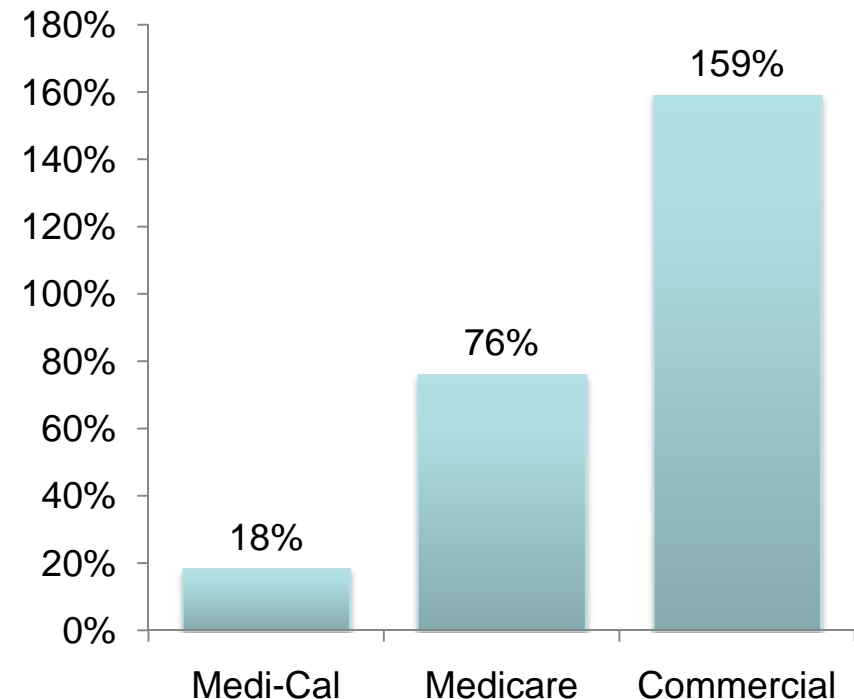


Rapid Growth of Prices for Private Insurers in California

Possible Causes:

1. Market power of some health systems
2. Slow growth in reimbursements from Medi-Cal
3. Moderately growing Medicare payments
4. Uncompensated care for uninsured patients

Statewide Absolute Growth in Net Inpatient Revenue per Day, by Payer Category, California Hospitals, 2000-2009



California, Hospital Costs per Day by Payer Category, 2000-2009



	Net Inpatient Revenue per Day		
	Medi-Cal*	Medicare	Commercial
2000	\$1,431	\$1,402	\$1,954
2001	\$1,459	\$1,457	\$2,181
2002	\$1,510	\$1,581	\$2,506
2003	\$1,519	\$1,639	\$2,913
2004	\$1,590	\$1,681	\$3,393
2005	\$1,647	\$1,818	\$3,674
2006	\$1,483	\$1,964	\$3,973
2007	\$1,509	\$2,077	\$4,239
2008	\$1,576	\$2,219	\$4,612
2009	\$1,686	\$2,465	\$5,061
2000-2009 Growth	18%	76%	159%
2000-2009 Avg. Annual Growth	2%	6%	11%

Source: State of California, Office of State Health Planning and Development (OSHPD) – tabulations by AHIP Center for Policy and Research.

Note: OSHPD data on comparable hospitals do not include data from Kaiser Permanente hospitals, or certain specialty hospitals, such as long-term or psychiatric hospitals.

*Includes other programs paying for care for the indigent.

California Hospital Costs per Discharge, by Payer Category, 2000-2009



	Net Inpatient Revenue per Discharge		
	Medi-Cal*	Medicare	Commercial
2000	\$8,842	\$8,324	\$8,240
2001	\$9,257	\$8,798	\$9,263
2002	\$9,472	\$9,559	\$10,865
2003	\$9,499	\$9,871	\$12,738
2004	\$10,102	\$10,162	\$14,531
2005	\$10,262	\$10,800	\$15,810
2006	\$9,513	\$11,493	\$16,983
2007	\$9,766	\$12,007	\$17,921
2008	\$10,052	\$12,841	\$19,788
2009	\$10,453	\$14,168	\$20,800
2000-2009 Growth	18%	70%	152%
2000-2009 Avg. Annual Growth	2%	6%	11%

Source: State of California, Office of State Health Planning and Development (OSHPD) – tabulations by AHIP Center for Policy and Research.

