

Can price transparency reduce unit costs?

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Why Health Care Price Transparency?

- Basic consumer protection issue
- Empowering consumers
- But will it reduce costs?



Consumer-facing transparency

○ Pros:

- Easy to understand
- Empowerment
- Some evidence of impact

○ Cons:

- Most costly procedures not “shoppable”
- Information asymmetry



Provider-facing transparency

○ Pros:

- Doctor-patient relationship
- (Fairly) Clear evidence of price impact

○ Cons:

- Administratively difficult
- Provider resistance



Across-the-board transparency

- Pros:
 - Clear, makes sense to consumers
 - Levels playing field, competition
- Cons:
 - Never been tried
 - Massive provider resistance



NEXT STEPS

- Price transparency is not a silver bullet, but nothing is; could be a first step
- Momentum, increasing public interest
- Policy development needed

