

## WCRI Study Shows Hospital Outpatient Costs Higher In States Without Fee Schedules

CAMBRIDGE, MA, Jan. 10, 2012 – As legislators slash state budgets due to rising healthcare costs, a recent study, [Hospital Outpatient Cost Index for Workers' Compensation](#), by the [Workers Compensation Research Institute](#) (WCRI) provides policymakers and other stakeholders with a tool to identify and better understand hospital costs.

“Rising hospital costs have been a concern and focus of recent policy debates in many states. To manage this growth, WCRI has created a tool to help public policymakers and business decision makers compare hospital outpatient costs across states, identify key cost drivers, and measure the impact of reforms,” said Dr. Richard Victor, Executive Director of WCRI.

One of the most significant findings from the study shows states without fee schedules have higher hospital outpatient/Ambulatory Surgical Center (ASC) costs for common surgeries compared to states with fee schedules. The costs in states without fee schedules were 27 percent to 73 percent higher than the median of the study states with fee schedules.

In addition, states with fee schedule regulations that were based on a percentage-of-charges had higher costs compared to states with other types of fee schedules, such as per-procedure based or ambulatory payment classification (APC) based fee schedules, with the exception of Illinois.

The study also noted that after fee schedule changes, growth in hospital outpatient/ASC costs resumed at faster rates in states with fee schedule regulations that were based on a percentage-of-charges. An example of this is California and Florida who both enacted fee schedule reforms around the same time, but the APC-based fee schedule in California constrained cost growth more than the percent-of-charge-based fee schedules in Florida.

Significant variations in hospital outpatient/ASC costs were also found across states. Compared with the 17 state median, the average hospital outpatient/ASC cost per surgical episode in Massachusetts -- the state with the lowest costs -- was 60 percent lower than the median study state, while the average cost in Illinois - the state with the highest costs -- was 45 percent higher, as of 2009.

WCRI's study measures hospital outpatient/ASC costs actually paid over a seven year period from 2003 to 2009. It focuses on services that are associated with the most common surgeries performed in workers' compensation cases since surgery-related costs make up approximately 60 to 70 percent of all outpatient costs.

The states included in the study, which represent 60 percent of the workers' compensation benefits paid in the United States, include: California, Florida, Illinois, Indiana, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, North Carolina, Pennsylvania, Tennessee, Texas, Virginia and Wisconsin.

Click on the following link for information or to purchase this report:  
[http://www.wcrinet.org/result/hosp\\_cost\\_index\\_Result.html](http://www.wcrinet.org/result/hosp_cost_index_Result.html)

### ABOUT WCRI:

The Workers Compensation Research Institute (WCRI) is an independent, not-for-profit research organization based in Cambridge, MA. Since 1983, WCRI has been a leader in providing high-quality, objective information about public policy issues involving workers' compensation systems. For more information, visit: <http://www.wcrinet.org>.

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