

New Hampshire Insurance Department

**Report on Hospital Tiering for the HealthFirst
Standard Benefit Design**

January 20, 2009

Introduction

HealthFirst will be available during calendar year 2009. The HealthFirst benefit design is the first standard benefit design to be offered to consumers in New Hampshire, and the first benefit plan that includes a higher deductible for members when they obtain care from higher cost hospitals in the state.

The New Hampshire Insurance Department (NHID) is required to develop rules that health insurance carriers must abide by when administering the HealthFirst tiered product. In doing so, the NHID determines which hospitals will be included in the first tier and which will be included in the second tier. Under HealthFirst a member's cost sharing will be higher at a second tier hospital. Unless a carrier obtains approval from the NHID to use an alternative tiering arrangement, all carriers are required to use the tiering determined by the NHID.

The hospital tiering is established for a period of one calendar year at a time. On an annual basis, the NHID will perform an analysis of the data available, and determine the hospital tiering for the following calendar year. The hospital tiering in this report is for health care services delivered during calendar year 2009.

Tiering

This report lists the hospitals that are in tier 1 and tier 2. The methodology for tiering is based on the approach used to rank hospital costs described in the NHID report "*New Hampshire Acute Care Hospital Comparison*" dated August 27, 2008. The data in this report is based on calendar year 2007, but is otherwise based on the same methodology. Further adjustments to the tiering have been made to ensure geographic accessibility.

The hospital name and the benefit tier are listed below. All hospitals outside of New Hampshire are in tier 2.

Hospital Name	Hospital Tier
Alice Peck Day Memorial Hospital	1
Androscoggin Valley Hospital	1
The Cheshire Medical Center	1
Catholic Medical Center	2
Concord Hospital	1
Cottage Hospital	1
Dartmouth Hitchcock Medical Center	2
Elliot Hospital	1
Exeter Hospital	2
Frisbie Memorial Hospital	2
Huggins Hospital	1
Littleton Regional Hospital	2
Franklin Regional Hospital	2
Lakes Region General Hospital	1

The Memorial Hospital	1
Monadnock Community Hospital	1
New London Hospital	1
Parkland Medical Center	1
Portsmouth Regional Hospital	2
Southern NH Medical Center	1
Speare Memorial Hospital	1
St. Joseph Hospital	2
Upper Connecticut Valley Hospital	1
Valley Regional Hospital	1
Weeks Medical Center	1
Wentworth-Douglas Hospital	1

NHID Tiering Methodology

A full description of the methodology used for tiering is available from the NHID. The following extract summarizes the methodology:

Hospital tiering by the Department shall be based on the relative payment differences between hospitals when services are aggregated and payment differences are generalized. The relative differences in hospital payment levels will be used to rank hospitals from high to low, and those in the lower payment half of the ranking shall be in tier 1, and those in the higher payment half of the ranking shall be in tier 2. Hospitals in rural areas will be given special consideration for tier 1, despite their relative cost burden to insurance carriers and covered members. A hospital in close proximity to a lower cost hospital may be classified as tier 2, despite that hospital's overall ranking in the state. There shall be at least seven acute care hospitals in New Hampshire classified as tier 2 hospitals. Any hospital outside of New Hampshire shall be classified as tier 2 unless a carrier obtains approval from the Department.

2007 Hospital Cost Index Data

Hospital Name	Inpatient Cost Index	Outpatient Cost Index	Composite Score	Hospital Tier
Exeter Hospital	1.48	1.60	1.54	2
Frisbie Memorial Hospital	1.30	1.05	1.18	2
Weeks Medical Center	1.37	0.95	1.16	1
Androscoggin Valley Hospital	0.86	1.37	1.12	1
Littleton Regional Hospital	1.10	1.12	1.11	2
Upper Connecticut Valley Hospital	1.05	1.07	1.06	1
Portsmouth Regional Hospital	1.19	0.92	1.06	2
Catholic Medical Center	0.98	1.12	1.05	2
Dartmouth Hitchcock Medical Center	1.18	0.86	1.02	2
The Memorial Hospital	0.96	1.08	1.02	1
Franklin Regional Hospital	1.07	0.89	0.98	2
St. Joseph Hospital	0.94	1.02	0.98	2
Alice Peck Day Memorial Hospital	1.19	0.77	0.98	1
Valley Regional Hospital	0.97	0.98	0.97	1

