

## Technical Appendix

- Commercial prices for hospital care were extracted from the insurer-disclosed price transparency data as of September 2024, accessed from Turquoise Health. Price samples were standardized at hospital-services-insurer level, using medians if multiple prices were disclosed. Prices expressed as percentages or on a per diem basis were excluded.
- Commercial prices were then scaled to percentages of the Medicare rates for the same hospital and service, using the 2024 Inpatient and Outpatient Prospective Payment System (IPPS/OPPS) parameters published by the Centers for Medicare & Medicaid Services (CMS). For each service, top and bottom 1% commercial prices (relative to Medicare rates) were trimmed off as potential data errors.
- Hospitals samples included general acute care hospitals validated from the 2023 American Hospital Association's annual survey, excluding critical access hospitals and Maryland hospitals because they were not paid under the IPPS/OPPS mechanism.
- Commercial market enrollment at insurer – state/metro area level were extracted and merged using 2023 Interstudy Insurance Enrollment data. Since this project examined within-hospital price variation, hospitals with prices disclosed by at least 2 national insurers were included. To ensure the representativeness of commercial market enrollment, prices were excluded if the disclosing national insurer had less than 5% commercial market share in the corresponding local market (state or metro area).
- The lowest, weighted average (by each insurer's commercial enrollment share), and highest prices were identified for each hospital-service pair. These three prices were then averaged at state or metro area level for each service, and shown in the 2 maps. Savings were calculated as the percentage difference between the average prices and the lowest prices (assuming you currently pay the average prices, and will use the lowest prices as the new payment level). States or metro areas with disclosing prices representing less than 25% hospital beds or less than 25% commercial insurance enrollments were excluded due to insufficient sample.

**Table 1.** List of Hospital Services and Corresponding Billing Codes

Service Name	Billing Code
Percutaneous Cardiovascular Procedures (PTCA)	DRG 322
Spinal Fusion	DRG 460
Hip and Knee Replacement	DRG 470
Cellulitis	DRG 575
Cesarean Section	DRG 788
Normal Delivery	DRG 807
Septicemia	DRG 871
Psychosis	DRG 885
Esophagogastroduodenoscopy (EGD)	CPT 43235
Colonoscopy	CPT 45378

Note: To standardize price measure, services were identified using the base DRG codes or base CPT codes (e.g. no complication or comorbidity [CC], major complication or comorbidity [MCC], or add-on services). Price samples with billing code modifiers were also excluded. DRG diagnostic-related group, CPT current procedural terminology.