

Report Highlights

Pennsylvania Health Care Cost Containment Performance Evaluation

Act 2009-3 reauthorized the Pennsylvania Health Care Cost Containment Council (PHC4) and required the Legislative Budget and Finance Committee to conduct a study evaluating the Council's management, visibility, and performance and whether there is a continued need for the Council's existence.

We found:

➤ **Regarding management and visibility:**

- The PHC4 achieves many, but not all, of its statutory mandates. In particular, several mandated reports have not been conducted, or have not been conducted in recent years. The PHC4's Executive Director noted the Council does not have sufficient resources to develop and issue reports in all these various areas.
- PHC4's internal administrative polices (e.g., personnel and travel) generally follow those of Executive Branch agencies under the Governor's jurisdiction.
- PHC4 has implemented the key recommendations from the 2007 sunset review.
- The PHC4 has good visibility in the medical community, but less so with the general public.

➤ **Regarding quality and availability of data:**

- Hospitals consider the PHC4 data to be of high quality and usefulness. The PA Ambulatory Surgery Association, however, was critical of how the PHC4 presents financial data for its members.
- Over the past 3 years, 161 individuals/organizations have paid up to \$83,000 to obtain PHC4 data and special reports. When we contacted these users, they gave high marks regarding the quality and usefulness of this data.

➤ **Regarding whether PHC4's objectives could be achieved in a more cost effective manner:**

- PHC4's appropriation has dropped from \$4.02 million in FY 05-06 to \$2.68 million for the past 3 years. Short of a major change in the scope of its mission, it appears unlikely that significant additional economies could reasonably be achieved. PHC4 lease costs for office space, however, are high (\$326,000 annually).
- While new data collection agencies have emerged since the PHC4 was created in 1986, none are as comprehensive as the PHC4 in terms of risk-adjustment, number of public and private insurers, and age of patients.

➤ **Regarding the need to reauthorize the PHC4:**

- In addition to its annual Hospital Performance and Hospital Financial reports, PHC4 has issued other reports in recent years that have received wide-spread media coverage and positive comments from the health care community. These include reports on hospital readmissions, potentially preventable hospitalizations, hospital and healthcare-associated infections, and breast cancer surgery.
- Several organizations, including the PA Health Care Quality Alliance and the PA Hospital Engagement Network use PHC4 data.
- Virtually all the respondents to our questionnaires to Council members, advisory group members, data users, and interested parties thought the PHC4 provided a valuable service and should be reauthorized.
- PA does not, however, appear to have outperformed the national averages for either hospital quality improvement or health care cost increases. Academic research on the effectiveness of public reporting of health care data to promote positive changes is mixed.
- PHC4 envisions playing an important role in the federal Affordable Care Act (ACA), particularly if PA receives a federal State Innovation Model (SIM) grant.

➤ **Issues for legislative consideration:**

- To maintain continued relevancy, many in the medical community believe PHC4 needs to begin collecting additional outpatient data, including from physician offices. Insurers, however, do not support such an expansion.

Recommendations:

- The General Assembly consider authorizing PHC4 to collect additional outpatient data.
- The General Assembly consider eliminating mandated reports that are no longer important.
- PHC4 negotiate lower lease costs in 2014.