

Hospital Inpatient Cost Transparency: Beginning 2009 Questions and Answers

December 5, 2013

1. Q. What data is the New York State Department of Health (NYS DOH) now releasing?

A. The NYS DOH is releasing hospital specific charge and cost data for all hospitalizations in New York State, summarized by medical and surgical procedures and severity of illness.

2.Q. Where will this data be available?

A. Charge and cost data for the years 2009-2011 will be available on the Health Data NY, <https://health.data.ny.gov/>, New York's open data platform.

3.Q. How are charges defined?

A. CHARGES are the initial, individual prices for all of the items and services a hospital provides. On an annual basis, hospitals submit independently audited charge and cost information to the NYS DOH as part of an Institutional Cost Report (ICR).

4Q. How are costs defined?

A. COSTS are the actual expenses incurred by a hospital in providing patient care. This can include the direct costs of patient care such as physician, nursing and other labor costs, room and board, medicines and supplies, as well as indirect costs such as overhead for administrative expenses such as infection control, medical record keeping, building maintenance and equipment.

5. Q. How can this data be helpful to consumers?

A. Consumers will benefit by having information on how much hospital care costs across different hospitals for various services. Currently, consumers don't know what a hospital is charging them or their insurance company for a given procedure, like a knee replacement, or how much of a price difference there is at different hospitals, even within the same city. The data being released today provides that

information to assist consumers in making an informed health care choice. Of course, consumers are encouraged to work with their provider to determine the best course and place for treatment. The information being provided today should inform consumers and providers so that together they can make better health care decisions.

6.Q. How can consumers use this data?

A. The information provided will assist consumers in understanding charges and costs of a specific procedure or hospitalization at a specific hospital. When interpreting this data, it is important to keep in mind that variations in cost may be attributed to many factors. Some of these include hospital size, teaching hospital status, specialized services, geographic region and quality of care provided. The amount that a private insurer will pay a hospital or the amount that an individual may be charged may be far different from the costs and charges in this report. Also, NYSDOH has not yet conducted an analysis of how charges and costs relate to quality of care.

7.Q. Where does the charge data come from?

A. Hospitals submit information on charges for specific services to the NYS DOH through a system known as SPARCS, the Statewide Planning and Research Cooperative System. Hospitals determine what they will charge for items and services provided to patients. Charges are not necessarily the same as the amounts that hospitals get paid. Private health insurance plans independently negotiate payment rates with hospitals.

8.Q. How were estimated costs calculated?

A. Estimates of hospital costs were calculated by the NYS DOH using data from SPARCS and from the annual ICR filing. Using this information, NYS DOH created an estimated cost for each hospital service. As with charges, cost data are hospital-specific.