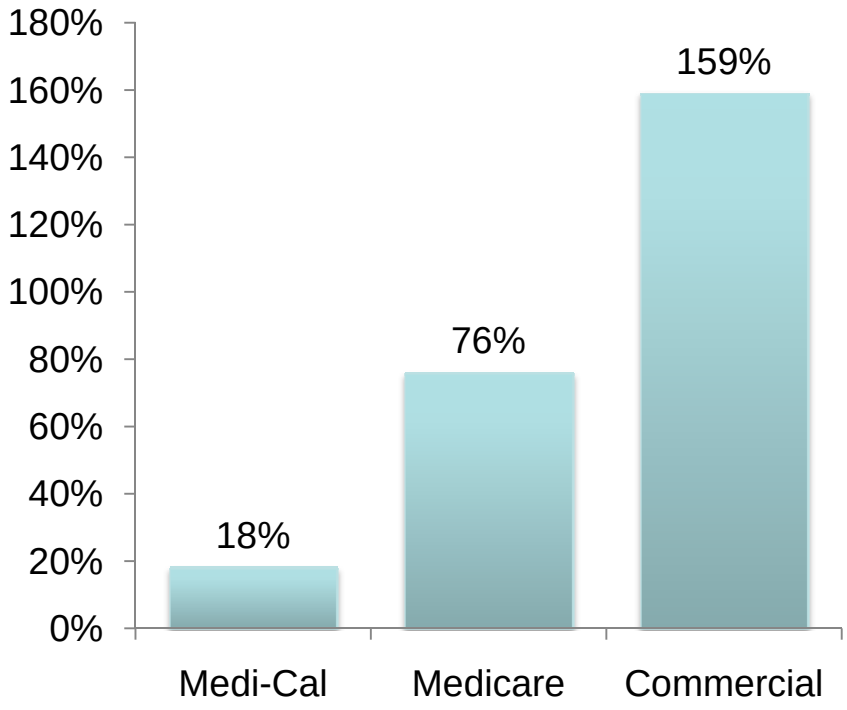
Rapid Growth of Prices for Private Insurers in California

AHIP Center for Policy and Research

Possible Causes:

1. Market power of some health systems
2. Slow growth in reimburse-ments 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



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

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

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	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

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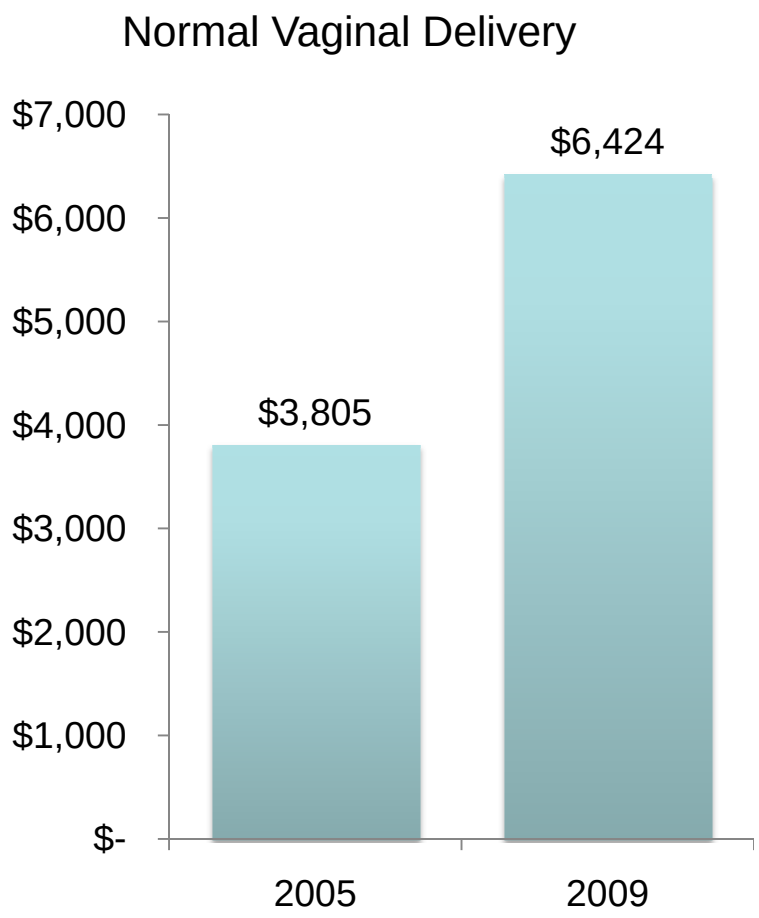
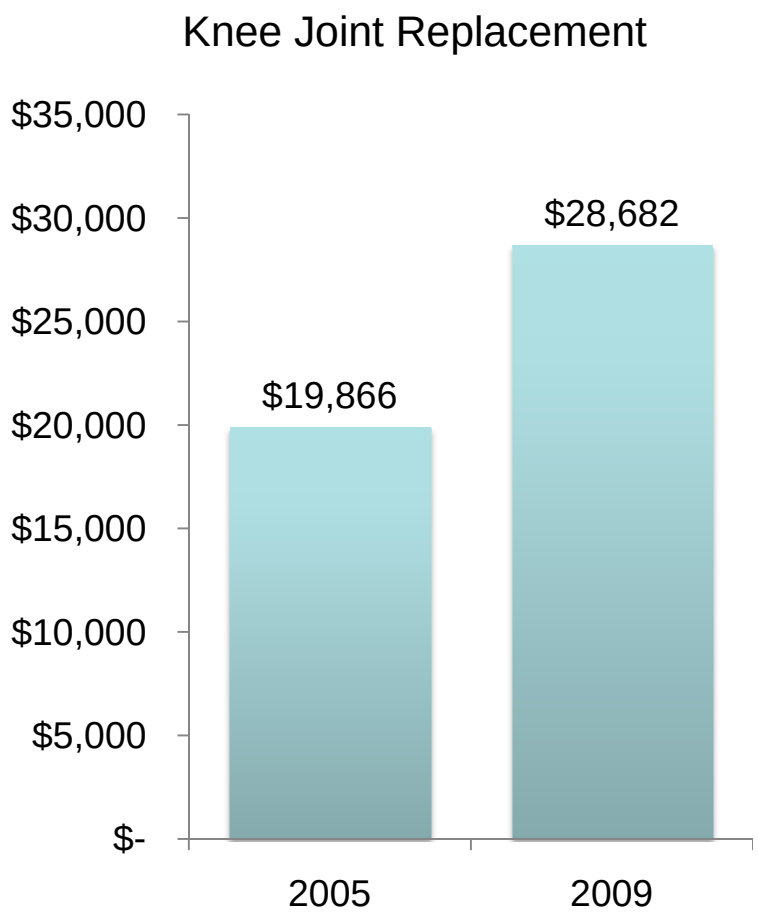
	Net Inpatient Revenue per Discharge		
	Medi-Cal*	Medicare	Commercial
2000	$8,842	$8,324	$8,240
2001	$9,257	$8,798	$9,263
2002	$9,472	$9,559	$10,865
2003	$9,499	$9,871	$12,738
2004	$10,102	$10,162	$14,531
2005	$10,262	$10,800	$15,810
2006	$9,513	$11,493	$16,983
2007	$9,766	$12,007	$17,921
2008	$10,052	$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



