

Hospital charges topping inflation

Pricing also found to be very inconsistent.

Greene Memorial had some of largest increases in region.

By **Randy Tucker**
Staff Writer

Area hospitals charge Medicare widely different amounts for the same procedures – some of the prices varying by tens of thousands of dollars – and those fees increased at a faster rate than overall inflation, government pricing data shows.

Data from the Centers for Medicare and Medicaid Services examined by this newspaper reveals that hospitals across the United States and this region charged more for just about every procedure in 2012 than they did in 2011.

Locally, Greene Memorial Hospital in Xenia had some of the largest increases from 2011 to 2012 in the average charge for several procedures.

The hospital raised its average charges to Medicare for major joint replacement or the reattachment of a lower extremity without major complications by 24.6 percent. It charged an average \$44,092 in 2011, and \$54,927 in 2012.

Meanwhile, the charge for the same procedure at Miami Valley Hospital rose about 10 percent from \$55,724 in 2011 to \$61,369 in 2012, according to CMS.

The data includes bills submitted to Medicare in 2012 by 128 Ohio hospitals – including 22 in the region – for 281,141 procedures and treatments, including heart operations, gallbladder removal and chest-pain treatment.

Local hospitals billed Medicare for some of the highest charges in the state.

Good Samaritan Hospital, for example, charged Medicare the most on average for at least three of the 10 most commonly performed procedures statewide, including:

- Infectious and parasitic diseases with O.R. procedure and major complications, \$219,026.

- Major Cardiovascular procedures without major complications, \$133,846.

- Circulatory disorders, except AMI, with a cardio catheter and major complications, \$117,239.

Statewide, average charges for a particular procedure or treatments ranged from \$245,964 for major small and large bowel procedures at the University of Toledo Medical Center to an average of \$4,070 on average for heart failure and shock at Wooster Community Hospital in Wooster.

The wide range in charges and increases in pricing can be attributed to a number of factors, including patient mix, utilization rates, even the extra cost of running teaching hospitals, local hospital officials say.

“Comparing treatment charges is never going to be apples to apples because each case is different,” said Liz Long, a spokeswoman for Kettering Health Network, which owns Greene Memorial, a teaching hospital.

Each hospital relies on a proprietary chargemaster list with codes for items and procedures that determine how much Medicare will reimburse providers for their services.

But Medicare payments are set by the government, generally at a much lower rate than what hospitals’ charge.

For example, the average Medicare payment for major joint replacement at Miami Valley in 2012 was \$11,832 – about 80 percent less than what the hospital’s average charge for the procedure.

Good Samaritan had the highest average charge in the

Miami Valley for procedure at \$80,535, but the hospital’s average Medicare reimbursement, \$11,325, was even less than Miami Valley’s.

While listed medical charges do not represent the compensation hospitals receive for providing services, they also do not reflect what Medicare patients actually pay for service, said Diane Ewing, a spokeswoman for Premier Health, which owns Miami Valley.

“Medicare patients have the same out-of-pocket maximum regardless of what any particular hospital might be charging,” Ewing said.

In addition, inflated Medicare charges have little impact

on the cost of health coverage for most individuals, families and employers because the charges generally are not the starting point for negotiations with private insurance providers, said John Bowblis, a health economist at Miami University.

“When HMOs and other private insurance companies negotiate with hospitals about how much they’re going to pay hospitals...what the insurers agree to pay is usually a percentage of what Medicare actually pays, not what Medicare is charged,” Bowblis said. “If you have insurance, these (average charge) numbers are almost completely meaningless.”

But for people without insurance who unknowingly seek treatment at hospitals that charge more for their services, the charges can have devastating financial consequences.

“They can be hit with the full price of the hospital charges,” Bowblis said. “They can usually go back and negotiate a lower price. But if you’re uninsured, because you don’t have the negotiating power, you’re almost always going to be charged more than if you had insurance.”

Perhaps the biggest benefit of the government’s release of hospital Medicare charges is helping to make pricing more transparent for consumers, but since the figures don’t show

what consumers actually pay they have limited value, said Kev Coleman, head of research at HealthPocket, Inc.

“If the hospitals really wanted to be transparent, they would open their books,” Coleman said. “If consumers could actually see that they’ll pay \$30,000 for hip replacement at a hospital in Cleveland versus \$10,000 in Cincinnati, that introduces much more effective price structures because you would get consumers to comparison shop.”

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AVERAGE CHARGES FROM MIAMI VALLEY HOSPITALS TO MEDICARE FOR HIP AND KNEE REPLACEMENTS WITHOUT MAJOR COMPLICATIONS

Hospital charges for some of the most common procedures can vary dramatically by hospitals in the same area. In the Miami Valley, average charges for major joint replacement or reattachment of a lower extremity without major complications, for example, ranged from \$29,546 to \$80,535 in 2012.

Provider Name	City	Avg charge to Medicare 2011	Avg charge to Medicare 2012	Avg Medicare payment 2012	% paid by Medicare in 2012
Good Samaritan Hospital	Dayton	\$77,940	\$80,535	\$11,325	14.1%
St Rita's Medical Center	Lima	\$71,321	\$74,586	\$11,211	15.0%
Grandview Hospital & Medical Center	Dayton	\$67,381	\$70,299	\$13,204	18.8%
Fort Hamilton Hughes Memorial Hospital	Hamilton	\$56,604	\$64,833	\$10,949	16.9%
Atrium Medical Center	Franklin	\$60,587	\$61,401	\$9,873	16.1%
Miami Valley Hospital	Dayton	\$55,724	\$61,369	\$11,832	19.3%
Kettering Medical Center	Kettering	\$56,352	\$59,523	\$10,660	17.9%
Upper Valley Medical Center	Troy	\$46,172	\$56,310	\$10,799	19.2%
Institute For Orthopedic Surgery	Lima	\$53,170	\$55,412	\$9,496	17.1%
Greene Memorial Hospital	Xenia	\$44,092	\$54,927	\$10,729	19.5%
Kettering Medical Center - Sycamore	Miamisburg	\$54,755	\$54,505	\$10,416	19.1%
West Chester Medical Center	West Chester	\$51,425	\$50,860	\$9,515	18.7%
Mccullough-Hyde Memorial Hospital	Oxford	\$43,541	\$46,045	\$10,272	22.3%
Wilson Memorial Hospital	Sidney	\$43,075	\$43,691	\$11,738	26.9%
Lima Memorial Health System	Lima	\$39,794	\$41,846	\$10,649	25.4%
Mercy Hospital Fairfield	Fairfield	\$37,764	\$40,209	\$10,297	25.6%
Ohio Valley Medical Center	Springfield	\$33,254	\$35,011	\$8,608	24.6%
Springfield Regional Medical Center	Springfield	\$30,997	\$34,723	\$11,155	32.1%
Mercer County Joint Twp. Community Hospital	Coldwater	\$31,879	\$32,535	\$10,910	33.5%
Grand Lake Health System	Saint Marys	\$28,874	\$29,579	\$10,846	36.7%
Wayne Hospital	Greenville	\$27,859	\$29,546	\$11,732	39.7%

SOURCE: CENTERS FOR MEDICARE AND MEDICAID SERVICES