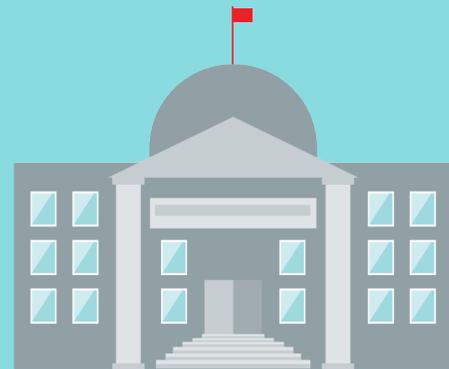


# It Costs What?!

## The Role of Media in Exposing Crazy Healthcare Prices

@HealthValueHub

[www.healthcarevaluehub.org](http://www.healthcarevaluehub.org)

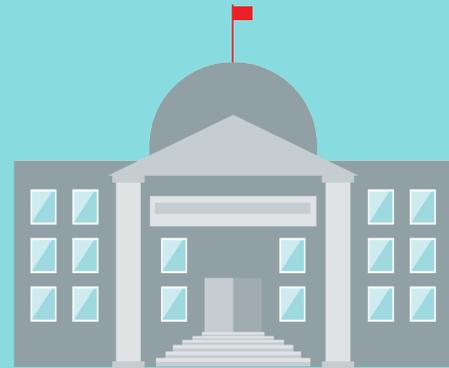


# It Costs What?!

## The Role of Media in Exposing Crazy Healthcare Prices

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# Welcome and Introduction

Lynn Quincy  
Healthcare Value Hub



# Housekeeping

- **Thank you for joining us today!**
- **All lines are muted until Q&A**
- **Webinar is being recorded**
- **Technical problems? Call Annaliese Johnson at 202-776-5177**

# Agenda



- **Welcome & Introduction**
- A panel discussion with:
  - Dan Weissmann, *An Arm and a Leg* podcast
  - Jenny Deam, *Houston Chronicle*
- **Q&A**



# Dan Weissmann

An Arm and a Leg Podcast  
Creator and Host



Liz Salmi – MRI shopper





# Jenny Deam

Houston Chronicle  
Reporter

# MRI Price Variation

## Texas healthcare cost comparison

Medical Specialty: Imaging Services

Procedure Description: MRI Brain without and with contrast

GeoZIP: 787xx • Region: Central Texas

|                        | NETWORK | TOTAL BILLED | TOTAL ALLOWED |
|------------------------|---------|--------------|---------------|
| Outpatient hospital    | IN      | \$5,571      | \$2,427       |
| Physician office       | IN      | \$1,807      | \$680         |
| Free standing facility | IN      | \$5,112      | \$1,869       |
| Outpatient hospital    | OUT     | no data      | no data       |
| Physician office       | OUT     | \$36,007     | \$474         |
| Free standing facility | OUT     | \$63,053     | \$6,117       |

Data are market averages of 2017 claims reported to TDI by health plan issuers.

Source: Texas Department of Insurance

Staff graphic

# Initial Visit for Stitches

Facility charges include laboratory, pharmacy, nursing and other ancillary services. You will receive a separate bill for your physician services which may arrive at a different time.

|  |                    |
|--|--------------------|
| The total amount of charges incurred during your visit (including the <i>outstanding</i> charges itemized below).  | <b>\$2,332.00</b>  |
| Total Payments and Adjustments: this includes the amount you paid at the time of service, the amount your insurance paid based on the details of your insurance plan, any adjustments provided by [REDACTED] and any additional payments you have made to your account after the time of service. (Any payments and adjustments posted to outstanding charges are itemized below). | <b>-\$1,074.55</b> |

