

Argus Courier – Hospital Chiefs To Review Price Structure Of Surgical Procedures

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HOSPITAL CHIEFS TO REVIEW PRICE STRUCTURE OF SURGICAL PROCEDURES

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Realizing he was at the recommended age for a colonoscopy screening, a local resident checked with Petaluma Valley Hospital to make arrangements.

“I’m a firm believer in supporting local businesses, so I made an inquiry there,” he said. “But when I tried to discuss the cost, all I heard in response was rigid, bureaucratic talk.

“I tried to talk with more people, and eventually with local administrators from St. Joseph Health System, but everyone was inflexible, arrogant and monopolistic, as if they had a certain privilege. The whole process was infuriating.”

The resident eventually called Sonoma Valley Hospital to inquire about costs there.

“I talked to someone in the outpatient surgery center who said that I could be given the same price as their contracted insurers with Blue Cross,” he said. “At the time, as a solo medical practitioner, I couldn’t buy into this insurance, so I was very happy about their flexibility.

“They were much more personal and fair than the people with PVH and St. Joseph, and the cost of the procedure was about one-third what I would have had to pay there.”

The resident, Dr. David Anderson, a member of the Petaluma Health Care District board, never identified himself as such during his encounter with PVH and St. Joseph staff members. And his experience as an everyday client has motivated him to advocate

changes in the customer service and pricing structure at PVH.

Leland Fishman, a member of PVH's Board of Trustees, had a colonoscopy performed at PVH, but subsequently he, too, found that Sonoma Valley Hospital was charging less for the procedure.

"The price was substantially less. I told Jim Suver (vice president of operations and chief administrator at PVH) and George Perez (president and CEO of St. Joseph Health System of Sonoma County) about it," Fishman said.

At a meeting on Sept. 21 that included PHCD members, Perez said that he would be doing a "thorough review" of PVH's pricing structure, with special attention given to surgery prices. Last week, Perez clarified that this review would be done early in 2008, before the annual review in late winter.

"George intends to do a thorough review of the pricing structure, and will take a closer look at surgery prices," said Kevin Andrus, the hospital's director of marketing, communications and public relations.

Suver will be collaborating with Perez during the review, which was partially instigated by the announcement that a group of local physicians is partnering with Cirrus Health — a Dallas-based health services organization that specializes in developing ambulatory surgery centers — to create a new outpatient surgery center in Petaluma.

"We will be looking at all prices," Suver said. "My initial impression was that the prices at the hospital are comparable with what other hospitals charge. I know some of our prices are in the same range, but we always need to look at this issue.

"Many people are now taking advantage of high-deductible health plans, and we want to be charging the market rate for services."

HDHPs have lower premiums and higher deductibles than traditional health plans, and can be paired with a Health Savings Account, a tax-advantaged medical savings account.

“More and more people are changing from PPOs (Pre-ferred Provider Organiza-tions) to HSAs, which help them to build for the future and save employers money, but require a higher level of responsibility and greater awareness of dollars spent,” said Daymon Doss, CEO of the health care district. “This is putting pressure on traditional pricing structures.”

A lowering of surgery prices and other costs can be risky, because reduced profits would need to be made up through increasing volume totals and other means.

“Because of the unusual economics of health care, it very risky to lower prices, but we’re considering it,” Suver said.

And he knows about Anderson’s negative experience with PVH and St. Joseph employees, and is determined to improve the situation.

“I was very alarmed when I heard his comments, and am following up on addressing the problems he mentioned,” Suver said.

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