

New Hampshire Insurance Department

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

For Calendar year 2010

December 7, 2009

Introduction

HealthFirst was first offered 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 2010.

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 2008, 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	1
Elliot Hospital	1
Exeter Hospital	2
Frisbie Memorial Hospital	2
Huggins Hospital	1
Littleton Regional Hospital	2
Franklin Regional Hospital	1
Lakes Region General Hospital	2

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	2
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.

Updates to the methodology for the 2008 analysis include replacing CPT codes that have changed according to the AMA CPT coding guidelines, and the addition of approximately twenty new codes that are now some of the most common outpatient procedures in hospitals. These new codes are for infectious agent detection, the flu vaccine, Lyme disease antibody, and various lab procedures. The only procedures retired are those deleted according to the CPT guidelines.

Substantial changes were made by Medicare to the inpatient diagnosis related groups (DRGs) in 2008, and these changes likely had an impact on the inpatient cost index scores in this analysis. The analysis methodology for this report, using DRGs from the NH discharge data and payment information from the NH CHIS, is unchanged.

2008 Hospital Cost Index Data

Hospital Name	Inpatient Cost Index	Outpatient Cost Index	Composite Score	Hospital Tier
Exeter Hospital	1.37	1.61	1.49	2
Littleton Regional Hospital	1.25	1.10	1.18	2
Androscoggin Valley Hospital	0.96	1.39	1.17	1
Upper Connecticut Valley Hospital	1.19	1.06	1.12	1
Weeks Medical Center	1.30	0.95	1.12	1
Frisbie Memorial Hospital	1.14	1.05	1.09	2
Portsmouth Regional Hospital	1.25	0.92	1.08	2
Valley Regional Hospital	1.14	0.99	1.07	2
Catholic Medical Center	0.93	1.13	1.03	2
Lakes Region General Hospital	1.15	0.88	1.02	2
The Memorial Hospital	0.91	1.08	1.00	1
Dartmouth Hitchcock Medical Center	1.12	0.87	1.00	1
Franklin Regional Hospital	1.10	0.89	0.99	1
St. Joseph Hospital	0.89	1.02	0.95	2
Cottage Hospital	0.96	0.95	0.95	1
Wentworth-Douglas Hospital	0.93	0.96	0.94	1
Parkland Medical Center	0.93	0.95	0.94	1
New London Hospital	0.78	1.07	0.92	1
Huggins Hospital	0.92	0.91	0.92	1
Concord Hospital	1.11	0.71	0.91	1
Monadnock Community Hospital	0.76	1.03	0.89	1
Elliot Hospital	0.87	0.88	0.88	1
The Cheshire Medical Center	0.67	1.06	0.87	1
Speare Memorial Hospital	0.72	0.97	0.84	1
Alice Peck Day Memorial Hospital	0.91	0.77	0.84	1
Southern NH Medical Center	0.76	0.80	0.78	1

Data Observations

Inpatient Volume

Hospital Name	Commercially Insured Hospital Discharge Data Cases	NHCHIS Cases	Percent
Alice Peck Day	507	291	57%
Androscoggin Valley Hospital	254	225	89%
Catholic Medical Center	3,524	2,021	57%
The Cheshire Medical Center	1,749	930	53%
Concord Hospital	5,117	3,692	72%
Cottage Hospital	232	103	44%
Dartmouth Hitchcock Medical Center	7,886	3,815	48%
Elliot Hospital	6,559	3,770	57%
Exeter Hospital	2,525	1,206	48%
Frisbie Memorial Hospital	1,084	577	53%
Huggins Hospital	369	233	63%
Franklin Regional Hospital	247	143	58%
LRGH/Lakes Region	1,492	961	64%
Littleton Regional Hospital	665	414	62%
The Memorial Hospital	469	248	53%
Monadnock Community Hospital	788	474	60%
New London Hospital	173	107	62%
Parkland Medical Center	1,348	560	42%
Portsmouth Regional Hospital	2,767	1,502	54%
Southern NH Medical Center	5,248	2,188	42%
Speare Memorial Hospital	359	265	74%
St. Joseph Hospital	2,532	1,024	40%
Upper Connecticut Valley Hospital	67	29	43%
Valley Regional Hospital	478	308	64%
Weeks Medical Center	174	129	74%
Wentworth-Douglas Hospital	3,196	1,574	49%

Outpatient Volume

Hospital Name	Patient Observations
Alice Peck Day Memorial Hospital	15,822
Androscoggin Valley Hospital	14,309
Catholic Medical Center	51,421
Concord Hospital	165,617
Cottage Hospital	10,530
Dartmouth Hitchcock Medical Center	122,474
Elliot Hospital	103,756
Exeter Hospital	50,148
Franklin Regional Hospital	17,065
Frisbie Memorial Hospital	30,599
Huggins Hospital	18,092
Lakes Region General Hospital	59,666
Littleton Regional Hospital	16,543
Monadnock Community Hospital	19,399
New London Hospital	27,176
Parkland Medical Center	23,841
Portsmouth Regional Hospital	48,315
Southern NH Medical Center	71,379
Speare Memorial Hospital	19,213
St. Joseph Hospital	52,929
The Cheshire Medical Center	24,924
The Memorial Hospital	11,639
Upper Connecticut Valley Hospital	3,129
Valley Regional Hospital	14,186
Weeks Medical Center	8,717
Wentworth-Douglas Hospital	41,760