



Welcome to

Health Care Price Transparency: Who's Looking?

For AUDIO:

Dial: 712-775-7035

Access Code: 637795#

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www.HealthCareValueHub.org
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Welcome and Introduction

Lynn Quincy

Director, Health Care Value Hub



Housekeeping

- **Thank you for joining us today**
- **All lines are muted until Q&A**
- **Technical problems? Please text/call Tad Lee at 703-408-3204 or our office at 202-462-6262**



Agenda for Today

Welcome & Introduction

– Lynn Quincy (Consumers Union, Hub)

Price Variation & What do Policy Makers Need to Know

– Adams Dudley (UCSF Center for Healthcare Value)

Massachusetts Spotlight

– Margo Michaels (Health Care for All MA)

Q&A

Can Price Transparency Help Improve Health Care Value? What's the theory?





What are Health Care “Prices”?

Charge master/billed charge	Might be public
Negotiated Rate	Usually hidden
What the consumer pays	Often hard to figure out



Why are prices opaque?

- Insurers may claim negotiated price information is protected as a “trade secret” under state law
- “Gag clauses” in hospital-insurer contracts
- Confidentiality agreements in medical device manufacturer-hospital contracts



How Can Price Transparency Improve Health Care Value?

ONE THEORY: Revealing prices will allow consumers to seek the best health care value, putting pressure on providers to price their services competitively.

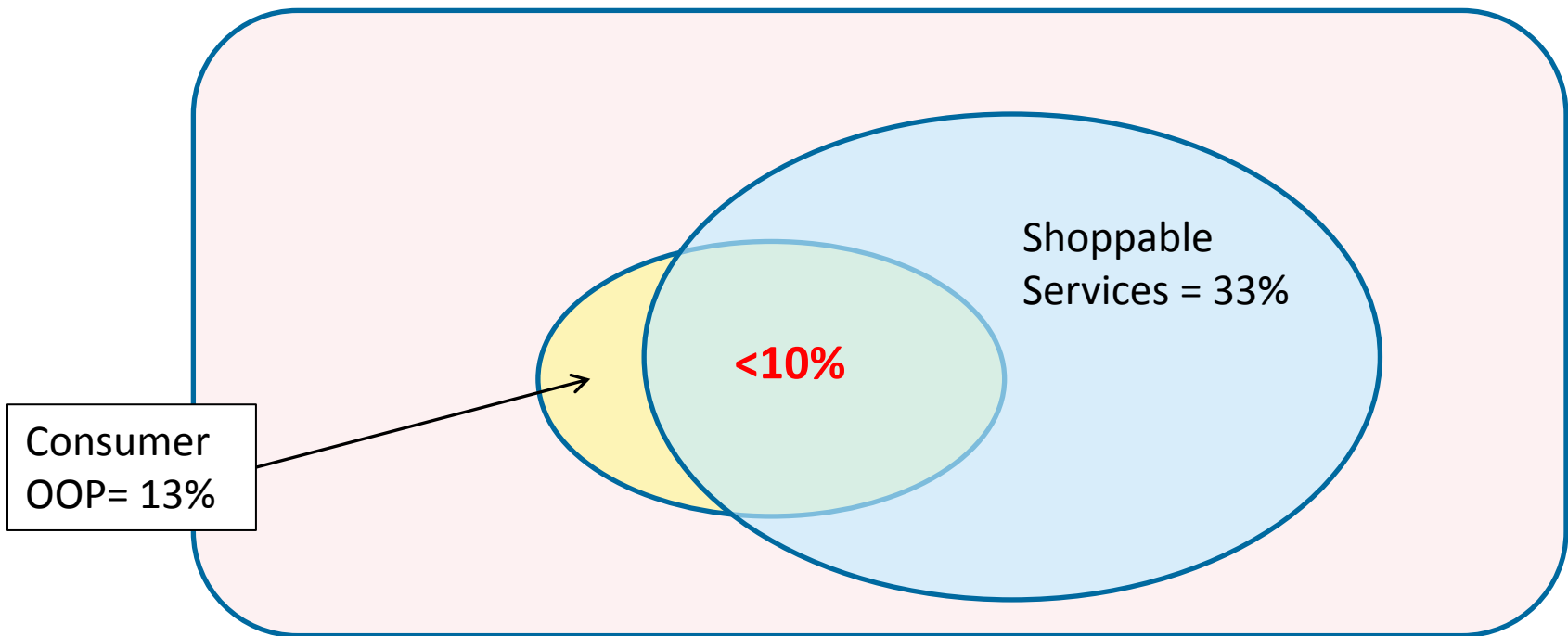
Consumer are an important audience
for price transparency but they won't
move the market





Less than 10% of overall health spending is “shoppable” and paid out-of-pocket by consumers

And this is an outer bound. Adding a requirement that usable price and quality data be available would narrow the range of shoppable services substantially.





Other considerations

- **High levels of provider market power in many communities limit provider's incentive to lower prices.**
- **Much of health care is not viewed as a “commodity” by consumers:**
 - preference for perceived “best care,” regardless of expense;
 - inexperience or discomfort making trade-offs between health and money;
 - lack of interest/familiarity with costs borne by insurers and society as a whole



So what is role of consumer?

