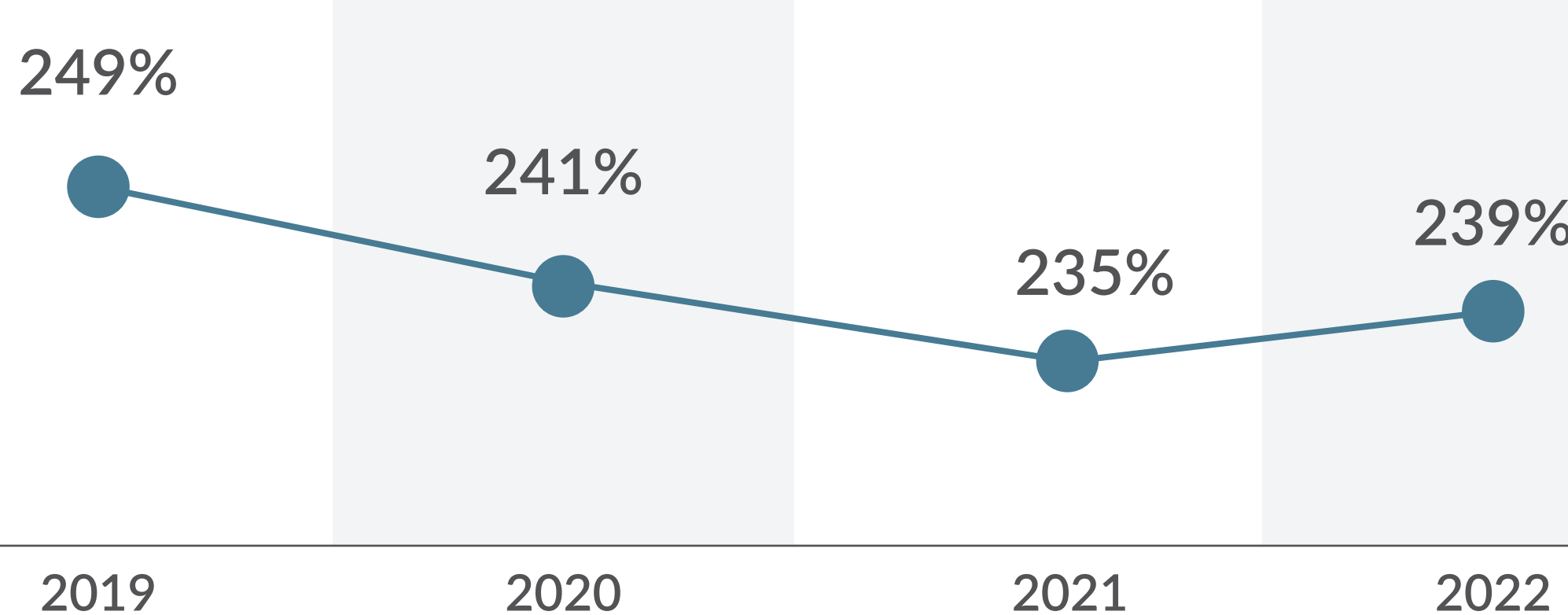
68% of Hospitals had lower payments in 2022 compared to 2019



### Inpatient/Outpatient Combined (Hospitals only)

**64%**

64% of Hospital commercial payments went down compared to Medicare



### Inpatient Only (Hospitals only)

**83%**

83% of Hospitals had Inpatient only payments that were lower in 2022 than in 2019

