



**Vermont Association of
Hospitals and Health Systems**

April 25, 2017

On behalf of our member hospitals, VAHHS would like to respond to the recently released Blueprint study on price variation. We believe some additional context and perspective about the information presented in this study will be helpful to policymakers and Vermonters alike.

It is important to note as a starting point that the study reports only on commercial insurance claims, not accounting for Medicare or Medicaid. The lack of public payer data makes the study's conclusions incomplete and out of context. Data that speaks to hospitals' mix of payment sources (Medicare and Medicaid vs. commercial insurance) would provide a more complete look.

According to research conducted by the American Hospital Association, 72% of differences across hospitals in non-Medicare prices can be explained by factors that include case mix, regional costs, hospital investment in capital and other improvements, type of hospital (critical access, academic medical center, etc.) and other tangible factors. The study released by Vermont Blueprint for Health is limited in that it does not examine these reasons for price variation.

The Blueprint data also includes a narrow scope of procedures. For the ten procedures reported, facility charges vary widely; however, this does not offer insight into the thousands of other procedures provided by our hospitals and should not be used to draw conclusions about the overall cost of care at any one facility.

VAHHS believes that payment variation should be addressed in the broader context of health care reform. National data demonstrates a link between improving care coordination, cost reduction and lower prices. Vermont hospitals are committed to improving patient-centered care delivery. As part of the All-Payer Model, Vermont hospitals are working to transform the current payment delivery system, moving away from fee for service payments and towards payment for quality care. This will further help to address payment variance that exists.

Price transparency is an important issue and Vermont hospitals believe consumer education is paramount in building trust between patient and provider. We appreciate the opportunity to offer our perspective on this data and to emphasize hospitals' ongoing efforts to optimize outcomes while containing costs.

Sincerely,

A handwritten signature in black ink that reads "Jeff Tieman". The signature is written in a cursive, flowing style.

Jeff Tieman
President and CEO