Lakes Region General Hospital	1.07	0.88	0.97	1
Monadnock Community Hospital	0.84	1.04	0.94	1
New London Hospital	0.77	1.09	0.93	1
Concord Hospital	1.12	0.71	0.92	1
Parkland Medical Center	0.87	0.95	0.91	1
Elliot Hospital	0.94	0.88	0.91	1
Wentworth-Douglas Hospital	0.85	0.96	0.91	1
The Cheshire Medical Center	0.72	1.07	0.89	1
Cottage Hospital	0.84	0.95	0.89	1
Huggins Hospital	0.85	0.91	0.88	1
Speare Memorial Hospital	0.69	0.96	0.83	1
Southern NH Medical Center	0.81	0.80	0.81	1

Data Observations

Inpatient Volume

Hospital Name	Commercially Insured Hospital Discharge Data Cases	NHCHIS Cases	Percent
Alice Peck Day Memorial Hospital	501	311	62.1%
Androscoggin Valley Hospital	307	185	60.3%
The Cheshire Medical Center	1,778	892	50.2%
Catholic Medical Center	3,608	1,927	53.4%
Concord Hospital	5,218	3,036	58.2%
Cottage Hospital	238	105	44.1%
Dartmouth Hitchcock Medical Center	7,454	3,377	45.3%
Elliot Hospital	6,595	3,781	57.3%
Exeter Hospital	2,316	1,077	46.5%
Frisbie Memorial Hospital	1,126	510	45.3%
Huggins Hospital	450	285	63.3%
Littleton Regional Hospital	557	284	51.0%
Franklin Regional Hospital	244	128	52.5%
Lakes Region General Hospital	1,601	920	57.5%
The Memorial Hospital	468	290	62.0%
Monadnock Community Hospital	807	440	54.5%
New London Hospital	153	113	73.9%
Parkland Medical Center	1,731	639	36.9%
Portsmouth Regional Hospital	2,871	1,502	52.3%
Southern NH Medical Center	5,214	2,362	45.3%
Speare Memorial Hospital	489	285	58.3%
St. Joseph Hospital	2,290	1,000	43.7%
Upper Connecticut Valley Hospital	85	21	24.7%

Valley Regional Hospital	497	272	54.7%
Weeks Medical Center	197	133	67.5%
Wentworth-Douglas Hospital	3,184	1,460	45.9%

Outpatient Volume

Hospital Name	Patient Observations
Alice Peck Day Memorial Hospital	12,786
Androscoggin Valley Hospital	8,315
The Cheshire Medical Center	18,016
Catholic Medical Center	26,268
Concord Hospital	89,372
Cottage Hospital	7,070
Dartmouth Hitchcock Medical Center	95,322
Elliot Hospital	74,065
Exeter Hospital	35,747
Frisbie Memorial Hospital	17,337
Huggins Hospital	13,482
Littleton Regional Hospital	11,590
Franklin Regional Hospital	9,459
Lakes Region General Hospital	43,417
The Memorial Hospital	10,540
Monadnock Community Hospital	14,704
New London Hospital	19,601
Parkland Medical Center	21,084
Portsmouth Regional Hospital	34,502
Southern NH Medical Center	51,805
Speare Memorial Hospital	14,250
St. Joseph Hospital	41,141
Upper Connecticut Valley Hospital	2,626
Valley Regional Hospital	12,280
Weeks Medical Center	6,249
Wentworth-Douglas Hospital	26,729