

FACTS & FEATURES



A for-profit subsidiary of the Arkansas Hospital Association

Summer Edition

Volume 20, Issue 3

Is Arkansas Ready for Pricing Transparency?



Significant momentum is underway as healthcare transitions from volume to value. CMS continues to march purposefully down this road and Secretary Burwell announced on Feb 1st that CMS intends to increase the percentage of Medicare dollars withheld for Value Based Purchasing (VBP) programs as well as Alternative Payment Models like ACOs and Bundled Payments.

The success of expanded value-based models is dependent on employers as they pay the lion's share of the Medicare program's shortfall through higher premiums and higher prices from doctors, hospitals and drug manufacturers whose products and services are marked up. Employers are more aggressive in these efforts than Medicare, using narrow networks, carve-outs, reference pricing and other strategies to bend the cost curve and shift risk to providers as well as to their own employees.

However, our industry has been trained to focus on clinical delivery as we contemplate value: Quality, Patient Satisfaction, Outcomes, Patient Safety and Readmissions have been areas of focus and CMS has tuned its payment model to incentivize this focus and improvement. Recently, CMS has announced its focus on the denominator of Value: Costs and Charges or "Price."

Trends and Implications for Arkansas Providers and Consumers

The new healthcare is looking at new transparency while at the same time squeezing those payments through tighter regulation and seeking reduced variation. More and more patients have high deductible

plans that offer incentives and disincentives when choosing providers. So called "Narrow Networks" are developing around providers that offer superior service at reduced costs. Arkansas-based Walmart has famously developed a network of providers for specific high-cost interventions such as cardiac surgery and orthopedics where employees are flown to hospitals such as Virginia Mason in the Seattle area. They recently announced an expansion of this program. Additionally, Fortune 500 companies are employing new technology such as Castlight Health to empower employees to make good healthcare choices at lower costs. The federal government has mandated the publication of "prices" in hospitals, though this is still being defined. All of this puts increased pressure on Arkansas hospitals to appreciate their relative cost position, their pricing, and in the end, what they are actually being reimbursed for services.

The recently released fifth annual study, "Rural Relevance: From Vulnerability to Value," looks at the precarious and **vulnerable** situation many hospitals, particularly rural providers, find themselves in, as well as the **value** they offer. Our research focused extensively on areas of Costs and Charges as key components of health reform. We believe these areas are even more important as Pricing Transparency becomes the norm.

Let's take a closer look at the costs and charges here in Arkansas compared to the national average. Utilizing public data sets, an analysis was done for total and direct costs per case for inpatient DRGs and the top ten

DRGs by case volume. Total costs include floor, ancillary, overhead, support and other costs while direct costs include floor and ancillary costs. These comparisons will enable a better ability to manage charges that are increasingly under scrutiny.

- Arkansas's average cost and charge rate outperformed the US average for all areas (overall IP, IP cardiology, overall OP, and OP imaging).
- Arkansas's average IP cost rate was beyond 1 standard deviation from the mean state-level average IP cost rate.

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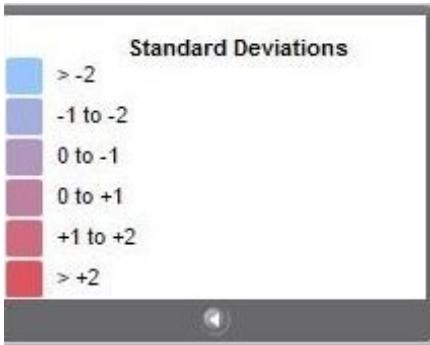
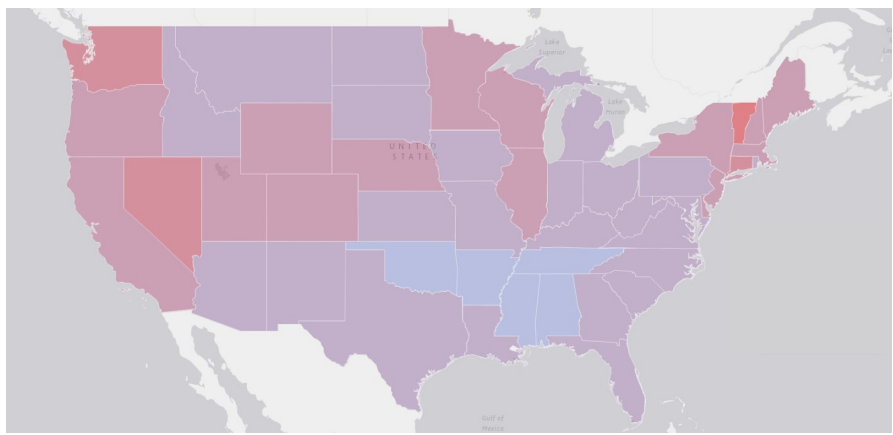
Is Arkansas Ready for Pricing Transparency (Continued from Page 1)

- Arkansas's average OP cost rate for imaging services was nearly 1 standard deviation from the mean state-level average OP cost rate for imaging services.
- The NE region of Arkansas has the lowest average OP cost and charge rates for OP imaging services.

