



March 30, 2022

President Pro Tempore Rodric Bray
Indiana House of Representatives
200 W. Washington Street
Indianapolis, IN 46204

Speaker Todd Huston
Indiana Senate
200 W. Washington Street
Indianapolis, IN 46204

Dear President Pro Tempore Bray and Speaker Huston:

Thank you for your leadership to make Indiana the best place to live, work and grow as evidenced by your passion for making healthcare more affordable for Hoosier families and employers. Parkview shares that passion and appreciates the opportunity to respond to your letters asking Parkview and other hospitals to take a leadership role in that endeavor.

First, we support the efforts of the Indiana Hospital Association and the Insurance Institute of Indiana in outlining a plan for all members that was recently submitted to you. In addition, we want to share what we have done and will continue to do to lower the cost of care.

Parkview Has Made Big Strides to Reduce the Cost of Care

Making high-quality healthcare more affordable is a top priority for Parkview Health, and we have already accomplished a great deal:

- In 2020, Parkview negotiated a new contract with our largest payor, Anthem, resulting in a \$670 million in savings to employers and patients over five years. Parkview and Anthem signed a joint letter, which you received along with this letter, affirming both parties' commitment to lowering the cost of care.
- Parkview also renegotiated contracts with other large payors which, combined with Anthem, will yield \$1.1 billion in savings over 5-years.
- Parkview *decreased* overall prices by 12% in 2020, which included significant reductions in highly utilized lab and imaging services.
- Parkview had a *0% price increase* in 2021.



Additional work is underway to further reduce prices in 2022 and beyond, including the following:

- Reducing the cost of common outpatient procedures by shifting procedures out of the hospital and into ambulatory surgery centers when medically appropriate;
- Working with health insurance partners to create value-based health plans, which lower costs through high quality care and patient engagement; and
- Developing direct-to-employer agreements that provide innovative tools to improve employee health and well-being and lower costs.

By 2025, Parkview’s overall prices will be significantly lower than in 2020. When adjusted for inflation, employers and patients will be paying 22% less in real dollars in 2025 when compared to 2020.

Parkview Has Invested in Community Health to Reduce the Total Cost of Care

Beyond the price cuts and collaborative efforts noted above, Parkview has invested heavily in the health of our communities to lower the overall cost of care. Here are some of our most impactful achievements:

- New Hospitals Where They’re Needed Most: We have reinvested more than a billion dollars in our local communities through the construction of modern health care facilities, which has led to expanded access to services and dramatic increases in the quality of care. In Wabash for example, we were able to bring back birthing services to their community after they joined Parkview Health and we opened a new hospital to replace their aging facility.
- Community Greenhouse: We built a first-of-its-kind community greenhouse and learning kitchen that provides free or low-cost produce to communities most in need along with education about healthy eating habits.
- Ronald McDonald Care Mobile: We partnered with Ronald McDonald House Charities to develop the Ronald McDonald Care Mobile to bring pediatric wellness services directly to the neighborhoods that need it most.
- Fighting COVID-19: We took the lead role in Northeast Indiana in the fight against COVID-19, including opening the first non-governmental vaccine clinic in the State of Indiana.
- Reducing Infant Mortality: We have worked tirelessly to reduce infant mortality and improve maternal health through investments in education, outreach and prenatal care.

Through these initiatives and many more, Parkview is committed to getting “upstream” to improve the health of our communities and not wait for patients to visit our ERs with preventable health conditions.



This will, in turn, have an enormous impact on the overall cost of care by driving down lengthy hospital stays, unnecessary ER visits and frequent readmissions.

The RAND Reports Should Not Be the Framework for Healthcare Costs or Pricing

As shown above, Parkview is committed to reducing its prices and the overall cost of care. We also welcome the ongoing dialogue about the cost of care, but the RAND reports do not provide an accurate framework for that discussion.

The RAND reports expressly acknowledge that they are based on limited historical data about healthcare prices. In their most recent report, they utilized claims data from 2016 – 2018. As noted above, Parkview has made major reductions in our prices since 2018, but these changes will not be reflected in RAND reports for years to come. Moreover, RAND utilizes a Medicare “base rate” that varies by region to compare hospital prices, but Parkview’s base rate (for reasons outside of our control) is half the base rate of some Indianapolis hospitals. This means that if two patients have identical procedures and pay the same amount, the service offered at Parkview is automatically listed by RAND as being two times the relative price of the same service in Indianapolis.

