

HEALTH PRICE TRANSPARENCY RULE

Informal Draft – Proposed Changes to Methodology

SUMMARY OF CHANGES

Data currently collected under 28 TAC Chapter 21 Subchapter KK does not produce consistent and accurate representations of average market prices for health care services. In general, this is because the existing data collection methodology is overly simplistic relative to the complexity involved in billing for certain medical services. The proposed methodology:

- improves accuracy of price estimates for inpatient and outpatient procedures by collecting data at the claim level (rather than line level)
- makes data more meaningful by grouping separate cost components by treatment event
- mitigates influence of outliers by collecting median amounts, and
- allows TDI to present a likely range of costs by collecting min/max and 25th/75th percentiles

Inpatient and Outpatient Procedures

Current data is oriented around single medical billing codes. This is misleading because the full cost of a procedure may include multiple claims, each including multiple lines of billing codes. The proposed methodology will present more accurate procedure costs by using key target codes. For any claim that includes a target code, the issuer will provide the full cost of the claim, inclusive of the target code and other services provided.

Treatment Event Grouping Methodology

In addition to collecting a more comprehensive set of claims costs, the proposed rule also includes an explicit method for grouping different types of claims related to the same medical service into a treatment event. This will allow TDI to present cost estimates to consumers that represent the total cost of care, rather than separately present facility costs, physician costs, and anesthesiology costs.

BILLING CODE CHANGES - EXAMPLE

Current	Billing Codes
Individual Codes:	
Hospital (DRG)	341 – Appendectomy w/Major CC 342 – Appendectomy w/CC 343 – Appendectomy w/o CC
Surgeon	
Anesthesia	00840 – Anesthesia for procedure on lower abdomen

Proposed	Target Codes
Treatment Event:	Appendectomy
Hospital (ICD-9)	47.01, 47.09
Surgeon	44950, 44955, 44960, 44970, 44979
Anesthesia	00840

DATA ELEMENT CHANGES

Current
Number of Claims
Total Amount Billed
Total Amount Paid
Total Amount Allowed
[Calculated] Average Billed Amount
[Calculated] Average Paid Amount
[Calculated] Average Allowed Amount

Proposed	
Number of Unique Claim IDs	
Total Amount Billed	Minimum Billed Amount*
	Minimum Allowed Amount*
Total Amount Allowed	25th Percentile Billed Amount
Average Billed Amount	25th Percentile Allowed Amount
	75th Percentile Billed Amount
Average Allowed Amount	75th Percentile Allowed Amount
Median Billed Amount	Maximum Billed Amount*
Median Allowed Amount	Maximum Allowed Amount*

* Minimum and maximum billed and allowed amounts may not be useful to consumers if they reflect outliers

PRESENTATION

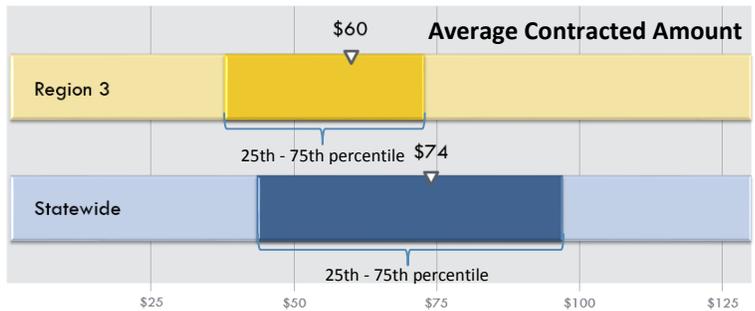
Current

KEY	I	IN-NETWORK	
KEY	O	OUT-OF-NETWORK	
All specified rates below are averaged			
Key	Billed Charge	Contracted Rate/Allowed Amount	Amount Paid to Provider
I	\$124.77	\$42.79	\$28.08
O	\$231.22	\$110.45	\$60.48
I	\$156.58	\$55.51	\$37.08
O	\$314.23	\$179.45	\$114.84

Proposed

Chest X-Ray (Facility + Professional)			
	Facility	Professional	Total
Region 3	\$43	\$17	\$60
Statewide	\$56	\$19	\$74

Mock-up illustrates the average contracted amount, within a likely range. Billed amounts would be illustrated separately.



