

## **Frequently Asked Questions about Minnesota Hospital Price Check**

Q. Why did Minnesota Hospital Association (MHA) create this site?

A. State legislation, supported by the Minnesota Hospital Association and passed in 2005, required hospitals' price information be made public via a consumer-friendly Web site. Sen. Linda Berglin, (DFL-Minneapolis), and Rep. Fran Bradley, (R-Rochester), authored the bill. The Web site, [www.mnhospitalpricecheck.org](http://www.mnhospitalpricecheck.org), includes price information on the 50 most common inpatient hospitalizations and the 25 most common same-day procedures.

Q. Why does Minnesota Hospital Price Check use hospital prices instead of consumer out-of-pocket costs?

A. The legislation stated that prices be published. Also, such data is most readily accessible, compared with other types of price and cost data.

Q. Do the dollar figures shown for a specific procedure, for example a knee replacement, represent the amount a patient would actually pay?

A. No. The figure listed is the hospitals' price, which is equal for all patients regardless of insurance type or status. For patients with private health insurance, a discount, which was negotiated between the insurance company and each hospital, may then be applied to the price. And each insurance plan is unique with co-pays and deductibles.

Government payors (like Medicaid) set their reimbursement rates (how much they reimburse hospitals for providing patients specific services) independent of the hospital's prices.

The price includes all the hospital staff and facility expenses. It does not include the physician charges.

Q. Why doesn't the site have more useful information for consumers, like out-of-pocket costs?

A. The Web site content includes the most readily available price information. This data is a good starting point in this first step toward price transparency. Others health-care organizations are, too, in agreement that this is a good first step. Everyone also believes in the ultimate goal — offering information about what individual consumers would pay out-of-pocket for hospital-based services. As an industry, we are moving in that direction.

Q. What are you doing to achieve that goal?

A. The issue of price transparency is a topic of much interest in the health-care community. President Bush's 2006 visit to Minnesota and his announcement about national price transparency efforts highlights this focus.

In January 2007, legislation became effective requiring health plans and providers to give patients a good-faith estimate for a procedure or visit. Consumer focus groups, moderated by the Minnesota Hospital Association, will provide direction and insight into consumer desires for more information. Overall, health-care industry discussions are under way, knowing that myriad variables and numerous parties will make this a thoughtful and exhaustive process.

Q. What can a consumer do to find out how much it will cost them for a hospital stay or procedure?

A. The best way for a consumer to know their cost is to contact their insurance company directly. For patients without health insurance, contact the hospital and ask about that hospital's standard pricing for the uninsured.

Q. Where did this data come from?

A. Hospitals disclose their price information to MHA. Aggregate data is compiled from that source.

Q. Is this data public?

A. Yes.

Q. Why are there variations in the price? How can one hospital charge so much more or less than its peers for the same procedure?

A. There are several factors that contribute to variations in price.

- Severity of illness. Sicker patients require longer stays and more resources.
- Medical education. If the facility is a teaching institution where health-care students are trained, greater expense is incurred.
- Cost-of-living and salaries, which comprise a large portion of the overall cost of providing care.
- Facility infrastructure. The ability to care for more critically ill patients requires more technology and specialized staff.

Q. If a hospital has lower charges than its peer group average, does that mean it has inferior quality?

A. Absolutely not. To check out quality indicators on all Minnesota hospitals, visit [www.mnhospitalquality.org](http://www.mnhospitalquality.org).

Q. If hospitals rarely receive payment at this price level, why are the prices so high?

A. The biggest reason hospital prices are so high is because hospitals need greater revenues from some insurance companies to make up for government underpayment. Currently, many Minnesota hospitals are paid by government payors (like Medicaid) 18 percent below what it costs hospitals to provide the care. If government payors paid their fair share of hospitals costs and everyone had universal coverage, Minnesota hospital prices could be reduced dramatically.