

Transparency Initiative Scenarios

Scenario 1 – Diagnostic Colonoscopy

Premise:

The Centers for Medicare and Medicaid Services (CMS) transparency pricing information will help save my mother and the taxpayer money by allowing us to make more informed choices about Medicare services and their costs. My mother is 83 years old and her doctor wants to perform a colonoscopy, since she hasn't had one in ten years.

Facts:

My mother lives in Sante Fe in the State of New Mexico and I live in Eddy County, New Mexico, which is a good distance away. We are concerned about the cost of the colonoscopy. If my mother could save herself some money and save money for the Medicare Program, she would be willing to go to Eddy County for the procedure where I would be more available to look after her once the procedure is completed. However, we will not sacrifice quality of care in order to save money. My mother has met her Medicare Part B deductible.

Analysis:

Before I contact my mother's doctor to discuss our options, I want to gather some information to support a more informed decision about where to have her procedure performed. If my mother has this procedure done in a facility, I know there will be separate charges for the facility, the doctor performing the procedure, the anesthesiologist (if the doctor doesn't provide anesthesia himself) and, possibly, other related services.

The transparency data tell me that if the colonoscopy is performed in a facility other than the doctor's office, the doctor's payment would be about \$140 and the anesthesiologist would receive about \$95, regardless of where in New Mexico the procedure is performed. Therefore, our decision as it relates to price will be primarily based on the hospitals' and ambulatory surgery centers' (ASC) payment amounts. This analysis of Medicare payments is, of course, after the deductible, which my mother has already met, and coinsurance.

Sante Fe has several hospitals; although St. Vincent Hospital is only one mile away from my mother's home and her doctor has privileges there. The data show that, in 2005, Medicare paid about \$516 to hospitals in Sante Fe County for diagnostic colonoscopies. The Medicare transparency website also shows that a local ASC was paid, on average, about \$338 for the same procedure.

Given this information, I will call St. Vincent's Hospital to determine what we may expect Medicare to pay for the procedure and to possibly negotiate a lower payment based upon (1) what we know about other hospitals that serve Sante Fe County, and (2) the ASC payment amount. If we are able to negotiate a lower price, we not only save on my mother's 20 percent coinsurance/copayment, but we can also provide savings for the Medicare Program.

Next, working with my mother's doctor, we found that Carlsbad Medical Center in Eddy County performed about 175 diagnostic colonoscopy procedures in 2005. My mother's doctor also has privileges at Carlsbad Medical Center. The range of Medicare payments to hospital outpatient departments in Eddy County for this procedure was between \$451 and \$475, and I can use this information to discuss and negotiate specific pricing information with Carlsbad. Reviewing the information for ASCs in Eddy County, we learned that ASC payments averaged around \$305.

Thanks to the availability of the Medicare data, it is wonderful to have these options to discuss with my mother's doctor, and to have some information to use for my conversations with hospitals. One option we will discuss with mom's doctor is whether we should consider having the procedure performed in the doctor's office. Thus, we wouldn't be paying separate fees to the facility and the doctor. Using the Medicare Physician Fee Schedule Look Up website, this could be the least expensive option because the Medicare fee schedule amount is about \$360 (no separate facility charge), before coinsurance and not including the anesthesia.

Finally, while cost is important to us, I'm glad I can go to the CMS Hospital Compare website to learn more about the quality of care at the two hospitals we are considering. The exciting news is that even more information about a patient's experience in the health care system will be available soon. Beginning in the fall of 2007, Medicare will begin making available information to consumers about patient satisfaction. And in 2009, CMS will have specific information about the quality of care in a hospital outpatient setting. All of this information will help us be better prepared to work with doctors and make more informed, and better, decisions about our health care.

Scenario 2 – Cataract Removal, Insertion of Lens

Premise:

The Centers for Medicare and Medicaid Services (CMS) is helping me to make informed choices about my health care. CMS has made information available that will help me make a decision about the procedure I need to have for my eyesight. I must have cataract surgery and a new lens inserted in my left eye. I want to have some idea about what the procedure will cost, and whether I can save myself and the Medicare Program money, depending upon where I have the procedure performed. For my peace of mind, I would like to select a facility that has some experience with cataract surgeries because the quality of my care is most important.

Facts:

I live in Maricopa County in the beautiful State of Arizona. My ophthalmologist's office is not set up for this type of procedure but, working with her, I have learned that there are several other options about where I might have the procedure performed. I could have it done at my local hospital or at an ambulatory surgery center (ASC), which is right down the street from me. My doctor informed me that she has privileges at the local ASC down the street, as well as at Maricopa Medical Center. My daughter, who lives in Pima County, wants to assist me after I have the procedure. It might be more convenient for us if I had the procedure in Pima County so I could go directly to her home when I am released from the facility. Fortunately, my doctor has privileges at Pima County's ASC as well as at Tucson Medical Center. I have met my Medicare Part B deductible.

Analysis:

I reviewed the CMS transparency website data with my doctor. It appears that Medicare will pay her pretty much the same amount (about \$513), no matter which facility I choose. Added to that amount would be the cost for the anesthesiologist, which would be about \$78. Both of these amounts are in consideration of the fact that I have met my Part B deductible and after coinsurance is subtracted.

The Medicare outpatient hospital data show that Medicare will pay Maricopa Medical Center in Maricopa County about \$1,328 for using their facility to perform my cataract surgery. The hospital performed close to 250 cataract surgeries in 2005. However, if I go to my local ASC then the facility cost is considerably less, about \$753. On the other hand, in Pima County, Arizona, Tucson Medical Center's Medicare payment would be about \$1,260. Tucson Medical Center performed close to 260 cataract surgeries in 2005. The most convenient ASC in Pima County would receive a Medicare payment of about \$746. Thus, I will discuss with my doctor and my daughter their preferences for which ASC to use because clearly an ASC would be the least expensive option. We might even be able to negotiate a lower price with either ASC. If we are able to negotiate a lower price, we not only save on my mother's 20 percent coinsurance/copayment, but we can also provide savings for the Medicare Program.

While I do not believe there yet exists information about the quality of services performed in ASCs, I do know that I could review the CMS Hospital Compare website to learn more about the quality of care rendered in hospital settings. The exciting news is that even more information

about a patient's experience in the health care system will be available soon. Beginning in the fall of 2007, Medicare will begin making available information to consumers about patient satisfaction. And in 2009, CMS will have specific information about the quality of care in a hospital outpatient setting. I am grateful to CMS for its efforts to share more and more information with the public so that we are better informed and may work better with our doctors in managing our health care needs.