Absolute Growth = 69%



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

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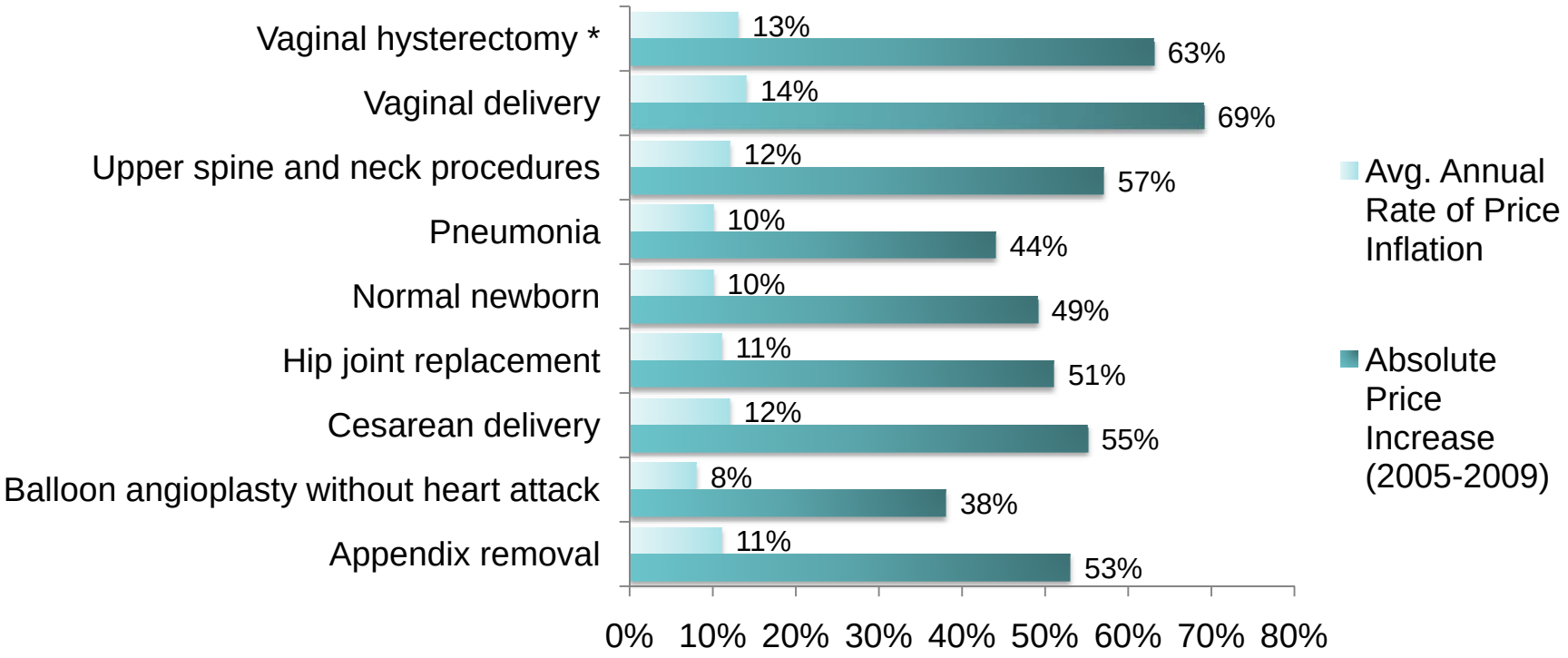
In Oregon, hospital prices faced by commercial insurers for common discharge categories grew very rapidly between 2005 and 2009.



Source: Office for Oregon Health Policy and Research (OHPR).
* Excluding cancer or non-malignant tumor.

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

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		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.