



Peak Health Alliance worked with Leif Associates, a health care actuarial, employee benefit, and data management consulting firm to analyze Summit County purchasers' spending for health care services compared to what Medicare pays in Summit County for the same services.

- Medicare is a good point of objective comparison because it uses a complex algorithm to adjust for a multitude of factors, including local cost of living and wage index. Its fee schedule is intended to provide efficient hospitals a small profit margin.

Outpatient	% of Medicare	Inpatient (Minimum Cost/Day) <sup>i</sup>	% of Medicare	Professional Services	% of Medicare
Ambulatory Surgery	395%	None	196%	2015	190%
Emergency Department	842%	\$500	221%	2016	207%
Other Outpatient	336%	\$1,000	233%		
Combined	505%	\$2,000	247%	Combined	197%

The analysis also models the HYPOTHETICAL savings opportunity if Peak Health Alliance succeeds in negotiating prices using an objective source such as Medicare. We calculated the savings opportunities for: a) four self-insured Summit County employers who provided us with data and b) for the rest of the Summit County purchasers (groups and individuals) whose data is in the All Payers Claims Database (APCD). Collectively this represents over 90% of covered individuals in Summit County. Only Inpatient and Outpatient services are provided below because these have the greatest potential to yield savings.

Self-Insured	% of Medicare	SI Employer Savings	APCD	% of Medicare	APCD Savings
Inpatient	150%	\$138,698	Inpatient	150%	\$628,516
	125%	\$259,575		125%	\$963,546
	100%	\$380,480		100%	\$1,298,576
Outpatient	400%	\$195,522	Outpatient	400%	\$1,272,471
	350%	\$424,364		350%	\$1,851,394
	300%	\$622,848		300%	\$2,430,316
	250%	\$869,027		250%	\$3,009,238
	200%	\$1,115,187		200%	\$3,588,161

**How much could we potentially save across ALL Summit County Purchasers?**

- Savings for Large and Small Employers plus Individuals with inpatient payment at 150% of Medicare and outpatient payment at 250% of Medicare could be approximately **\$4.6 million**.
  - Inpatient payment savings could potentially be \$767K
  - Outpatient payment savings could potentially be \$3.88M
- Savings would be reflected in lower premiums enabling more people to access insurance and freeing resources for other social determinants of health such as housing and childcare.

<sup>i</sup> Minimum cost/day less than \$1,000 is likely a coding error since admissions are typically not less than \$1,000