



## Hospital Costs and Affordable Health Care

Hospital cost increases are the single biggest driver of unsustainable medical expense trends, and contracted rates with hospital providers have a direct impact on the affordability of health insurance for patients and their families. Regence is committed to balancing hospital requirements for increases in reimbursement rates with the need to keep health care costs affordable for our members.

Regrettably, Swedish Medical Center, already known as one of the highest-cost hospital systems in the state, is demanding a 32-percent rate increase over three years, an increase that our members — individuals, small businesses and working families — cannot afford. Swedish has informed Regence of its intent to terminate its contract if Regence does not agree to this rate increase. Here are some facts behind the demands that Swedish is making:

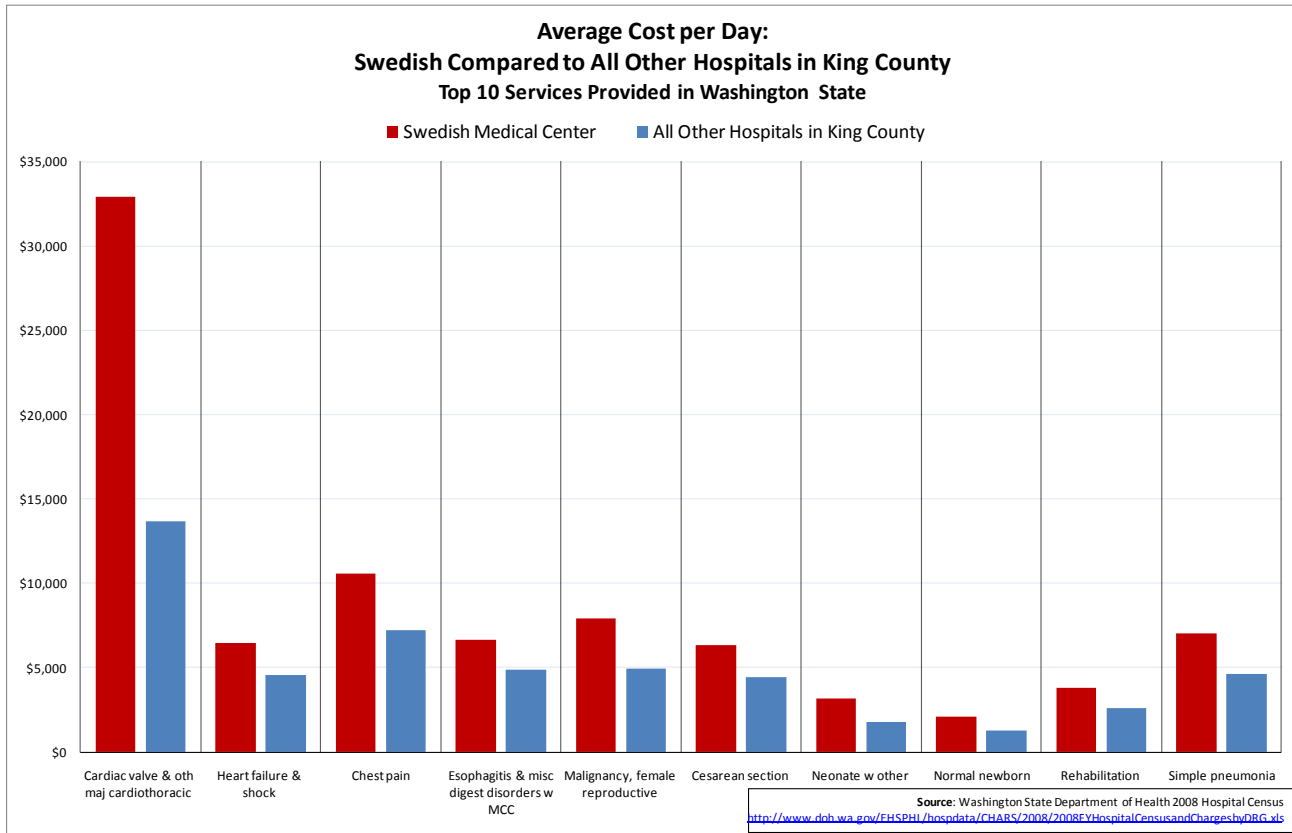
### **Focused on expansion:**

- Through a series of mergers and acquisitions, Swedish has become a billion-dollar business and the largest hospital system in the state.
- Swedish has been on an aggressive growth plan over past 10 years, exploring expansion plans in Maple Valley and Redmond, building a new hospital in Issaquah and acquiring land for expansion in Everett; acquiring Providence Medical Center in Seattle, and purchasing ownership in several physician groups within the Puget Sound Region.
- Since 2007, Swedish has committed nearly a half a billion dollars to major capital projects and has just broken ground on another \$175 million obligation for a new hospital in the Issaquah Highlands.

### **Commitment from Regence:**

- Regence values the decades-long relationship that it has shared with Swedish.
- We remain committed to working toward a solution that benefits our members, their families and the community at large.
- During this period, Regence members will continue to have access to care at Swedish. At the same time, Regence will ensure that alternatives to care are in place in the event an agreement is not reached.

## Higher Cost



According to data collected by the State Department of Health (DOH) and posted on the Washington State Hospital Association (<http://www.wahospitalpricing.org>) Web site, Swedish is already the most expensive hospital in the Seattle area.