SCOPE OF DATA

Inpatient and Outpatient Procedures

Inpatient and Outpatient Procedure Treatment Events	Current			Proposed		
	Facility ¹	Prof. ²	Anes. ³	Facility ¹	Prof. ²	Anes. ³
Appendectomy	✓		✓	✓	✓	✓
Back surgery - laminectomy	✓			✓	✓	✓
Bunionectomy			✓	✓	✓	✓
Cardiac angioplasty - w/ drug eluting stent	✓			✓	✓	✓
Cardiac catheterization (left, right, both)	✓	✓		✓	✓	✓
Colonoscopy		✓	✓	✓	✓	✓
C-Section	✓	✓	✓	✓	✓	✓

¹ A bill for facility costs will accompany a procedure received in an inpatient or outpatient facility

² Professional services refer to the care provided by a physician (such as a surgeon, radiologist, or pathologist, if applicable), who each bill independently

³ Anesthesiologists also billed separately for their services

Inpatient and Outpatient Procedure Treatment Events	Current			Proposed		
	Facility ¹	Prof. ²	Anes. ³	Facility ¹	Prof. ²	Anes. ³
Hernia repair - unilateral, bilateral		✓		✓	✓	✓
Hip replacement	✓			✓	✓	✓
Hysterectomy		✓	✓	✓	✓	✓
Knee replacement	✓			✓	✓	✓
Laparoscopic cholecystectomy	✓		✓	✓	✓	✓
Myringotomy		✓		✓	✓	✓
Rotator cuff repair		✓	✓	✓	✓	✓
Tonsillectomy		✓		✓	✓	✓
Upper & lower GI endoscopy		✓	✓	✓	✓	✓
Upper GI endoscopy		✓	✓	✓	✓	✓
Vaginal delivery	✓	✓	✓	✓	✓	✓
ACL repair				✓	✓	✓
Coronary Bypass (CABG) w/o cardiac catheterization				✓	✓	✓
Adenoidectomy				✓	✓	✓
Tonsillectomy & adenoidectomy				✓	✓	✓
Anesthesia, miscellaneous			✓			
Biopsy of breast; percutaneous		✓				
Bronchitis & asthma	✓					
Cellulitis	✓					
Cervical spinal fusion	✓		✓			
Chemotherapy w/o acute leukemia	✓					
Chest pain	✓					
Chronic obstructive pulmonary disease	✓					
Critical newborn care	✓	✓				
Disorders of pancreas except malignancy	✓					
Emergency department		✓				
Esophagitis, gastroent & misc digest disorders	✓		✓			
Fetal non-stress test		✓				
Heart failure & shock	✓					
Injection into spinal canal for diagnosis or treatment		✓				
Insertion of catheter in vein and implanted device		✓				
Insertion of ureteral stent		✓				
Intracranial hemorrhage or cerebral infarction	✓					
Knee arthroscopy		✓	✓			
Major small & large bowel procedures	✓					
Needle biopsy of liver		✓				
Normal newborn care	✓	✓				
OR procedures for obesity	✓					
Other antepartum diagnoses	✓					
Psychoses	✓					
Rehabilitation	✓					
Release and relocation of median nerve of hand		✓				
Removal of breast growth		✓				
Removal of cataract with insertion of lens		✓				
Removal of nasal sinus using an endoscope		✓				
Removal of ovaries or tubes using an endoscope		✓				
Removal of uterine fibroids	✓	✓				
Shaving of shoulder bone using an endoscope		✓				
Shoulder arthroscopy		✓				
Simple pneumonia & pleurisy	✓					
Subsequent hospital inpatient care		✓				

Imaging

Imaging Treatment Events	Current				Proposed			
	CPT ⁴	26 ⁵	TC ⁶	Facility	CPT ⁴	26 ⁵	TC ⁶	Facility
CT lower extremity	✓	✓			✓	✓	✓	✓
CT scan abdomen	✓	✓			✓	✓	✓	✓
CT scan chest	✓	✓			✓	✓	✓	✓
CT scan head/brain	✓	✓			✓	✓	✓	✓
CT scan of lumbar lower spine	✓	✓			✓	✓	✓	✓
CT scan of mouth, jaw, neck	✓	✓			✓	✓	✓	✓
CT scan pelvis	✓	✓			✓	✓	✓	✓
Mammography	✓	✓			✓	✓	✓	✓
MR angiography head	✓	✓			✓	✓	✓	✓
MRI abdomen	✓	✓			✓	✓	✓	✓
MRI brain	✓	✓			✓	✓	✓	✓
MRI lower limb	✓	✓			✓	✓	✓	✓
MRI lower limb with joint	✓	✓			✓	✓	✓	✓
MRI lumbar spine	✓	✓			✓	✓	✓	✓
MRI neck spine	✓	✓			✓	✓	✓	✓
MRI of head (orbit/face/neck)	✓	✓			✓	✓	✓	✓
MRI pelvis	✓	✓			✓	✓	✓	✓
MRI spine	✓	✓			✓	✓	✓	✓
MRI upper limb (other than joint)	✓	✓			✓	✓	✓	✓
MRI upper limb joint	✓	✓			✓	✓	✓	✓
CT abdomen and pelvis					✓	✓	✓	✓
MRI breast					✓	✓	✓	✓
CT scan of arm blood vessels	✓	✓						
CT scan, bone mineral density	✓	✓						
DXA bone density measure	✓	✓						
Imaging of abdomen and chest	✓	✓						
Positron emission tomography (PET) imaging with CT imaging	✓	✓						
Radiation treatment	✓	✓						
Ultrasound of abdomen	✓	✓						
Ultrasound of breast	✓	✓						
Ultrasound of pelvis	✓	✓						
Ultrasound of pregnant uterus	✓	✓						
X-ray of abdomen	✓	✓						
X-ray of chest	✓	✓						
X-ray of lower extremity	✓	✓						
X-ray of upper extremity	✓	✓						
X-ray of upper GI	✓	✓						