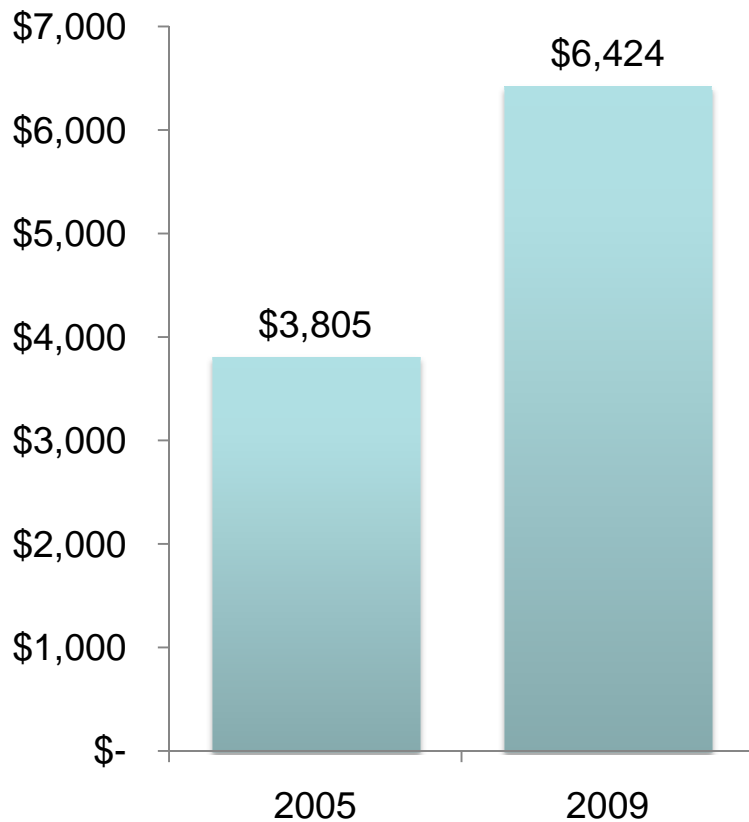
Note: OSHPD data on comparable hospitals do not include data from Kaiser Permanente hospitals, or certain specialty hospitals, such as long-term or psychiatric hospitals.

*Includes other programs paying for care for the indigent.

Average Price for Selected Inpatient Hospital Procedures, Oregon Statewide, Nine Health Insurance Plans, 2005-2009



