

## Report Highlights

### Pennsylvania Health Care Cost Containment Council Performance Evaluation

Act 2003-14 extended the Council's sunset date to June 30, 2008, and required the LB&FC to evaluate the Council's policies and procedures, availability and quality of data, its ability to be financially self-sufficient and accomplish its objectives in more cost-effective ways, and need for reauthorization.

#### Study Findings:

- PA is one of 11 states that collect hospital discharge data and publicly report individual hospital performance measures (e.g. mortality)—an important public health role. Nine of these states, but not PA, have aligned their efforts with national initiatives. Since 2003, Medicare has required hospitals to report performance measures and has made that and Medicare payment data publicly available.
- Council reports on hospital performance have received national attention. Health care providers, government agencies, and others routinely use Council data.
- The Council complies with statutory quorum requirements, but its executive committee meetings have not been advertised or open to the public until recently. Minutes of such meetings were not provided, so we could not determine whether decisions requiring the full Council were made by the executive committee, a concern identified by Council members.
- Half (13 of 24) of the Council members expressed a need for substantial improvements in the Council's governance, including stronger administration and oversight by the Council itself and greater consistency with the management policies of other state agencies.
- The Council has released certain patient discharge data that is contrary to its statute and regulations regarding release and access to Council data. For example, it has released patient level records with dates of birth, admission, and discharge, among others, based on procedures not approved by the Council.
- The Council receives over \$4 million annually in state tax dollars, and uses additional revenues from its sale of data to cover about 13% of its total expenditures. The Council charges much more than other states for data, and sales transactions would need to increase by more than 600% for it to be financially self-sustaining. We note, however, that the Council has not been requesting the General Assembly

to provide appropriation authority to spend revenues from the sale of data, a state requirement.

- Only PA requires hospitals obtain a proprietary software license to adjust patient data submitted to the Council. Act 14 required a 40% reduction in such costs by June 2004. A Council audit reported a 46% reduction (from \$20 to \$10.88) based on costs for 35 mandated conditions, but discharges for more than 35 conditions. If calculated based only on discharges for the 35 conditions, the reduction would have been 20%—only half the required amount.
- Act 1986-89, amended, provides for a clinical advisory group to advise the Council, but does not provide for a similar group with expertise in health care payments, or require that such experts review Council reports for technical accuracy of data prior to their public release.

#### Recommendations:

- The Council identify ways to coordinate and align its current data collection and reporting requirements with national initiatives, and secure an independent study of hospital costs to comply with Council mandates.
- The Council assure it complies with its enabling legislation and regulations regarding the release of patient discharge data or, alternatively, seek appropriate statutory and regulatory changes.
- The Council fully adopt Commonwealth Management Directives for contracting, travel, salary, and other personnel matters; obtain administrative support services through other state agencies (e.g., Comptroller, General Counsel, Auditor General); and adopt the Governor's Code of Conduct for its members and staff.
- The General Assembly should assure that the consumer member is appointed to the Council as it has been without one since 2000, and provide for a technical advisory group with individuals with expertise in hospital discharge and payer data.

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