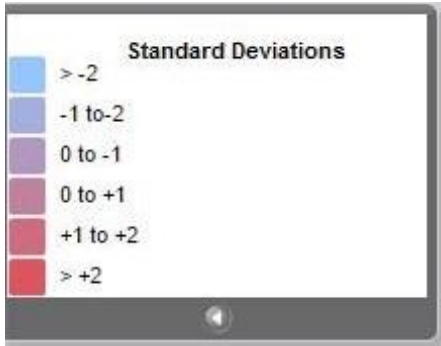
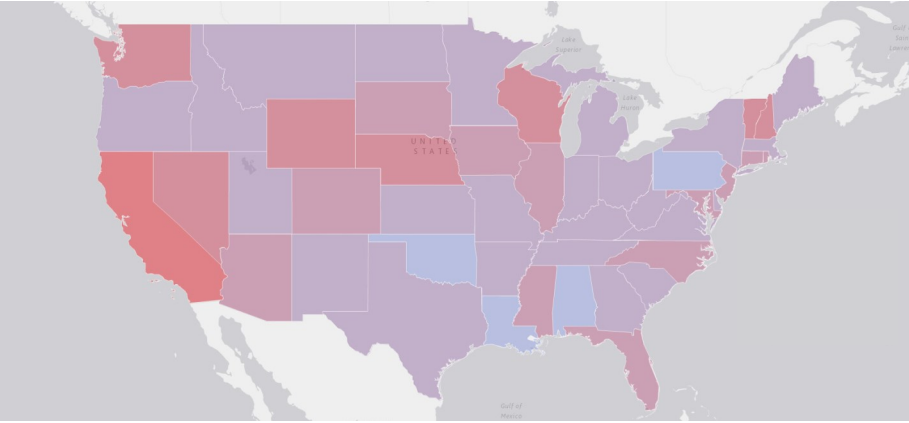
Where does your hospital fall within this spectrum? And where are individual peaks and valleys at the service line level?

iVantage is particularly proud of its work with AHA, AHA Services, Inc., to develop a novel collaboration whereby hospitals may track their actual reimbursements, ultimately the most important metric for hospital viability and pricing transparency. Let them know if you wish to join your colleagues already participating in a benchmarking project to compare reimbursements and better negotiate rates.

The average cost rate for Inpatient cardiology. Arkansas outperformed the US average.



An analysis of the cost rate for outpatient imaging across the US. Arkansas outperformed the US average.



Please contact Michael Topchik at 207.518.6705 to learn how you can benchmark your hospital Cost, Efficiency and Productivity to be the lean provider called for under the "New Healthcare."

340B Done the Right Way

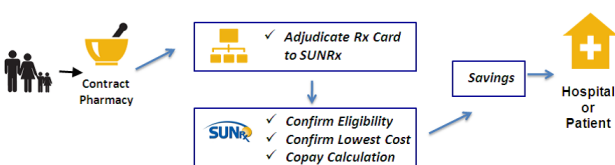


SUNRx brings more than 12 years of experience in Contract Pharmacy 340B. SUNRx is the only 340B provider endorsed by 28 hospital associations, including an exclusive partnership to our **AHA members participating with AHA Services, Inc.** The 340B program is designed to maximize your revenue opportunity while bringing the nation's greatest program for offering your uninsured and underinsured patients the lowest cost available on their medications. **SUNRx Contract Pharmacy** lives up to the intent of 340B through HRSA, delivering low cost medications to those patients that need it the most. **SUNRx** was one of the first companies to identify the market for 340B contract pharmacy administrators in 2007. By 2009, **SUNRx** decided to focus solely on providing 340B contract pharmacy coordination and management services. **SUNRx has since become the nation's leading 340B service provider.** Covered entities and pharmacies across the nation trust the **SUNRx 340B Simplified™** solution to manage their 340B programs. **SUNRx** is a corporate partner of the Safety Net Hospitals for Pharmaceutical Access (SNHPA, the 340B advocate organization for the safety net hospital industry), and has been selected as a preferred provider of 340B contract pharmacy services for Apexus, the 340B Prime Vendor.

