

The Alliance: Study ranks WI as 4th most expensive state for hospital prices

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May 24, 2022, Madison, WI- In round four of the [RAND Hospital Price Transparency Study](#), we see the same message confirmed again from the last round: hospital prices remain high. Prices paid to hospitals during 2020 by employers and private insurers for both inpatient and outpatient services averaged 224% of what Medicare would have paid, with Wisconsin averaging 307%.

Considering the United States [spends the highest percentage of GDP on healthcare](#) among all The Organisation for Economic Co-operation and Development (OECD) nations by a wide margin, seeing Wisconsin in the top five for most expensive states makes the study that much more important. And may lead to legislative changes like those seen in Indiana. “This study highlights the variation in hospital prices paid by employers and private insurers. It may help policymakers looking for strategies to curb health care spending,” said Christopher Whaley, the study’s lead author and a policy researcher at RAND.

This point is especially important as [premiums and deductibles have outpaced wages](#) over the last decade. One key driver of the price increases was demonstrated in the study to be market share and the impact of market consolidation which explains 7% of the variation in costs. And The Rand study shows that this provider consolidation does not lead to better quality.

“High health care prices hurt us all, and this should be a call to action for employers and willing providers to work together to make health care more affordable. High health care prices are a drag on the economy, negatively impacting business growth and employee wages,” said Cheryl DeMars, President and CEO of The Alliance. “What’s more, we know that consumers avoid or delay needed care due to concerns about the cost. This has to change.”

In addition to overall spend, the study included information on the price differences based on the site of service to better understand the importance of where an individual gets care. “We’ve long known the importance of the site of care and regularly utilize [data](#) to help our employers guide their employees to the best place of care at the best price. We believe this study provides even more valuable data to help our employers with their benefit plan designs to be good fiduciary sponsors – and to help The Alliance better negotiate with willing providers to pay a fair price and make [healthcare more affordable for everyone](#),” said Dr. Melina Kambitsi, Senior Vice President of Business Development and Strategic Marketing.

The RAND Hospital Price Transparency Study round four includes information from more than 4,000 hospitals in 49 states and Washington D.C. from 2018 to 2020. It expands and refines earlier research by RAND on the topic. The analysis includes facility and professional claims for inpatient and outpatient services provided by Medicare-certified short-stay hospitals and other facility types. And for the first time, the analysis also includes more than 4,000 ambulatory surgical centers, which are free-standing facilities that perform outpatient surgical services.