⁴ CPT indicates the imaging procedure was billed without a 26 or TC modifier, and the full cost may be contained within a single bill

⁵ 26 is a “professional component” CPT code modifier, which indicates the bill is for the cost for the physician to look at the imaging results

⁶ TC is a “technical component” CPT code modifier, which indicates the bill is for the cost of the equipment and technician to perform the imaging procedure

Physician Care - Office

Physician Care Treatment Events	Current Professional	Proposed Professional
Existing patient preventive checkup for a well child (age 1-4)	✓	✓
Existing patient preventive checkup for a well child (age 5-11 & 12-17)	✓	✓
Existing patient preventive checkup for an adult (age 18-39 & 40-64)	✓	✓
Physician care existing patient	✓	✓
Physician care new patient	✓	✓
Specialist office consultation	✓	✓
Annual gynecological exam (existing patient)		✓
Annual gynecological exam (new patient)		✓
New patient preventive checkup for a well child (age 5-11 & 12-17)		✓
New patient preventive checkup for a well child (age 1-4)		✓
New patient preventive checkup for an adult (age 18-39 & 40-64)		✓
Screening pap smear by physician		✓
Screening pelvic and breast exam		✓
Allergy shots	✓	
Chiropractic manipulative treatment	✓	
Eye and medical examination for diagnosis and treatment	✓	
Flu vaccine	✓	
Individual office or outpatient psychotherapy	✓	
Infusion of chemotherapy into a vein	✓	
Injection into tissue or muscle for therapy, diagnosis, or prevention	✓	
Manual (physical) therapy techniques to 1 or more regions	✓	
Pneumococcal vaccine	✓	
Routine EKG using at least 12 leads	✓	
Ultrasound examination of heart	✓	
Vaccine for diphtheria, tetanus, pertussis	✓	
Vaccine for hepatitis B	✓	
Vaccine for measles, mumps, rubella	✓	
Vaccine for polio injection	✓	
Vaccine for tetanus and diphtheria	✓	
Vaccine for varicella	✓	

Pathology

Pathology Treatment Events	Current Professional	Proposed Professional
Assay of PSA total	✓	✓
Assay thyroid stimulating hormone	✓	✓
Basic metabolic panel	✓	✓
Blood glucose assay	✓	✓
Chlamydia trachomatis DNA test	✓	✓
Complete blood count (CBC)	✓	✓
Comprehensive metabolic panel	✓	✓
Fecal blood screen immunoassay	✓	✓
Hemoglobin	✓	✓
Lipid panel	✓	✓
Prothrombin time	✓	✓
Screening cytopathology cervical/vaginal	✓	✓
Strep A assay with optic	✓	✓
Urinalysis	✓	✓
Urine pregnancy test	✓	✓
Acute hepatitis panel		✓
Alanine amino (ALT) (SGPT)		✓
Assay of estradiol		✓
Assay of ferritin		✓
Assay of iron		✓
Assay of thyroxine - total, free		✓
Assay of urine creatinine		✓
Assay test for blood fecal		✓
Assay triiodothyronine (T3)		✓
Blood folic acid serum		✓
Blood oxygen test		✓
Calcium (ionized)		✓
Calcium total		✓
Chorionic gonadotropin test		✓
Culture bacteria other		✓
Culture screen only		✓
Electrolyte panel		✓
General health panel		✓
Glycosylated hemoglobin test		✓
Hepatic function panel		✓
HIV-1 DNA test		✓
HIV-1/HIV-2 single result		✓
HPV DNA test		✓
Influenza assay with optic		✓
Insulin suppression panel		✓
Insulin tolerance panel		✓
Iron binding test		✓

Pathology Treatment Events	Current Professional	Proposed Professional
Neisseria gonorrhoeae DNA test		✓
Obstetric panel		✓
Pregnancy test (blood test)		✓
Prostate biopsy, any method		✓
TRH stimulation panel		✓
Urine culture		✓
Vitamin B-12		✓
Vitamin D 25 hydroxy		✓
Blood glucose test, hand-held instrument	✓	
Pathology examination of tissue during surgery	✓	
Pathology examination of tissue using a microscope	✓	
Special stained specimen slides to identify organisms	✓	
Tissue or cell analysis by immunologic technique	✓	