As you noted in your letter, the RAND report even acknowledges that when additional data like professional fee reimbursement is added, it changes the picture dramatically and moves Indiana from the high end of the range to the middle (i.e., from 2nd/3rd down to 16th/18th for inpatient and outpatient respectively).

Making important statewide policy decisions based on an inaccurate and incomplete picture of healthcare costs would harm Indiana’s hospitals and, more importantly, our patients and communities. Price caps or rate-setting based on the RAND reports would be especially harmful and exacerbate health inequities across communities, threaten access to care (especially in rural areas) and lower the quality of care. What’s more, it simply does not solve the problem of rising healthcare costs, which is a multifaceted issue with many variables beyond hospitals (i.e., insurers, pharma, PBMs and many more).

Parkview Is Committed to Continuing to Lower Costs Through Innovation and Collaboration

Sustainable change will require that all stakeholders – including hospitals, insurance companies, drug companies and employers – work together to reduce costs and create value for patients. This partnership must be built on accurate and timely data. Narratives that continue to villainize hospitals as the sole driver of costs are misleading and unhelpful. Parkview acknowledges that it plays a key role in the overall cost of care, but we also know that we alone cannot fix a broken system.

As you acknowledged in your letter, health care is complex. It did not become complex overnight, but rather through policies and procedures that developed over several decades. Likewise, it will take time to truly implement change to reform the overall system. Anything less, including a rushed legislative fix, could have disastrous consequences.



PARKVIEW HEALTH

Parkview is fully committed to continuing to provide excellent care to our patients at a fair and reasonable price. We also are committed to continuing to look for ways to expand access, maintain high quality and improve the health of our communities. We will collaborate with employers in our region and our payor partners on these initiatives. This is our commitment to continue a long-term, sustainable plan to reduce the total cost of care in northeast Indiana.

Sincerely,

Mike Packnett
Chief Executive Officer
Parkview Health

Dan Starr
Parkview Health Board Chairman

cc: Representative Dave Abbott, HD 82
Representative Martin Carbaugh, HD 81
Representative Phil GiaQuinta, HD 80
Representative Dave Heine, HD 85
Representative Chris Judy, HD 83
Representative Matt Lehman, HD 79
Representative Dan Leonard, HD 50
Representative Bob Morris, HD 84
Representative Ben Smaltz, HD 52
Representative Craig Snow, HD 18
Senator Liz Brown, SD 15
Senator Justin Busch, SD 16
Senator Stacey Donato, SD 18
Senator Blake Doriot, SD 12
Senator Susan Glick, SD 13
Senator Travis Holdman, SD 19
Senator Dennis Kruse, SD 14
Senator Ryan Mischler, SD 9
Senator Andy Zay, SD 17
Congressman Jim Banks, IN CD-3
Congresswoman Jackie Walorski, IN CD-2
Senator Mike Braun, Indiana
Senator Todd Young, Indiana



March 25, 2022

President Pro Tempore Rodrick Bray
Indiana House of Representatives
200 W. Washington Street
Indianapolis, IN 46204

Speaker Todd Huston
Indiana Senate
200 W. Washington Street
Indianapolis, IN 46204

Dear President Pro Tempore Bray and Speaker Huston:

Thank you for your legislative leadership that has continued to keep Hoosier families at the forefront of public policy discussions. We know that the rising cost of healthcare is of utmost importance to your constituents and your legislative caucuses. Parkview and Anthem have made and continue to make meaningful strides to lower the cost of care in northeast Indiana.

In July 2020, Parkview Health and Anthem reached an agreement on a new 5-year contract. The multi-year agreement has provided uninterrupted, high-quality care to Parkview's patients and delivered greater affordability to Anthem's customers. The result of this contract is a cumulative savings of \$670 million achieved by 2025 to both patients and employers. Additionally, Anthem and Parkview recently came together to reduce the cost of outpatient pharmaceuticals in 2023 and again in 2024.

As evidenced above, Parkview Health and Anthem Blue Cross and Blue Shield are committed to a continued, collaborative partnership to reduce the cost of healthcare for our respective patients and members in northeast Indiana.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Packnett".

Michael J. Packnett
CEO
Parkview Health

Beth Keyser

Beth Keyser (Mar 29, 2022 09:38 EDT)

Beth Keyser
President, Indiana
Anthem Blue Cross and Blue Shield







Joint Parkview Anthem statement

Final Audit Report

2022-03-29

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