



SISC takes action on overpriced health care

Starting October 1, 2018, a change is coming to PPO plan benefits.

Let's face it; overpriced health care is taking money out of all of our pockets. It results in higher premiums, less money for salaries, and people moving to benefit plans with higher deductibles and co-pays.

Did you know the cost of medical care can be many times more expensive at one facility as compared to another—with no evidence of better quality or safety? The difference in cost can be downright shocking.

We simply wouldn't tolerate this kind of pricing in other aspects of our lives. Why do we do it when it comes to health care?



Would anyone pay three times more for a car?

Let's say you are looking for a new car. The first place you go will sell the car you want for \$25,000. The second place wants \$75,000 for the exact same car.

You tell the second dealer that you can get the same car elsewhere for \$25,000.

The salesperson says you should buy the car at the higher price because his store has higher overhead...valet parking, a bigger building with a beautiful lobby, plush chairs, free cappuccino and high rent.

Who would pay three times more for the same car just to cover the dealer's overhead?

That's what happens every day in the bizarre world of medical pricing.

We look for value when shopping for other things. Why not medical care?



Maybe it's because health care is more complicated and confusing. Maybe we just don't know how to comparison shop for cataract surgery and colonoscopies. Maybe there just hasn't been much of an incentive.

As one of the largest providers of health care benefits in the state of California, SISC is in a position to influence the cost and quality of the medical care we all receive.

Our goal? Keep medical care affordable while preserving access to high quality care. The change we are making in October will address one of the areas with the biggest opportunity for savings—certain outpatient procedures performed at hospitals.

But first, let's take a look at the problem in more detail...

The same outpatient procedures cost *much* more at hospitals

Procedures that do not require an overnight hospital stay are called outpatient procedures. Many of these services can be performed at either a hospital or an ambulatory surgery center (ASC). In addition to paying the doctor who performs the procedure, a “facility fee” is paid to the hospital or ASC.

The facility fees at a hospital can be several times more expensive than at an ASC for the same service provided to the same patient, by the same doctor with the same equipment, medications and supplies.

Check out the average facility fees for certain elective procedures:

Procedure	ASC	Hospital
Arthroscopy	\$2,700	\$4,900
Cataract Surgery	\$1,400	\$4,000
Colonoscopy	\$800	\$1,900
Upper GI Endoscopy	\$600	\$2,600

Hospitals cost more than ASCs, but that doesn't mean higher quality

We often think that if something costs more it must be better quality. Multiple studies indicate that when it comes to health care, that's just not the case. Higher cost *does not mean* higher quality. Consider:

Hospital settings do not provide better outcomes.

There is no documented evidence that hospitals have better outcomes. ASCs have established track records of providing quality outcomes that are at least as good or better than hospitals.

ASCs tend to be more specialized with less exposure to a wide range of infections. And infections can be a cause of complications that create more problems for the patient and their recovery!

You will likely get in and out of an ASC more quickly.

Outpatient procedures can be safely performed at an ASC more quickly for a fraction of the cost. Hospitals are geared for major procedures which can cause longer wait times for outpatient services. Hospitals also tend to have more cumbersome check-in and check-out processes.

We usually think of new developments in health care services and technology coming with a higher price tag. But ASCs are an exception. Many procedures can be safely performed at an ASC at a lower cost with high quality outcomes.

The Dartmouth Institute for Health Policy and Clinical Practice – February 2009

Costs and Benefits of Competing Health Care Providers: Trade-Offs in the Outpatient Surgery Market – University of Notre Dame and University of Minnesota – May 2013

The Journal of Bone and Joint Surgery – October 2016



Coming to PPO Plans October 1, 2018

Value-based site of care benefit change

The cost of health care has been increasing at unsustainable rates. At SISC, we continually evaluate ways to limit unnecessary spending in an effort to keep benefits affordable without impacting access to high quality and safe care.

Incenting the appropriate use of ASCs helps curb out-of-control costs.

Effective October 1, 2018, SISC PPO plans will limit the maximum benefit amount at an in-network outpatient hospital facility for the following five procedures:

	Arthroscopy	Cataract Surgery	Colonoscopy	Upper GI Endoscopy with Biopsy	Upper GI Endoscopy without Biopsy
Maximum benefit at an in-network outpatient hospital facility	\$4,500	\$2,000	\$1,500	\$1,250	\$1,000
There is no limit at an in-network Ambulatory Service Center (ASC)	There is no benefit change at an ASC. The limits at an outpatient hospital facility do not apply at an ASC.				

Note: The value-based site of care benefit applies to facility fees only. The fees paid to physicians and any other practitioners who assist in the procedure, such as anesthesiologists or radiologists, are not affected by this change.

How the value-based site of care benefit works

If you use an in-network outpatient hospital facility, you will be responsible for the regular deductible and coinsurance **PLUS any amount by which the hospital charge exceeds the maximum benefit.**

This provision can be waived if your doctor receives advance certification from Anthem that you need to be in an outpatient hospital setting.*

* The benefit includes a simple process to exempt the member if the physician provides clinical justification for using a hospital. It also allows exceptions when: a member lives more than 30 miles from an ASC and a hospital that offers the service for less than the maximum benefit; or if a procedure cannot be scheduled in a medically appropriate timely manner due to available ASCs not having capacity.

If you use an in-network ASC, then there is no benefit change! You will only be responsible for the regular deductible and coinsurance.

IMPORTANT

Most physicians have privileges at both hospitals and ASCs. If you need one of the outpatient procedures on the list shown above, it will be up to you to either request treatment at the in-network ASC or have your doctor obtain an advance certification from Anthem.



Cataract surgery at an outpatient hospital facility?

It'll cost you!

Let's say you are scheduled to have cataract surgery at an in-network outpatient hospital facility and your doctor did not get advance certification from Anthem.

Using the average facility fees shown in the chart on page 2 as an example, the fee would be \$4,000 at the outpatient hospital facility.

That means you would have to pay \$2,000 (\$4,000 hospital fee minus the \$2,000 limit) out of your own pocket in addition to your deductible and coinsurance.

It's important to know you can keep it simple and save a lot by using an ASC. The limits do not apply at an ASC! Had you elected to have the procedure at an in-network ASC, you would have saved \$2,000!

It's time to address the disparity in costs between hospitals and ASCs. Limiting spending at higher cost facilities is one of the things we can all do to make a difference.

A little bit about SISC...

Sometimes people don't understand who we are and what we do. We hope this provides some clarification:

✔ **SISC is not an insurance company.**

We are a cooperative of more than 400 California public schools joined together to reduce costs and spread risk over a large population...Schools Helping Schools.

We are not a corporation; we are a public entity.

✔ **All SISC staff members are public school employees.**

SISC is run in the best interests of our membership.

Our focus is on the value we provide our members—not perks, politics or profit.

95¢ of every \$1.00 in premium is paid to hospitals, doctors and pharmacies in the form of claims.

Only 5¢ goes toward administrative costs.

✔ **Although we only cover California public schools, one out of every 1,000 Americans is covered by a SISC medical plan.**

QUESTIONS?

For more information on this change or if you have any other benefit questions, please call the number on the back of your Anthem ID card.

An important notice regarding a change to your PPO medical benefits

P.O. Box 1847
Bakersfield, CA 93301-4893

