Counting the costs of care

Patient variables, markets play key roles in health care prices

By Alex Wittwer
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LA GRANDE — The long-awaited hospital price transparency laws have taken effect on the national level, following a landmark bill by the Trump administration requiring hospitals to post their negotiated rates that insurers pay for typical procedures.

For Oregon, it's too little too late. In 2015, the Oregon Senate passed a law requiring hospitals to post the prices they paid for procedures to the All Payers, All Claims Reporting Program. Analysts at the Oregon Health Authority used the data to make reports about the prices of common procedures.

The prices were all over the map.

Arthrocentesis — removal of fluid from a socket or joint — can range from $370 to $4,921 at Good Shepherd Medical Center in Hermiston and costs between $947 to $1,091 at Grande Ronde Hospital, La Grande.

Tonsil removal, another common procedure, costs between $8,018 and $10,281 at Grande Ronde, while an hour drive northwest to CHI St. Anthony Hospital in Pendleton the procedure runs from $6,740 to $7,295.

Hospitals argue that each patient is different, and the care they receive is indicative of the unique challenges diagnosing and treating patients.

Ben Lonergan/East Oregonian, File

An MRI for the head and spine costs $217 at Good Shepherd Medical Center, Hermiston, according to the All Payers, All Claims data.

"You might go in thinking that it's a $20,000 inpatient surgical procedure and then you might get a bill for $40,000 because you have implantables, pharmacy, ultrasounds and the like," said David Bittner, vice president and chief revenue officer at Trinity Health, which owns the St. Alphonsus chain of hospitals in Eastern Oregon and Idaho.

But even procedures that offer little variation in execution can have dramatic variations in price.

An MRI for the head and spine costs $217 at Good Shepherd in Hermiston, according to the All Payers, All Claims data. That same procedure would cost $2,306 at Grande Ronde Hospital.

"There appears to be no rhyme or reason behind how hospitals price their procedures," said Jeremy Vandehey, director of Health Policy and Analytics at OHA. "A normal birth with no complications can vary a lot; so one hospital may charge $5,000 while another charges $15,000."

That remains true for several other procedures as well, and it's especially true in Eastern Oregon, where Type A hospitals — hospitals that are more than 30 miles away from each other — are typically the only source of health care for rural residents.

"When you have several payers competing for one hospital, they become price takers," Vandehey said.

Market power

The intended effect of price transparency was to introduce healthy competition to a marketplace that had long been shrouded in secrecy. But Rajiv Sharma, a health economics professor at Portland State University, said market power plays a big role in pricing.

"If insurance companies are faced with one or two big hospital chains, then they don't have very much negotiating power," she said. "That's true in rural areas where there is only one hospital."

And without that market power, hospitals have no incentive or need to lower their costs. But if price transparency doesn't have the ability to lower prices, then what entity or law could?

"The way that health insurance has been lowered has been through negotiation with powerful entities, such as Medicare or Medicaid," Sharma said.

For the average consumer, Sharma admitted, the ability to influence prices of health care is low, and the patients mostly rely on their physician to make choices for them regarding their health care.

"(Health care prices are) very inelastic because your life and your health is at stake," Sharma said, "and because consumers rely on professionals rather than their own judgement to make choices."

Succinctly, a patient who needs an appendectomy isn't likely to spend their precious time deliberating over prices when their life is in danger — they'll go to the nearest hospital and face the consequences of payment later.

But for other procedures, such as diagnostic testing, the outcome isn't as clear; even less clear is the notion that consumers would use price transparency to their advantage.

"There is a lot of chatter about, 'Oh, if I knew about the price I would actually price-shop,'" said Atul Gupta, an assistant professor of health care management at University of Pennsylvania during a university podcast on health care transparency. "The evidence suggests that a very small fraction of people who have that tool available to them actually use it."

"Price transparency is a great concept in principle," Sharma said, "but is incredibly hard to implement in practice."

Following the laws

Most hospitals in Eastern Oregon follow the laws regarding price transparency — all hospitals in the region have price comparison tools readily available to patients on their web portals allowing them to compare prices between typical procedures. Compliance with the full extent of the law, however, is less than ideal.

Baker City Herald, File

Hospitals in the Trinity Health system, such as Saint Alphonsus Medical Center, Baker City, are working toward increasing price transparency across the board.

Out of the seven hospitals that serve most of Eastern Oregon, only four follow the second requirement of the transparency laws, and completely forgo a machine-readable file.

And the consequences for ignoring the law are minor; the Centers for Medicare and Medicaid Services, which oversees the price transparency laws, is allowed to fine hospitals up to $300 per day for noncompliance. For a full year, this works out to just more than $100,000. CHI St. Anthony Hospital in Pendleton, in comparison, on its 2020 tax form reported revenue exceeding $18.7 million.

CMS officials are proposing to stiffen those fines to a minimum civil monetary penalty of $300 per day that would apply to smaller hospitals with a bed count of 30 or fewer, according to the center, and apply a penalty of $10 per bed per day for hospitals with a bed count greater than 30, not to exceed $5,500 per day.

That would raise the maximum penalty for noncompliance to just above $2 million. But even with a heavy fine, some hospitals are unsure about what that machine-readable file would entail, and whether or not that information would be of particular usefulness to analysts and app developers.

"The challenge with the machine-readable files is that the definitions of those are different depending on the hospital," Bittner of Trinity Health said. "Without common definitions, then the comparability of that information is significantly lacking."

Information overload

Further, Sharma contended that for the average health care consumer, price transparency is rendered nearly ineffective due to the volume of information required to make informed choices regarding care.