| DATE     | DESCRIPTION OF SERVICE   | OUR CHARGE | PAYMENTS | ADJUSTMENTS | INSURANCE PENDING | BALANCE DUE |
|----------|--------------------------|------------|----------|-------------|-------------------|-------------|
| 11/14/16 | Facility Charge Level 3  | 997.00     |          |             |                   | 577.85      |
| 06/27/17 | Write-Off Allowed        |            | -419.15  |             |                   |             |
| 12/21/16 | Cigna-Gilsbar            |            | 0.00     |             |                   |             |
| 11/14/16 | Repair Lac Scalp 2.6-7.5 | 547.00     |          |             |                   | 547.00      |
| 12/21/16 | Cigna-Gilsbar            |            | 0.00     |             |                   |             |
| 11/14/16 | Immun Adm 1 Vac          | 7.00       |          |             |                   | 7.00        |
| 12/21/16 | Cigna-Gilsbar            |            | 0.00     |             |                   |             |
| 11/14/16 | Tdap Vaccine             | 210.00     |          |             |                   | 39.95       |
| 12/21/16 | Cigna-Gilsbar            |            | -170.05  |             |                   |             |
| 11/14/16 | Unclassified Drugs       | 46.00      |          |             |                   | 6.90        |
| 12/21/16 | Cigna-Gilsbar            |            | -39.10   |             |                   |             |
| 11/14/16 | Gloves Sterile Per Pair  | 5.00       |          |             |                   | 0.75        |
| 12/21/16 | Cigna-Gilsbar            |            | -4.25    |             |                   |             |
| 11/14/16 | Laceration- Surgical Kit | 520.00     |          |             |                   | 78.00       |
| 12/21/16 | Cigna-Gilsbar            |            | -442.00  |             |                   |             |

|   |                 |
|---|-----------------|
| Outstanding Provider's Charges for this Visit               | <b>2,332.00</b> |
| Total Payments Made by Your Insurance for Outstanding Items | <b>-655.40</b>  |
| Total Payments Received From You for Outstanding Items      | <b>-419.15</b>  |
| Discount provided by [REDACTED]                             | <b>0.00</b>     |

**Amount You OWE** \* Commonly this is your Insurance Deductible, Co-payment, or Coinsurance amount. Please contact your insurance carrier, or our office at the toll free number below, for questions on how this claim was processed. **\$1,257.45**

\*Please Note: Any payments or adjustments received AFTER the above billing date are not reflected on THIS statement.

**Please Note:**

PLEASE CONTACT OUR OFFICE IMMEDIATELY TO MAKE ARRANGEMENTS TO SETTLE YOUR OUTSTANDING BALANCE. WE HAVE IMPORTANT OPTIONS THAT WE WOULD LIKE TO DISCUSS WITH YOU. CALL TODAY. [REDACTED] IF YOU HAVE MADE PAYMENT ARRANGEMENTS PLEASE DISREGARD THIS NOTICE. THANK YOU FOR YOUR COOPERATION.

**Thank you for trusting us with your Health Care.**

Please contact us at

Phone: [REDACTED]  
with any questions, concerns, or complaints.

## Summary of a claim for services on November 26, 2016

for services provided by [REDACTED]

|                         |                 |   |
|-------------------------|-----------------|---|
| Amount Billed           | <b>\$795.00</b> | This was the amount that was billed for your visit on 11/26/2016.   |
| Discount                | <b>\$0.00</b>   | Cigna negotiates discounts with health care professionals and facilities to help you save money. Using an in-network option is one way you can save. Visit MyCigna.com or call Customer Service to learn more.  |
| What my Cigna plan paid | <b>\$675.75</b> | Cigna paid \$675.75 to [REDACTED]   |
| What I Owe              | <b>\$119.25</b> | This is the amount you owe after your discount, what your Cigna plan paid, and what your accounts paid. People usually owe because they may have a deductible, have to pay a percentage of the covered amount, or for care not covered by their plan. Any amount you paid when you received care may reduce the amount you owe. |
| You saved               | <b>85%</b>      | You saved \$675.75 (or 85%) off the total amount billed. This is a total of your discount and what your Cigna plan paid.<br>To maximize your savings, visit MyCigna.com or call customer service to estimate treatment costs, or to compare cost and quality of in-network health care professionals and facilities.            |

