

Editorial

Shining light on hospital prices

Say what you will about Obamacare, but the federal government's attempt to prod -- some say shame -- hospitals into being more forthcoming about fees they charge for services is a welcome change from past practice.

Earlier this month, the government released a list of 2011 hospital charges and Medicare payments for common procedures at 3,300 hospitals, including hospitals here.

Until now, price information that the government collects from hospitals wasn't available to the average consumer.

The charges are vastly different nationally. For example, joint replacement ranges from \$5,000 in Ada, Okla., to \$223,000 in Monterey Park, Calif.

Sometimes, the charges vary greatly within the same city, as was the case with Jackson, Miss., where inpatient charges for services to treat heart failure range from \$9,000 to \$51,000.

There is an example of this here.

At Lancaster Regional Medical Center in Lancaster city, major joint replacement surgery costs \$60,434. Just blocks away, Lancaster

General Hospital charges \$37,761 -- or \$22,673 less.

The data confirm what people often have thought, says Wesley Knight, Lancaster Regional's CFO, "which is that hospital bills often do not appear to make common sense."

These are "list prices"; hospitals typically don't receive what they charge.

That's because the charges, in general, are negotiated between hospitals and patients' private insurance provider, Medicare and Medicaid.

People without insurance and facing the prospect of paying full price can negotiate with the hospital -- although many don't realize they have the option. Other times, hospitals offer discounts to the uninsured.

The government says the data will serve to demystify a system that often leaves consumers in the dark over what a hospital charges and what their insurance companies are paying for treatments.

But while price matters, especially for people of little means, it is not a clear predictor of quality of care delivered.

For that, consumers will have to look to other sources, such as the Pennsylvania Health Care Cost Containment Council, which issues

outcome reports on the care offered by hospitals. Also, insurance companies, such as Highmark, make such data available to members.

Release of the price information occurs as the nation is getting ready to implement the more significant parts of President Obama's health care reform.

Regardless of what lies ahead for Obamacare, the government's latest action shines much-needed light on a complex and often bewildering hospital pricing system.

At Lancaster Regional, major joint replacement surgery costs \$60,434. At LGH's, it's \$37,761 -- or \$22,673 less.