



CENTER FOR IMPROVING  
VALUE IN HEALTH CARE

## Reference-Based Price Report Methodology

The data in this analysis represents claims paid from 2012-2017 that were submitted by over 33 commercial payers to the Colorado All Payer Claims Database (CO APCD). The services represent approximately 20% of Hospital (Inpatient) total spend and 30% of Other Procedures (Outpatient) total Commercial insurance spend in the CO APCD for those lines of service.

### Hospital Procedures (Services with a hospital facility fee, requiring an overnight stay)

- Bronchitis & Asthma (normal), DRG 203
- Cesarean Section (normal), DRG 766
- Cesarean Section, with complicating conditions, DRG 765
- Esophagitis, Gastroenteritis, and Digestive Disorders (normal), DRG 392
- Heart Failure & Shock (normal), DRG 293
- Heart Failure & Shock, with complicating conditions, DRG 292
- Major Joint Replacement/Reattachment, Lower Extremity (normal), DRG 470
- Newborn (normal), DRG 795
- Spinal Fusion, non-cervical (normal), DRG 460
- Stroke (Transient Ischemia Attack), DRG 069
- Vaginal Delivery (normal), DRG 775
- Vaginal Delivery, with complicating conditions, DRG 774

### Other Procedures (Services with a facility fee, not requiring an overnight stay)

- Cataract Surgery with Lens, CPT 66984
- Chemo Infusion (1 hr), CPT 96413
- Colonoscopy with Biopsy, CPT 45380
- Colonoscopy with Lesion Removal, CPT 45385
- Dialysis evaluation, CPT 90945
- Knee Arthroscopy/Surgery, CPT 29881
- Laparoscopy Appendectomy, CPT 44970
- Major Joint or Bursa Drain or Injection, CPT 20610
- Ultrasound Therapy, CPT 97035
- Upper GI Endoscopy with Biopsy, Single/Multiple, CPT 43239

### Office Visits (Services paid to and performed by a doctor or other health care provider in the office setting)

- Established Patient Visit (5 min), CPT 99211
- Established Patient Visit (10 min), CPT 99212
- Established Patient Visit (15 min), CPT 99213
- Established Patient Visit (25 min), CPT 99214
- Established Patient Visit (40 min), CPT 99215
- New Patient Visit (10 min), CPT 99201
- New Patient Visit (20 min), CPT 99202
- New Patient Visit (30 min), CPT 99203

- New Patient Visit (45 min), CPT 99204
- New Patient Visit (60 min), CPT 99205

Median payments in this analysis represent the median value of the total amounts paid to providers (Office Visits tab) or facilities (Hospital Procedures and Other Procedures tabs) by commercial health insurance companies and patients (through copays, coinsurance and deductibles). Inpatient (hospital) claim amounts for Diagnosis Related Groups (DRGs) and Outpatient CPT amounts represent ONLY the allowed amounts paid to facilities (facility fee) and do not include physician fees or other ancillary fees. Office visit payments represent median payments made to the provider (professional) who billed for the patient office visit indicated by the Current Procedural Terminology (CPT) code.

For comparisons to Medicare payments, CIVHC used the following two sources of information:

- The public CY2012-CY2017 Medicare Physician Fee Schedule<sup>1</sup> (MPFS) for Colorado for comparisons of Outpatient and Professional Office Visits services; the MPFS *Facility Price* was used to compare against payments for outpatient services, and the MPFS *Non-Facility Price* was used to compare against payments for office visits services.
- The statewide median Medicare Fee-for-Service Inpatient payment using claims collected in the CO APCD, for comparisons of Inpatient DRGs, with one exception: data for DRG 795, Newborn (normal), are not available among Medicare Fee-For-Service claims.

Median percent of Medicare rates reflect the median percentage commercial payments differ from Medicare. In addition to Medicare benchmarks, median statewide commercial payments were also used as another reference point to minimize payment variation and potentially save costs.

Inpatient (hospital) claims with payments below \$1,500 and outpatient / professional claims with payments of \$1 or lower are excluded from analysis. After calculating median payment values, the resulting median amounts are rounded to the nearest multiple of \$10.

The Colorado Division of Insurance (DOI) geographical rate setting areas, used to assign commercial premiums, were used as a method to evaluate regional variation in prices. The assigned region is based on the billing provider's location of service. Claim from providers with an address outside of the state of Colorado are excluded from analysis.

The Office Visit tab does not reflect an allowed amount by provider as reflected in the other two tabs (bottom right graph) because the large number of providers and minimal variation would not have made the graphic useful to the end user. For more information on variation in provider office visit payments, please contact us at [ColoradoAPCD@civhc.org](mailto:ColoradoAPCD@civhc.org).

## Outliers

After median payment values were calculated for payers and providers, values within each breakdown combination (i.e., values for payers within a region, procedure, year combination, and values for providers within a region, procedure, year combination) were assessed using standard scores (Z-scores). Values that were outside of three standard deviations from the mean were flagged as outliers and

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<sup>1</sup> Centers for Medicare & Medicaid Services (CMS). Retrieved from <https://www.cms.gov/apps/physician-fee-schedule/overview.aspx>

subsequently removed from the report. A total of 5% of provider-level data points and 7% of payer-level data points were removed as a result of this process.

### Data Suppression

Following privacy protection standards used by the Centers for Medicare & Medicaid Services (CMS), data are suppressed for values based on fewer than 11 procedures. Throughout the report, a blank dashboard element (map, bar chart or trend chart), or a blank map region or missing year in the trend chart indicates that data has been suppressed due to low volume.

### Data Limitations

Data presented in this report are the result of a process that strives to ensure the high quality, reliability, and accuracy of the final product. Potential areas of concern are investigated and addressed accordingly, on a regular basis, and while every effort is made to address all known areas of concern for this report, some may remain.

### Data Vintage

Information regarding the payers and covered lives represented in this public report is available in the Member by Payer reference guide, available at: [www.civhc.org/get-data/data-submission](http://www.civhc.org/get-data/data-submission).

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