"The informational requirements on patients is enormous," Sharma said. "Even if you had perfect price transparency, and even if that transparent price was incredibly well customized, there is still so much uncertainty regarding exactly what would be required, that it would be difficult to sort through these possibly hundreds of price combinations for the five or six hospitals that are reasonably available."

Bittner said hospitals in the Trinity Health system, such as St. Alphonsus Medical Center in Baker City, are working toward increasing price transparency across the board to help its members become better informed about the prices they pay for services.

Whether or not price transparency will help lower costs, however, remains the question.

SCHOOLS

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The Oregon Health Authority (OHA) and Oregon Department of Education are requiring the mask mandate for this fall to be reviewed monthly.

The Baker School District, which had relaxed its mask rules for the Summer Academy classes, returned to a mask requirement on Aug. 2.

Potential consequences for failing to comply with the new state mandate include OSHA fines, civil penalties, personal liability and educators putting their licenses at risk, Witty said, as well as the increased potential for spreading the virus.

Witty said during Thursday's meeting that he has talked with OHA officials and elected officials to try to get more local control and flexibility in complying with health protocols.

Witty said he supports a letter that Baker County's two state legislators, Sen. Lynn Findley, R-Vale and Rep. Mark Owens, R-Crane, sent on Tuesday, Aug. 3 to Brown. The lawmakers ask the governor to provide, immediately and to the public, "scientific data specific to Oregon necessitating the statewide, schools-wide, grade-wide mask mandate."

Findley and Owens also ask the governor's office and Department of Education to "hold a series of public, in-person town halls and listening sessions throughout our counties immediately over the course of the next several weeks" to discuss the rules and the "very serious implications" of them.

Finally, the two lawmakers request from Brown "clear and precise metrics for when the statewide mask policy may be lifted."

As for the start of classes Aug. 30, Witty said students can expect a similar system to what was in place last spring, with morning health checks, students divided into cohorts, frequent handwashing, three feet of social distancing, and for students who have symptoms of COVID-19, rapid tests for those whose parents give permission.

As has been the case throughout the pandemic, though, the district encourages students to stay home if they feel ill at all, and online classes will be available for affected students.

Barry Nemec, the district's special education and counseling director, said there will be increased counseling for students due to the added stress and anxiety of the pandemic.

Fall athletic schedules are set, with practices starting Monday, Aug. 16, but changes are to be expected.

For now, athletes will not have to wear masks for outdoors sports, including football, soccer and cheerleading. The exception is volleyball, the only indoor sport during the fall season, and as of now masks will be required for players, coaches and spectators.

Buell Gonzales Jr., the district's athletic director, said he is exploring the possibility of using COVID-19 testing in place of masks in indoor settings.

Witty expressed concern for the limited number of substitute teachers in the area if and when teachers call out sick. Limited substitute teachers and transportation, as well as the varying risk levels in students for the virus, are all reasons as to why masks must be worn in schools this coming academic year.

COVID numbers

Nancy Staten, director of the Baker County Health Department, said the county's total of 68 cases from July 25-31 was the county's highest during the pandemic.

The county reported another 49 cases from Aug. 1 through noon on Thursday, Aug. 5, Staten said.

Dr. Eric Lamb, the county's public health officer, expressed frustration at the county's vaccination rate, which ranks eighth-lowest among Oregon's 36 counties, with 46.9% of residents 18 and older vaccinated.

The statewide vaccination rate is 69.3%.

"Had our vaccination rates been up to 80% three months ago, we'd be done with this," Lamb said. "The pandemic would be over. The only long-term solution to this problem is going to be vaccinations."

Lamb cited a study that some people who oppose mask mandates for children have mentioned, claiming that requiring students to wear masks is dangerous.

That's not the case, Lamb said.

He said children younger than 12 are likely to be eligible for COVID-19 vaccinations in late September or early October.

Among Baker County residents ages 12-17, who are eligible for COVID-19 vaccinations, the vaccination rate is 18.8%, compared with a statewide average for that age group of 50.1%.

Dr. Lily Wittich talked about staffing shortages in hospitals in Boise, Portland and Bend. She said patients from Baker County are being sent back because they can't be accommodated due to an influx of COVID-19 patients at larger hospitals.

"We're hearing the same stories from all over the Pacific Northwest," Wittich said. "Vaccinations, masks and social distancing are still our greatest tools to manage the situation."

Opposition to mask mandate

Following Witty's presentation and those by health officials, some parents, and board members, questioned both the mask mandate and the severity of the current surge.

Hawkins

Board chair Chris Hawkins asked about how many of the recent cases in the county have led to severe illness.

Board member Travis Cook was curious to hear if the increased positive cases were specific to the school district, or if they were reflective of the general public. That information was not available.

Three parents addressed the board, including Karen Shaw, a spokesperson for the Facebook group Baker City Parents Against School Mask Mandates, which was started the same day Brown announced the mask mandate and has since added 1,200 members.

"Masking our children, we believe, is child abuse," Shaw said. She urged the district to "fight this mandate at the state level."

The group publicly disagreed with studies conducted by local, state and federal health organizations, instead stating they had "substantial evidence" that masks harm children physically, psychologically and medically.

Nathan Hogeland, who has three children in the Baker School District, said he has watched the deterioration of his child's character due to having to wear a mask, and he believes the number of positive cases has been taken out of context.

"You guys are elected officials to represent us," Hogeland said. "We feel that you guys have not and you have taken a more conservative approach. I believe that you guys need to push back, and you need to listen to the community as a whole."

Megan Spriet, who has 10 children in the school district, said her children have come home with mouth sores from their masks. She believes that the health implications of wearing a mask are more negative than positive.