# Visit to Remove Stitches

PLEASE CHECK ONE IF YOUR PERSONAL INFORMATION HAS CHANGED AND REQUEST CORRECTIONS TO BE MADE. FAX: 800-368-5777

| DATE   | DESCRIPTION OF SERVICE            | OUR CHARGE    | PAYMENTS    | ADJUSTMENTS | INSURANCE PENDING | BALANCE DUE     |
|--|-----------------------------------|---------------|-------------|-------------|-------------------|-----------------|
| 11/14/16   | Evaluation And Management Service | 430.00        | 0.00        |             |                   | 430.00          |
| 12/06/16   | Cigna                             |               |             |             |                   |                 |
| 11/14/16   | Repair Lac Scalp 2.6-7.5          | 422.00        | 0.00        |             |                   | 422.00          |
| 12/06/16   | Cigna                             |               |             |             |                   |                 |
| <b>Outstanding Provider's Charges for this Visit</b>               |                                   | <b>861.00</b> |             |             |                   |                 |
| <b>Total Payments Made by Your Insurance for Outstanding Items</b> |                                   |               | <b>0.00</b> |             |                   |                 |
| <b>Total Payments Received From You for Outstanding Items</b>      |                                   |               | <b>0.00</b> |             |                   |                 |
| <b>Discount provided by your physician.</b>                        |                                   |               |             | <b>0.00</b> |                   |                 |
| <b>Amount You OWE*</b>   |                                   |               |             |             |                   | <b>\$861.00</b> |

\*Commonly this is your Insurance Deductible, Co-payment, or Coinsurance amount. Please contact your insurance carrier, or our office at the toll free number below, for questions on how this claim was processed.

\*Please Note: Any payments or adjustments received AFTER the above billing date are not reflected on THIS statement.

## Summary of a claim for services on November 26, 2016

for services provided by [REDACTED]

|                         |            |   |
|-------------------------|------------|---|
| Amount Billed           | \$235.00   | This was the amount that was billed for your visit on 11/26/2016.   |
| Discount                | \$39.00    | <b>You saved \$39.00.</b> Cigna negotiates discounts with health care professionals and facilities to help you save money.  |
| What my Cigna plan paid | \$166.60   | Cigna paid \$166.60 to [REDACTED]   |
| What I Owe              | \$29.40    | This is the amount you owe after your discount, what your Cigna plan paid, and what your accounts paid. People usually owe because they may have a deductible, have to pay a percentage of the covered amount, or for care not covered by their plan. Any amount you paid when you received care may reduce the amount you owe. |
| You saved               | <b>87%</b> | You saved \$205.60 (or 87%) off the total amount billed. This is a total of your discount and what your Cigna plan paid.<br>To maximize your savings, visit MyCigna.com or call customer service to estimate treatment costs, or to compare cost and quality of in-network health care professionals and facilities.            |

### Please Note:

THE BALANCE REFLECTED ON THIS STATEMENT IS AFTER YOUR COMMERCIAL INSURANCE POLICY HAS PROCESSED. IF YOU FEEL THE CLAIM HAS BEEN PROCESSED IN ERROR PLEASE CONTACT YOUR INSURANCE COMPANY ABOUT THEIR DETERMINATION. OTHERWISE PLEASE REMIT THE BALANCE INDICATED OR CONTACT OUR OFFICE TO SET UP A PAYMENT PLAN. THANK YOU.

### Thank you for trusting us with your Health Care.

#### Please contact us at

Phone: [REDACTED] 26  
with any questions, concerns, or complaints.

# It costs what?? Let's talk about the role of media in exposing crazy healthcare prices.



**Jenny**



**Dan**

# Large dispersion in inpatient hospital prices:



- hospital prices for lower-limb MRIs vary by a factor of twelve *across* the nation
- *Within* Hospital Referral Regions, on average, the most expensive hospital has MRI negotiated transaction prices twice as large as the least expensive hospital
- Examples-Variation between Most Expensive and Least Expensive Hospital within a Region, 2011:

| City        | Knee Replacement | PTCA | MRI  |
|-------------|------------------|------|------|
| Denver, CO  | 3.09             | 2.83 | 2.87 |
| Atlanta, GA | 6.10             | 2.52 | 3.77 |

# Questions for our Speakers?



- Use the chat box or to unmute, press \*6
- Please do not put us on hold!



# Resources from the Hub



 ALTARUM  
HEALTHCARE VALUE HUB

RESEARCH BRIEF NO. 27 | JUNE 2018

## Revealing the Truth about Healthcare Price Transparency

For years, price transparency has been touted as a vital component of a high functioning healthcare system—and with good reason. Price transparency is instrumental to keeping consumers safe by allowing them to judge affordability and plan for the expense of needed healthcare services. It also enables state policymakers to address unwarranted price variation and, in some cases, can incentivize high cost providers to lower their prices to align more closely with industry rates.