Normal Vaginal Delivery



Absolute Growth = 69%

Knee Joint Replacement

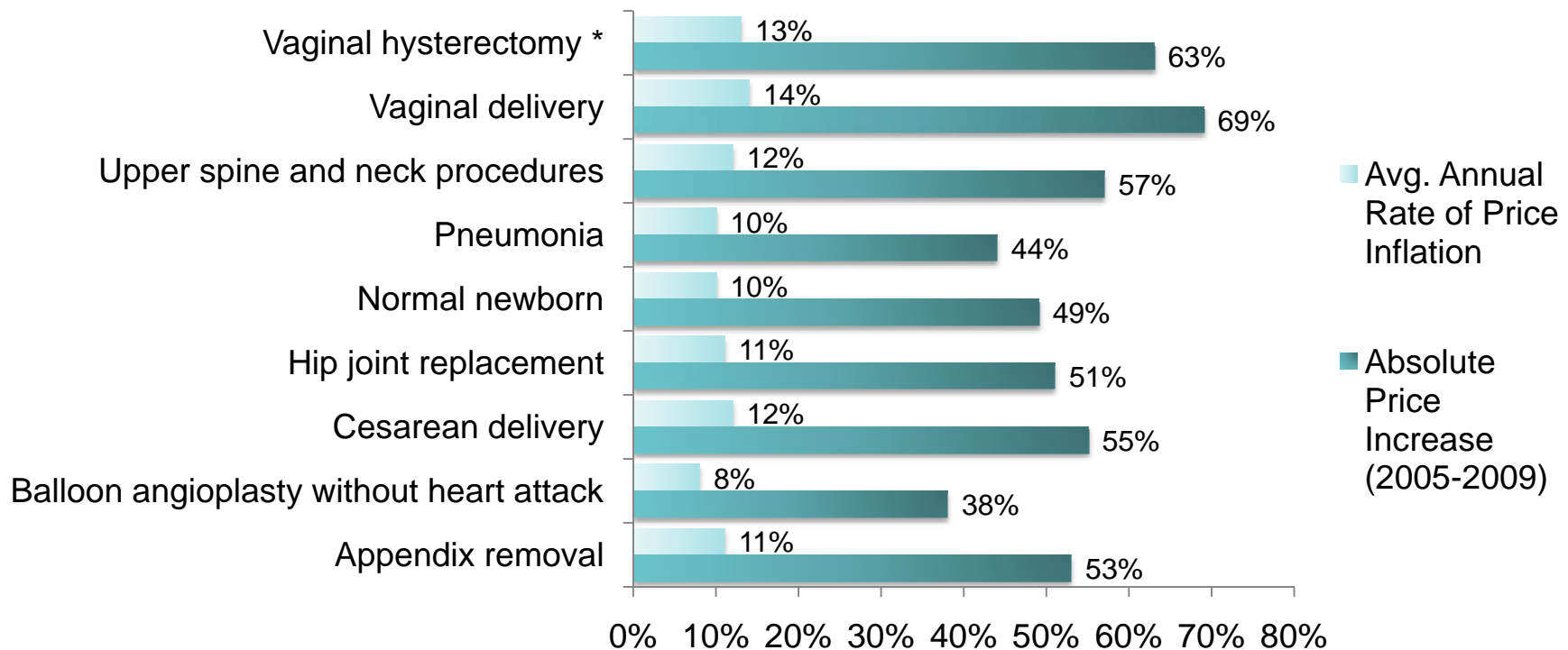


Absolute Growth = 44%

Source: Office for Oregon Health Policy and Research (OHPR). Calculations by AHIP Center for Policy and Research.
Note: Mild/Moderate severity indicators.

Oregon Statewide Average Hospital Allowed Charges, 9 Insurers, 2005-2009

In Oregon, hospital prices faced by commercial insurers for common discharge categories grew very rapidly between 2005 and 2009.



Source: Office for Oregon Health Policy and Research (OHPR).

* Excluding cancer or non-malignant tumor.

Average Price, Selected Procedures in Oregon Hospitals, 2005-2009



	2005		2009		2005-2009		
	DRG v25	Number of Cases	Average Price	Number of Cases	Average Price	Absolute Increase (Percent)	Average Annual Increase
Appendix removal	225	661	\$9,037	781	\$13,867	53%	11.3%
Cesarean delivery	540	2,055	\$7,701	2,576	\$11,906	55%	11.5%
Complications of pregnancy	566	275	\$3,787	258	\$6,506	72%	14.5%
Coronary bypass with angioplasty or cardiac catheter	165	82	\$43,458	92	\$63,985	47%	10.2%
Fusion of lower spine vertebra	304	273	\$31,853	273	\$49,460	55%	11.6%
Heart attack	190	142	\$10,114	139	\$14,837	47%	10.1%
Hernia procedures except inguinal, femoral & umbilical	227	97	\$10,951	125	\$17,957	64%	13.2%
Hip joint replacement	301	496	\$19,233	667	\$29,098	51%	10.9%
Mastectomy procedures	362	109	\$11,155	153	\$19,683	76%	15.3%
Normal newborn	640	3,969	\$1,425	6,289	\$2,119	49%	10.4%
Procedures for hip and femur fractures, except joint replacement	308	111	\$11,936	112	\$19,391	62%	12.9%
Surgical repair of female reproductive system	514	173	\$7,812	135	\$13,126	68%	13.9%
Upper spine and neck procedures	321	367	\$16,183	374	\$25,417	57%	11.9%
Vaginal delivery	560	4,412	\$3,805	5,242	\$6,424	69%	14.0%

Source: Office for Oregon Health Policy and Research (OHPR). Data from nine private health insurance plans.

Note: APR-DRGs, version 25. The DRGs reported are for Minor/Moderate severity indicators.