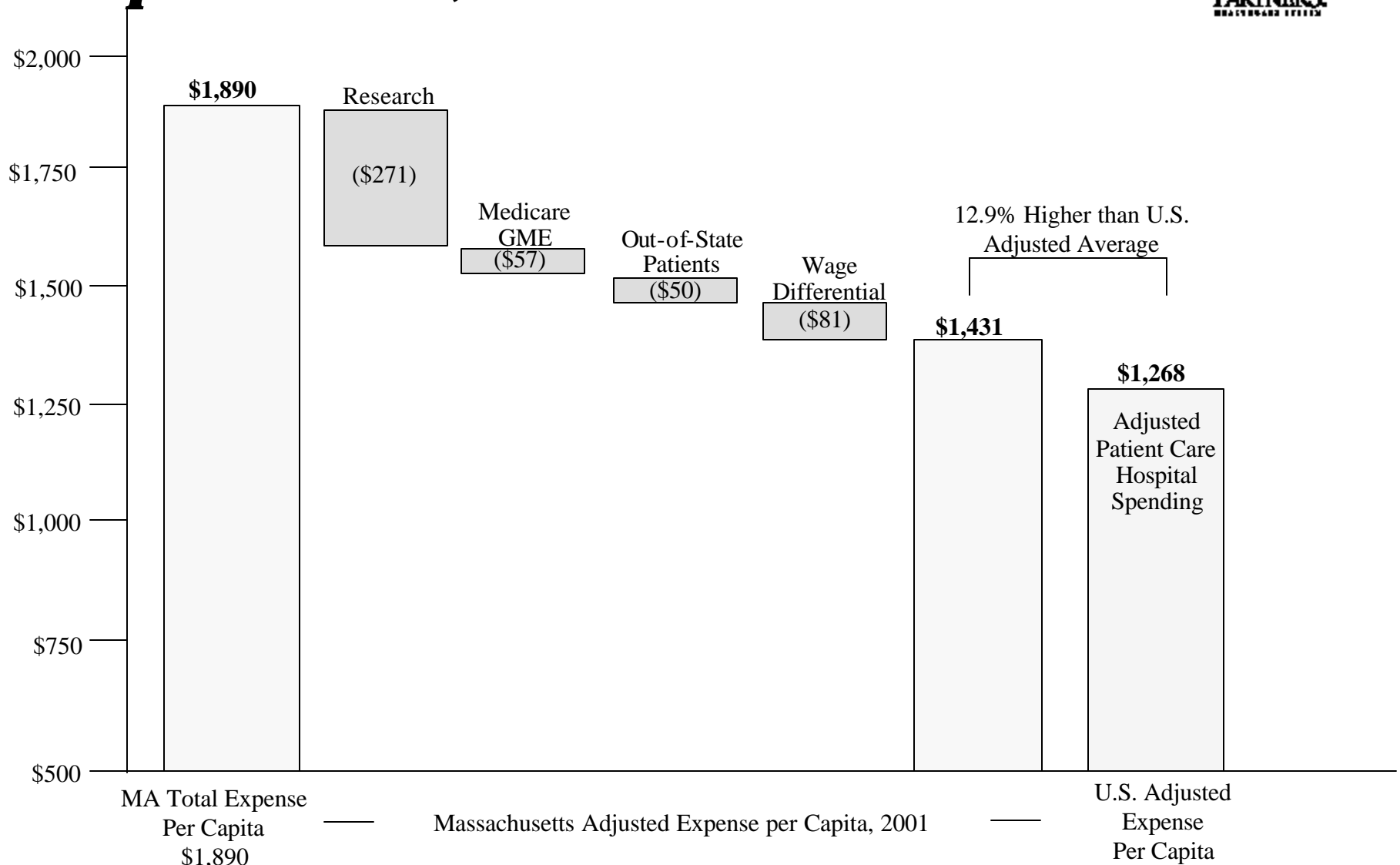


# Aggregated Per Capita Massachusetts Adjusted Hospital Costs, 2001



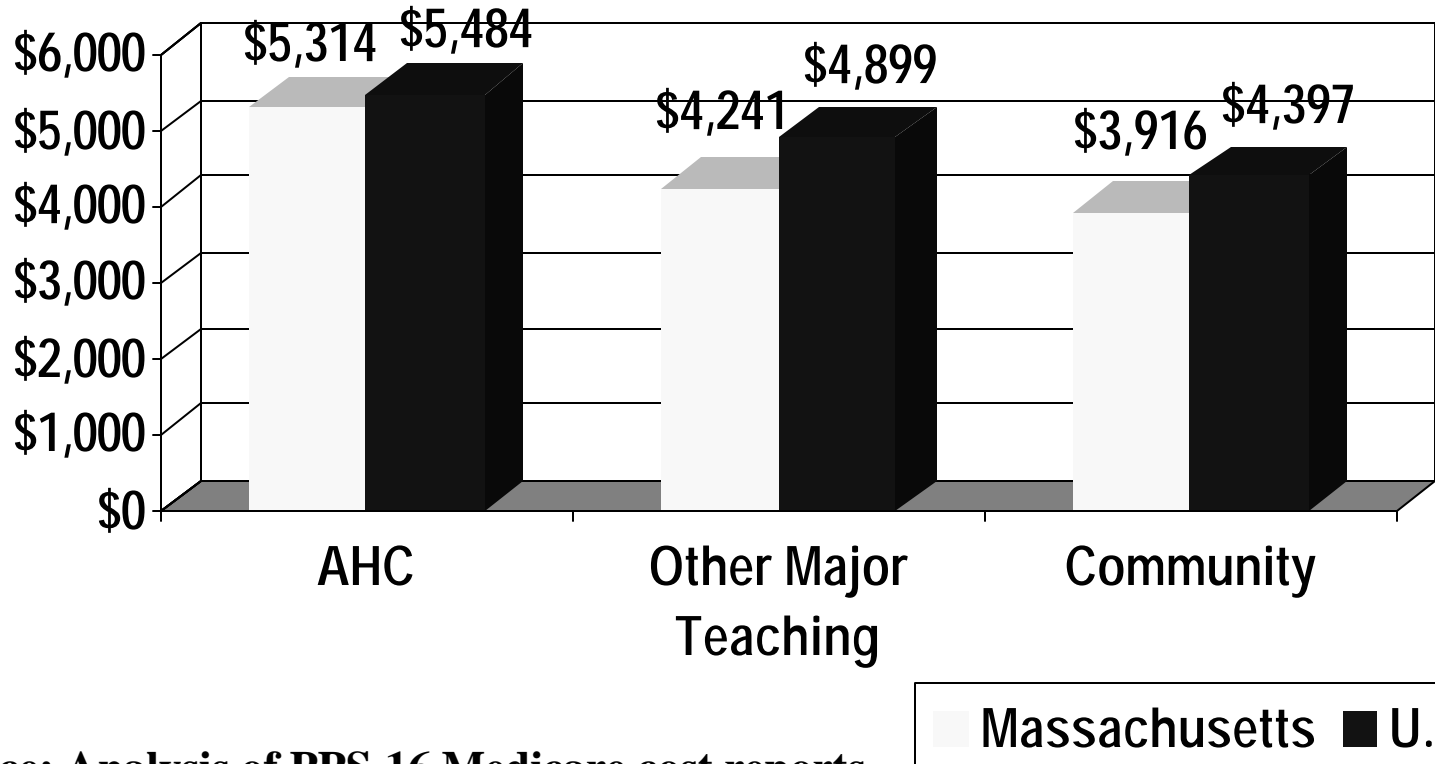
Notes: Research reflects difference between reported total expense and net patient revenues.

Source: Calculations based on 2001 AHA survey and 2001 HCFA File.

# ***Massachusetts Hospitals Are More Efficient Measured on an “Apples to Apples” Basis***



## **1999 Case Mix and Wage Adjusted Medicare Inpatient Cost per Case Urban Hospitals With 100+ Beds**



**Source: Analysis of PPS-16 Medicare cost reports.**

\* Adjustments based on Medicare geographic wage index and Medicare case-mix index. AHCs designated by AAMC. Major teaching hospitals have resident to bed ratio > 0.25.

# **Many Recent Surveys Show Massachusetts Premiums Close to US Averages**



	<b>Unadjusted</b>	<b>Wage Adj. <sup>6</sup></b>
<b>Hewitt 2002 <sup>1</sup></b>	<b>+7.4%</b>	<b>0.0%</b>
<b>Mercer 2002 <sup>2</sup></b>	<b>+7.1%</b>	<b>0.0%</b>
<b>AHRQ 2000 <sup>3</sup></b>	<b>+8.4%</b>	<b>+1.6%</b>
<b>AHRQ 2000 <sup>4</sup></b>	<b>+2.3%</b>	<b>-4.3%</b>
<b>M&amp;R 2002 <sup>5</sup></b>	<b>+13.7%</b>	<b>+3.6%</b>

Sources:

<sup>1</sup> Hewitt Associates 2002 Survey of Large Employers in Selected Cities: Total Per-Employee Health Benefit Cost

<sup>2</sup> Mercer/Foster Higgins 2002 Employer Survey: Total Per-Employee Health Benefit Cost

<sup>3</sup> Agency for Health Care Research and Quality Medical Expenditure Survey (Family Premium)

<sup>4</sup> AHRQ/MEPS (Single Premium)