Despite its merits, price transparency is also inappropriately credited for its ability to make markets more efficient. Most notably, transparency tools have generally not been successful when it comes to incentivizing consumers to compare services and shop for the best price.

Increasing the effectiveness of price transparency will require a nuanced understanding of its strengths and limitations with respect to each audience using the information: patients, policymakers, regulators and providers. This brief discusses the opportunities and limitations of price transparency and explores its uses by stakeholder group.

### Myth: Price Transparency Drives Smarter Spending by Consumers

A common motif is that making healthcare prices more transparent for consumers will drive value in the marketplace by increasing competition. The argument goes: price transparency will allow consumers to identify providers offering services for the best price, driving business to those that offer the greatest value and incentivizing others to fall in line. Variations on this theme are that combine price transparency with quality data so consumers can find the best value and/or combine transparency with cost sharing to increase consumers' "skin in the game" in order to incentivize shopping by patients.

The hope is that widespread use of this strategy will reduce price variation and decrease healthcare spending. However, there are five reasons to be skeptical of these claims:

- *There is minimal evidence that making prices more transparent for consumers will drive healthcare value.* Retrospective studies find minimal evidence that price transparency alone improves value by incentivizing consumers to shop for the best price.<sup>1,2</sup> Although experience in other markets suggests that price transparency can drive down prices, the healthcare market has unique characteristics that prevent it from working in the same way. These include variations in quality that make it difficult for consumers to make

## Addressing High Unit Prices:

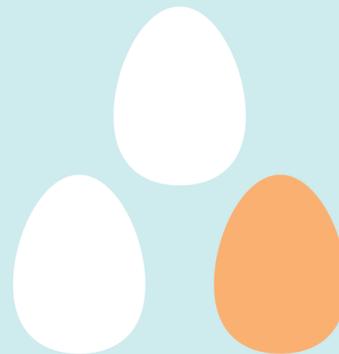
- Price Transparency (*combined with quality transparency*)
- Increase Provider Competition
- Rate Setting/Price Regulation
- Global Budgets

Since 1960, if other prices had grown as quickly as medical costs...



A gallon of milk would cost

**\$78**



A dozen eggs would cost

**\$43**



A pound of coffee would cost

**\$57**

[HEALTHCAREVALUEHUB.org/cost-drivers](https://www.healthcarevaluehub.org/cost-drivers)

Source: National Health Expenditures, Per Capita Personal Health Care Expenditures (1960 and 2018) and Bureau of Labor Statistics, Average Retail Prices of Selected Foods (1960).

 **ALTARUM**  
HEALTHCARE VALUE HUB

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# Other Resources



- Deam, Jenny, “It cost what? Medical pricing shrouded in secrecy, leaving patients in the dark,” The Houston Chronicle (April 19, 2019). <https://www.houstonchronicle.com/business/article/It-cost-what-Medical-pricing-shrouded-in-13781730.php>
- Weissmann, Dan, “How much for an MRI? Well, that depends...” An Arm and a Leg Podcast (June 19, 2019). <https://armandalegshow.com/how-much-for-an-mri-well-that-depends/>
- Kennedy, Kevin, et al. “Past the Price Index; Exploring Actual Prices Paid for Specific Service by Metro rea,” Health Care Cost Institute (April 30, 2019). <https://www.healthcostinstitute.org/blog/entry/hmi-2019-service-prices>



# Thank you!

- Dan Weissmann & Jenny Deam
- Robert Wood Johnson Foundation

## Join us for our next webinars:

- **October 4: A Spotlight on Community Partnerships: The Dahlia Campus for Health & Well-Being**
- **October 25: Public and Private Strategies to Address Healthcare Provider Consolidation**

Register now at: [HealthcareValueHub.org/events](https://HealthcareValueHub.org/events)

# UNREASONABLE PRICES: STRATEGIES



Price  
Transparency

**HIGH  
PRICES**



Anti-trust,  
CON/DON, foster  
competition to  
address

**MONOPOLY  
POWER**



Reference pricing,  
rate setting, price  
regulation to  
address

**PRICING  
OUTLIERS**



Global Budgets  
to cap

**OVERALL  
SPENDING**