

Statement of The Hospital & Healthsystem Association of Pennsylvania

Before the

Senate Public Health and Welfare Committee

Presented by

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Harrisburg, Pennsylvania

June 10, 2008

Chair Erickson and members of the Senate Public Health and Welfare Committee, I am Paula A. Bussard, Senior Vice President, Policy and Regulatory Services, for The Hospital & Healthsystem Association of Pennsylvania (HAP).

As you know, HAP represents and advocates for the nearly 250 acute, and specialty care hospitals and health systems across the state and the patients they serve. We appreciate the opportunity to present the views of hospitals and health systems from across the commonwealth on the importance of reauthorizing the Pennsylvania Health Care Cost Containment Council (known as PHC4) and making the changes necessary to update and strengthen its important role as being the statewide central health care data repository. This role is essential to provide useful and usable information to the public, purchasers, employers, government, labor, hospitals, physicians, health insurers, other health care providers, and researchers.

Background

During 1986, Pennsylvania hospitals and health systems supported the enactment of Act 89, the Pennsylvania Health Care Cost Containment Act, which created a central state repository for health care data. Each time the legislature has been required to reauthorize PHC4, Pennsylvania hospitals and health systems have supported its reauthorization. Hospitals and health systems recognize the important role PHC4 fulfills in enabling the public, purchasers, employers, government, labor, hospitals, physicians, health insurers, other health care providers, and researchers to have access to useful and usable information regarding the delivery and financing of health care.

While the original legislation called for both health care providers and health insurers to provide information to PHC4, the predominant source of data for PHC4 has been hospitals and health systems. PHC4 also collects utilization and financial information from ambulatory surgery centers and payer information from Medicare, Medicaid, and health insurers. Most of PHC4's published reports address hospital performance, such as the quarterly performance reports, the

annual financial reports, etc. PHC4 also produces periodic reports that include physician-specific information, most notably a report that focuses on cardiac care. PHC4 periodically produces a report on HMOs. During 2004, Pennsylvania became the first state in the nation to collect information about health-care acquired infections in a hospital setting, and subsequently PHC4 has published two hospital-specific reports about health-care acquired infections for 2005 and 2006. In addition, PHC4 produces other special reports and information pieces to provide insight into health care delivery and financing in the commonwealth.

Hospital Recommendations

HAP has long supported public accountability for the delivery of care by facilities and health care practitioners, as well as the financing of care. Public accountability includes providing access to information on quality and financing of health care.

Since the council's inception in 1986, health care delivery and financing have evolved significantly, both in Pennsylvania and across the nation. At the same time, health care data collection and public reporting processes have evolved as well. It is very feasible now to have uniform data collection from hospitals and other data sources without requiring hospitals or other data sources to use a single data vendor to assure consistency and accuracy of data collection.

Therefore, given today's health care financing and delivery environment, we believe that the reauthorization process for Act 89 provides an opportunity for all stakeholders—the legislature, the administration, business and labor, health care providers, and the public (patients)—to:

- Review and reaffirm the purpose of the council.
- Make sure that the council fulfills its accountabilities as a state agency.
- Expand the data sources to include a broader range of health care providers and health insurers.
- Make sure that data reporting by all data sources is as efficient and effective as it can be without imposing use of a single data vendor for hospitals or other data providers.

Under Act 89 of 1986, PHC4 was established as an independent state agency with a governing body that includes a majority of business and labor representatives, as well as hospital, physician, nurse, health insurer, consumer, and government representatives. It was established at a time of rapidly growing health care costs, and a key component of PHC4's strategy was to contain costs by stimulating competition in the health care market by:

- a) Giving comparative information about the most efficient and effective health care providers to individual consumers and group purchasers of health services.
- b) Giving information to health care providers that they can use to identify opportunities to contain costs and improve the quality of care they deliver.

Act 89, as amended by Act 14 of 2003, assigned the council three primary responsibilities:

- 1) To collect, analyze, and make available to the public data about the cost and quality of health care in Pennsylvania.
- 2) To study, upon request, the issue of access to care for those Pennsylvanians who are uninsured.
- 3) To review and make recommendations about proposed or existing mandated health insurance benefits upon request of the legislative or executive branches of the commonwealth.

Mission of PHC4—Pennsylvania hospitals and health systems support the core mission of the council to collect information to improve purchasing decisions by individuals and purchasers and to provide access to useful and actionable information for health care providers. However, primarily focusing only on collection of data from hospitals is not sufficient as hospitals now only comprise about a third of every dollar spent on health care. In addition, the financing of health care is inextricably linked to the delivery of care, and there needs to be greater transparency regarding health care payers, including Medicare, Medicaid, and health care insurers.

Accountability of PHC4—PHC4 is an independent state agency, and as such should be held to the same standards of accountability as other state agencies. This includes affording public comment on regulations and other proposals, as well as adhering to state contracting procedures, standards related to “sunshine” meetings, open records, etc. The Pennsylvania Legislative Budget and Finance Committee conducted a comprehensive assessment on compliance of PHC4 with its enabling legislation and made a series of recommendations to improve the governance and accountability of this important state agency. Pennsylvania hospitals and health systems are supportive of these recommendations, which include:

1. The council should take steps to assure that all committee meetings are in full compliance with the state Sunshine Act.
2. The council should adopt in full the Commonwealth Management Directives pertaining to contracting, travel, pay schedules, and personnel matters and expand on its interagency agreement with the Executive Branch to secure additional central administrative and oversight services, including legal services from the Office of General Counsel and internal financial and operations oversight from the Office of Comptroller Operations.
3. The council should adopt the standards of the Governor’s Code of Conduct for all members, including those not appointed by the Governor, and apply the code to all staff.
4. The council should develop an orientation program for council members to acquaint them with the council’s internal policies and public agency requirements in general, including the Code of Conduct.

