



HEALTH CARE
COST INSTITUTE

2018 Healthy Marketplace Index

Frequently Asked Questions

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How is a metro area defined?

We used Core Based Statistical Areas (CBSAs), as identified by the Office of Management and Budget, to define our metro areas.

What does “prices” mean?

We define “prices” as the allowed amount paid for a health care service. The allowed amount is the total payment from both the insurer and the patient to a health care provider.

Are prices and price level the same thing?

No, “prices” paid for a health care service are used to calculate each CBSA’s price level. Using the prices paid for health care services in each CBSA, we calculate a measure of the average price paid for a representative health care service within each service category. We then calculate the “price level” by comparing this measure to the national average.

For a more comprehensive description of how we calculate the measures used in our report, see [our methodology document](#).

Are differences in prices due to people receiving different services across areas?

When calculating our measure of the average price paid for a representative health care service, we hold the set of services and the amount of each service used constant across areas. In other words, our measure is designed to compare the prices an individual would face for the same basket of health care services in each metro area.

Are differences in prices due to the fact that people may be sicker and therefore requiring more expensive procedures in different areas?

We standardized our sample across areas in several ways to limit the degree to which differences in CBSA populations were influencing the computed price measures. First, we studied the same population in each area: individuals under the age of 65 with employer sponsored insurance, non-individual coverage with one of the following plan types: Health Maintenance Organization, Preferred Provider Organization, Point of Service Plan, or Exclusive Provider Organization. We also standardized the service basket for which we calculated our average price measure across areas (see above). Further, we excluded claims with extreme costs or lengths of stay from our analysis.

Consequently, our analysis compared the prices paid for the same set of services for largely similar populations across areas. That said, it is possible that underlying health differences of different CBSAs are one among many local factors that affect variation in health care prices.



Are the prices based on where I live or where I receive care?

Prices are based on where patients receive their care.

Health care prices in my metro area were above the national average. Why might this have been the case?

Health care prices are dependent on a number of local factors (e.g., cost of living, demand for health care services, health care provider market structure, health insurer provider market structure, etc.). Our price index is not meant to unpack why prices may be high or low. Subsequent releases will provide more information on commercial health care markets that can help unpack the factors which may be influencing price.

Health care prices in my metro area were below the national average. Does this mean there were low health care prices in my area?

Not necessarily. Comparing a metro to the national average simply tells you how high (or how low) that metro's prices were on the distribution of prices at that time. It could be the case that all prices across all metros were high (or low).

Diving further into our Price Index data, we found that, regardless of their relation to the national average, health care prices were dramatically more expensive in 2016 than in they were in 2012 almost everywhere. While an area might have below average prices in 2016, those prices were on average 16% higher than they were just a few years before. For a more in-depth explanation, check out our Healthy Bytes Healthy Marketplace Index (HMI) [blog post](#).

Price levels and growth rates are often compared in this report. What is the difference between these two measures?

Price levels compare the prices of different CBSAs within one year, in this case 2016. Growth rates compare the price level of the same CBSA over time; most often we report the growth rate between the first and last year of our study (2012 and 2016).

Is the national average based on all services in the country, or just services provided in the included metro areas?

We calculate the national average measures as the average among all of our sample metro areas.

How were the sample metro areas chosen? For example, why are there so many data points in areas like Florida but so few in New York?

To be included in the HMI, a CBSA had to have a minimum average of 25,000 member years and 10% coverage of the ESI population within the HCCI data. See the [methodology document](#) for greater detail.



What constitutes an inpatient, outpatient, or professional service?

Inpatient services are rendered to patients who are kept in a health care facility overnight for treatment but not for observation.

Outpatient services are rendered to patients by sections of a hospital that provide medical services not requiring an overnight stay or hospitalization (e.g., emergency room [ER], outpatient surgery, observation room).

Professional services are rendered to patients by a health care professional. Service claims with no valid revenue code are assumed to be professional services (e.g., office and preventative visits, administered drugs).