

Study: Salt Lake among most affordable health care cities, but with some caveats

By Daphne Chen, Deseret News

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SALT LAKE CITY — A new study on health care spending offers more clarity — and perhaps a caveat — to oft-repeated claims that Utah is one of the most affordable states for health care in the U.S., experts say.



Salt Lake City, Provo and Ogden can still boast relatively affordable health care, according to the Health Care Pricing Project researchers. But they're far from the cheapest in the nation.

"Being in the best quarter is good," said David Muhlestein, the senior director of research and development at Leavitt Partners, who was not involved in the study. "It's not the very best."

Researchers from Yale University, the University of Pennsylvania and Carnegie Mellon focused on 306 cities in the U.S. that offer specialized medical care. They looked at how much Medicare reimbursed hospitals in each city for medical services. They also tapped into a large new data set released by private insurers UnitedHealthCare, Aetna and Humana that showed how much they paid hospitals for different services.

They found that cities in Utah aren't doing well as those in, say, Hawaii. Honolulu is the cheapest city in the nation when measured by how much private insurers shell out to hospitals for medical services. It's also the sixth cheapest when it comes to Medicare reimbursements per capita.

Salt Lake City, on the other hand, is in the top quarter of cities when it comes to low Medicare spending — 69 out of 306.

It's also in the top third of cities when measured by how much private insurers shell out to hospitals for medical services — 102 out of 306.

That's better than average and something to be proud of, said Natalie Gochnour, the director of the Kem C. Gardner Policy Institute at the University of Utah.

She said Utah usually scores well on these rankings due to its homegrown advantages, like having the most youthful population in the U.S. and the low rate of cigarette and alcohol use. It also benefits from having large, integrated health systems that focus on evidence-based medicine, she said.

Yet the study also confirms some of the failures of the health care system in Utah and across the nation, according to Gochnour.

"The way we pay for health care is complicated," Gochnour said. "It lacks transparency. It's hidden to the patient often."

That's because one of the issues for every city in the study — and one of the researchers' main conclusions — is how much price varies from hospital to hospital.

"Imagine you could go buy a gallon of gas and it could cost anywhere from \$2 to \$4 but you didn't know in advance how much you're going to pay," Muhlestein said.

That's basically what happens in health care, researchers found — except with knee replacements and MRIs instead of gas.

Salt Lake City is doing better than other cities when it comes to keeping price variation down, according to Muhlestein.

The study found that a knee replacement in Salt Lake can cost anywhere from \$21,600 at one hospital to \$29,500 at another. But in a city like Denver, a knee replacement can range from a low of \$14,600 to a high of \$45,200, depending on the hospital.

But price disparities for certain medical services can still be steep here. Researchers found that a standardized procedure like a colonoscopy can cost a little over \$500 at one hospital in Salt Lake and nearly \$2,500 at another.

Bringing those prices in line will do a lot to lower the cost of health care, Muhlestein said — perhaps more so than reducing total volume of services.

The study also looked at Provo and Ogden, which were slightly more expensive than Salt Lake.

Private insurance spending in Provo is still lower than the national average, researchers found. But Provo is near the national average on Medicare spending.

Ogden is a relatively low spender in terms of Medicare, but a higher-than-average spender in terms of private insurance, the study found.

But even though researchers adjusted for age, gender and cost of living differences between cities, they still found a lot of variation between what hospitals were charging within the same city for the same procedure.

The study, Gochnour said, summarized her feelings about the health care system in a nutshell: "Complex, confusing, and — I don't feel uncomfortable saying this — broken," she said.