340B Program Services - SUNRx offers a fully comprehensive 340B program. Its processor-centric model is designed to leverage the current infrastructure in place across America used to dispense prescription medications. **SUNRx** begins its process by assigning each Eligible Entity a business solutions expert whose primary focus will be to work with you to document your specific 340B business needs and make sure you derive the maximum revenue available for your hospital from the program.

340B Simplified™ – A path to savings without disruption. Helping your uninsured and underinsured patients receive the lowest pricing available on their medications - MedImpact and SUNRx have partnered to provide a fully integrated 340B program. MedImpact contributes the claims adjudication expertise, ability to apply *lowest of* pricing logic, eligibility accessibility, and the full range of fully transparent services. SUNRx contributes a completely integrated pharmacy network, core knowledge of CRITICAL ACCESS and DISPROPORTIONANT SHARE HOSPITALS' operating practices, and a sophisticated virtual inventory system that automates the wholesale ordering and approval process.

SUNRx's proprietary *lower of* pricing technology compares all available prices to assure that the lowest cost is paid by uninsured patients. SUNRx also offers real-time processing: real-time eligibility, plan design, Drug Utilization Reviews (DUR) and formulary support so that patients can pick up their prescriptions at the contracted pharmacy right away.



For an onsite visit to review SUNRx 340B and how it can help your facility, please call or email:

Laura Anthony, Regional Manager, SUNRx 340B, 1.858.378.3882 cell,
LAnthony@SUNRx.com.

Join a 340B Webinar

August 25, 2015 340B Basics—Introduction, Intent and Key Features of a 340B Contract Pharmacy Program
Time 10AM CDT
[Click here](#) to download Webinar information.

September 16, 2015 340B - 2015 and Beyond - Understanding the 340B Regulatory Environment and What to Expect in 2015
Time 10AM CDT
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careLearning Provides Helping Hand to Clinical Rotation Programs



Clinical rotation programs provide a valuable opportunity for both the student and healthcare organization. Students gain experiences that are crucial in forming a more competent workforce by integrating the lessons learned in the classroom to real scenarios. For healthcare organizations, it serves as a source for recruitment, a service to the community, and reinforcement of staff skills.

While necessary and vital, these programs come with a fair share of challenges. One of the challenges is getting the students oriented quickly and efficiently early in the semester. Using creativity in managing these challenges can enhance the success of programs by lowering the resource costs for healthcare organizations as well as consolidating the requirements of the students.

One solution came in 2009, as all Rhode Island colleges and hospitals came together to form a Common Orientation Program for nursing students in their state. This collaboration decided to require that students go through one consolidated online training program approved by hosting hospitals as orientation. The students take these courses as part of their required curriculum at their respective schools and present transcripts as they report to the hospital.

careLearning was selected as the online training vendor and provides most of the compliance and regulatory courses. In addition, many of the healthcare organizations created additional content in order to provide information specific to their site. careLearning continues to be the



solution for Rhode Island and has also replicated this program throughout the state of South Carolina.

The outcomes have shown that, compared to previous methods, the program has furthered student knowledge and skill. Students and healthcare organizations now save more time during the general orientation process, allowing them to concentrate more on applying their knowledge. Since the online content is always consistent, up to date, and convenient the healthcare organization can be confident that the orientation requirements have been met and communication has improved.

If you would like more information, contact Laura Register, Executive Director of careLearning at register@carelearning.com or 304-353-9722.

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Learn about timely healthcare finance topics and earn CPEs. Most Live webinars are free for HFMA members and \$99 for non-members, unless otherwise noted.

- July 15** [Leveraging Data to Build a Successful Risk-based Strategy](#)
- July 22** [Successfully Maintaining Revenue Cycle KPIS During ICD-10 Implementation](#)
- July 29** [Understanding the Impact of Hierarchical Condition Categories Risk Scoring on Physician Practice Payments](#)

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How to Create an Account:

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- 2) Click on the right side of the screen "Create Account"
- 3) Complete the form as directed
- 4) Click "Save" at the bottom of
- 5) Enjoy the website!

Questions? Contact Dick Thompson, Sales Executive, Provista at 405.204.5070 dthomps@provistaco.com.

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