5. The council should request the Auditor General to conduct its annual financial audit.
6. The council should consider using the services of the Executive Branch's Comptroller's Office to conduct an operational audit.

Data Sources and Data Collection—The data that is collected by PHC4 is used extensively by purchasers and payers, providers, the public, researchers, and government (both state and federal). The central data repository is an essential component of assuring public accountability and transparency, and it is vitally important that this role be sustained. HAP's recommendations in this area are about strengthening that role and updating how data is collected and analyzed in fulfilling the commitment to transparency and comparability.

By the council's own statement on its website, the primary source of data is Pennsylvania's hospitals:

“The Council collects over 3.8 million inpatient hospital discharge and ambulatory/outpatient procedure records each year from hospitals and freestanding ambulatory surgery centers in Pennsylvania. This data, which includes hospital charge and treatment information as well as other financial data, is collected on a quarterly basis and is then verified by PHC4 staff. The Council also collects data from managed care plans on a voluntary basis.”

This was never the intent of the original enabling legislation, which envisioned a broader array of data sources, including other health care providers and health insurers. In reauthorizing PHC4, it is imperative that the legislation clearly identify the data sources that must comply with quality reporting and that payers must provide data as well. Currently in Pennsylvania, there are more free-standing ambulatory surgery centers than there are acute care hospitals, and there has been a rapid growth in the number of outpatient surgeries being performed in these settings. The public and purchasers need to have information about the quality and financing of care in these settings. In addition, relying on voluntary submission of data by health care plans does not engender full compliance, consistency, or validity of data, and the reauthorizing legislation must clearly state that health insurers will be required to comply with reporting provisions.

HAP also agrees with a recommendation from the Legislative Budget and Finance Committee's 2007 report that PHC4 should also identify ways to coordinate and align its current data collection and reporting requirements with national reporting initiatives. It is important in evaluating health care that comparisons can be made to other states, similar types of hospitals within other states, and to evaluate performance measures, such as those used by the Centers for Medicare & Medicaid Services, along with the outcome data that is collected by PHC4. This effort should not just focus on hospitals, but look at other types of providers and how information is being collected and analyzed as well.

I know this committee also is aware of the growth in health information technology and its use by hospitals, physicians, other health care providers, and health insurers. Such technology is

being used to improve the quality and safety of care, as well as enabling hospitals and other health care providers to collect and analyze important quality and clinical information. It is imperative that the collection of data by PHC4 not impede the innovation occurring in health information technology by requiring data sources, such as hospitals, to use a sole vendor for purposes of complying with PHC4 reporting requirements. I would note that the federal government, through the Centers for Medicare & Medicaid Services, has approached data collection by specifying the data elements and then allowing hospitals to competitively contract with data vendors to submit the required data elements. Pennsylvania hospitals and health systems believe that this approach must be taken in the reauthorizing legislation.

The base from which uniform data has been collected in Pennsylvania and in states across the nation is the uniform bill, known as the UB. This form includes patient demographic information, diagnoses and procedures (all of which depend on clinical information), information regarding conditions that are present on admission, the source of the admission, and the status of the patient at discharge. During the past decade, sophisticated and innovative tools have been developed that the council should evaluate and consider for purposes of risk or case mix adjustment that do not require hospitals contracting with a single data vendor for purposes of reporting to the council. These tools offer greater capabilities and would enable Pennsylvania to provide reports that are more consistent in approach to methods used nationally and in other states, without sacrificing the quality and consistency of data collected in Pennsylvania.

We recognize that there would need to be a reasonable transition period to enable PHC4 to identify any additional critical clinical data elements beyond those currently included on a UB to assure that the council can continue to make sure that necessary risk or case mix adjustments occur. We envision that this process would include seeking public—particularly clinical input—on those elements and then ensuring sufficient time to enable hospitals to contract with vendors for data submission. We believe that this reasonably can occur during the next year so that Pennsylvania retains its preeminent position in public reporting of health care data.

Continued Need for Reauthorization—Because health care delivery and financing continue to change, it is important that the reauthorizing legislation include a five-year sunset to enable the General Assembly to make sure that the state’s central health care data repository continues to address changing needs for transparency in health care delivery and financing.

Summary

HAP and its member hospitals and health systems stand by our commitment to quality and patient safety and believe that the health care professionals who work in hospitals and the trustees who guide the mission of hospitals are demonstrating this commitment every day in communities across the commonwealth. We stand by our commitment to report information about hospital care to a statewide central data repository so that patients and their families can use this information as part of their decision-making regarding health care.

HAP and its member hospitals and health systems welcome the opportunity to work with this committee and other stakeholders on reauthorizing PHC4 and seeking the changes that will

enable Pennsylvania to remain in the forefront of health care accountability and transparency. Our goals in reauthorization is to assure that our state's central health care data repository remains vibrant and robust, as the information it gathers and analyzes is essential for the public, purchasers, public policymakers—such as yourselves, clinicians, hospitals, and others in advancing quality and in evaluating performance of health care delivery and financing.

Again, HAP thanks you for the opportunity today for me to present the hospital community's views on reauthorizing PHC4 and to convey Pennsylvania hospitals' and health systems' commitment to improve care for the patients we serve. I also appreciate your willingness to engage in a public dialogue about this important issue, and will be more than happy to answer any questions you might have.

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HAP
6/10/08