<sup>5</sup> Milliman and Robertson, 2002 HMO Rate Survey

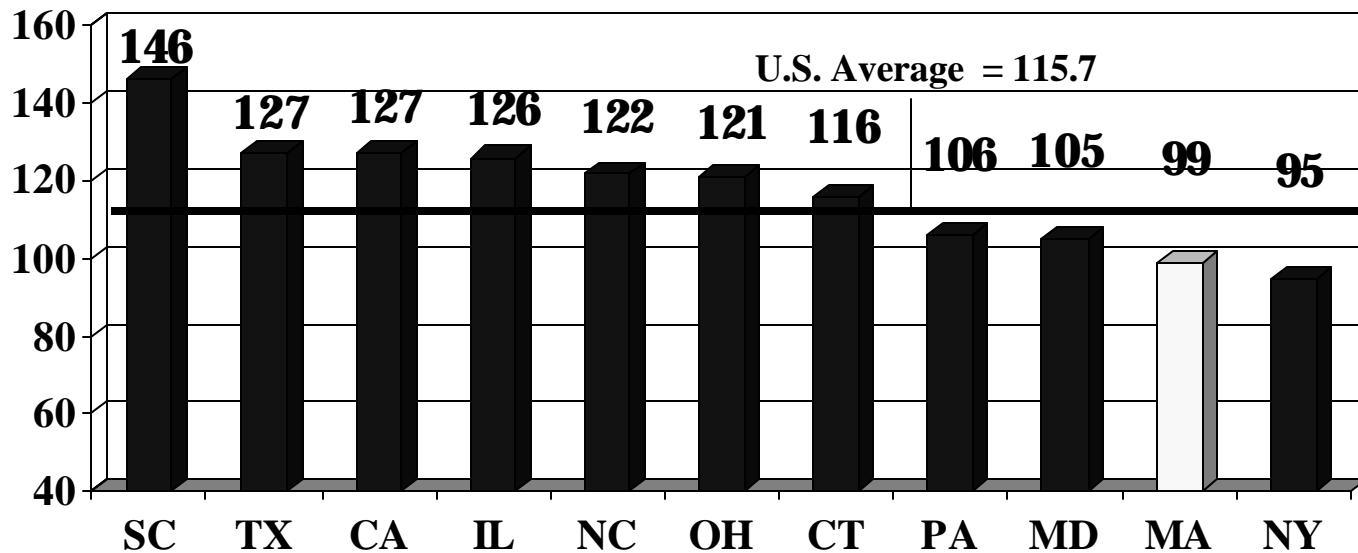
<sup>6</sup> Wage adjusted using BLS ES-202 2001 Wage data

\* Data in Hewitt and M&R are for Boston only. Data in other surveys reflect Massachusetts.

# ***Massachusetts Health Plans Negotiated Aggressive Discounts Through 2000***



## **2000 Hospital Private Payment-To-Cost Ratio**

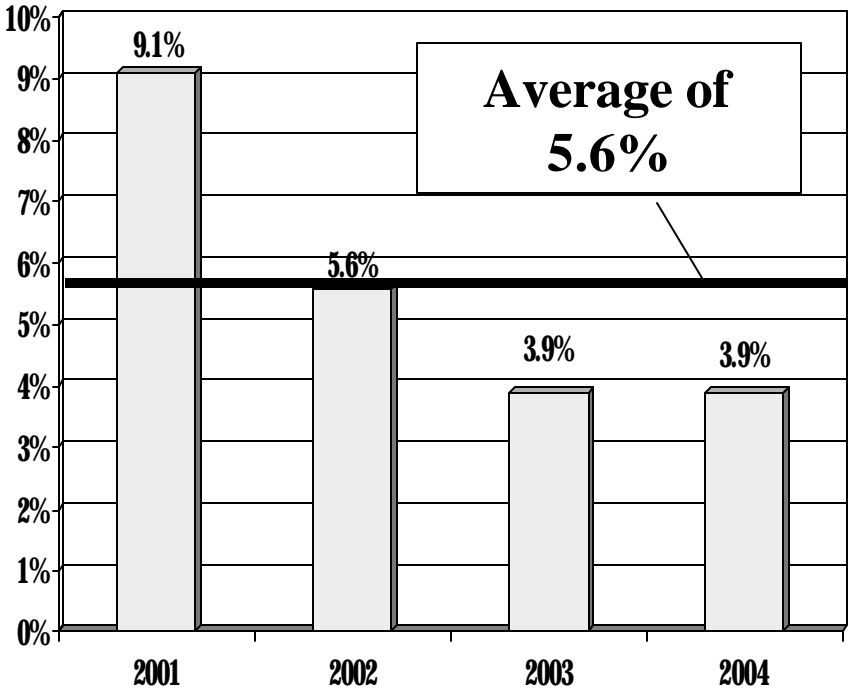


Source: American Hospital Association.

# The last round of negotiations improved the PHS hospital rates but payment to cost ratios are still below other cities.



**Annual price lift for PHS hospitals in the last round of negotiations with the Big 3 HMOs**



**Hospital payment to cost ratios for the Big 3 are well below industry norms**