Consumers deserve to shop with confidence.

Consumers should have trusted, actionable information on the prices and quality connected to their doctors, hospitals and treatments choices.

But we need to be realistic about consumers' ability to "move the market."

But don't give up on price transparency! This information has many other important audiences.



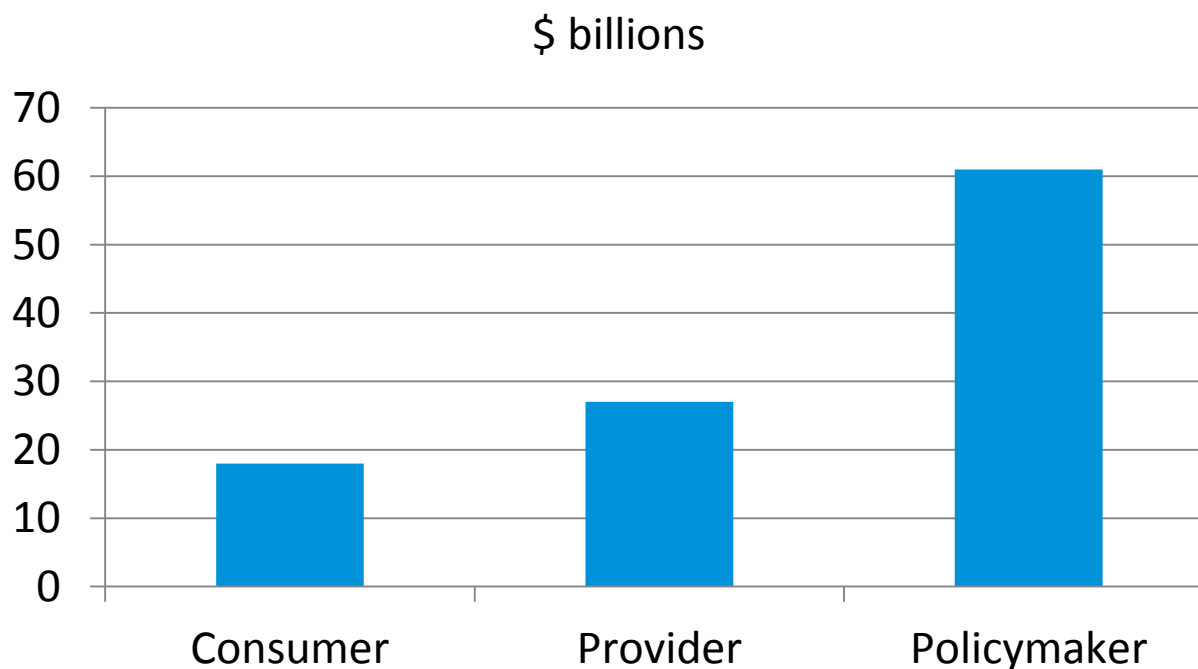


Key Audiences for Pricing Information

<i>Audience</i>	Use Data to Examine (examples)
Policymakers/ regulators/ researchers	More informed rate review Identify pricing outliers and hot spots Assess impact of policy changes on overall spending
Large Payers	More informed negotiations with providers; craft high value networks
Providers	Assess how their prices compare to peers



Researcher estimate: 10 year savings from price transparency by audience





More on the provider audience

**Could lower prices in response to better information
OR raise them.**

**Will be heavily affected by local levels of market
power, plus availability of other regulatory remedies.**



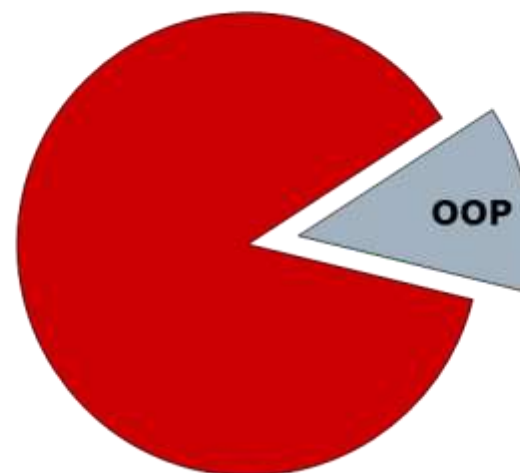
Most Health Care Dollars Are Directed by Physicians

Consumers' out-of-pocket spending is just 13% of our nation's health care bill.

And a portion of this is still directed by the doctor.

The most expensive piece of medical equipment is a doctor's pen.

Total Health Care Spending



Source: CMS, National Health Expenditures



Price Variation & What do Policy Makers Need to Know?

Adams Dudley, MD, MBA

Director
UCSF Center for
Healthcare Value



The Many Potential Uses of and Audiences for Price and Utilization Data

Twitter: [@RAdamsDudleyMD](https://twitter.com/RAdamsDudleyMD)

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Support:

Agency for Healthcare Research and Quality,

California Health Care Foundation,

California Department of Insurance

Foundation for Anesthesia Education and Research

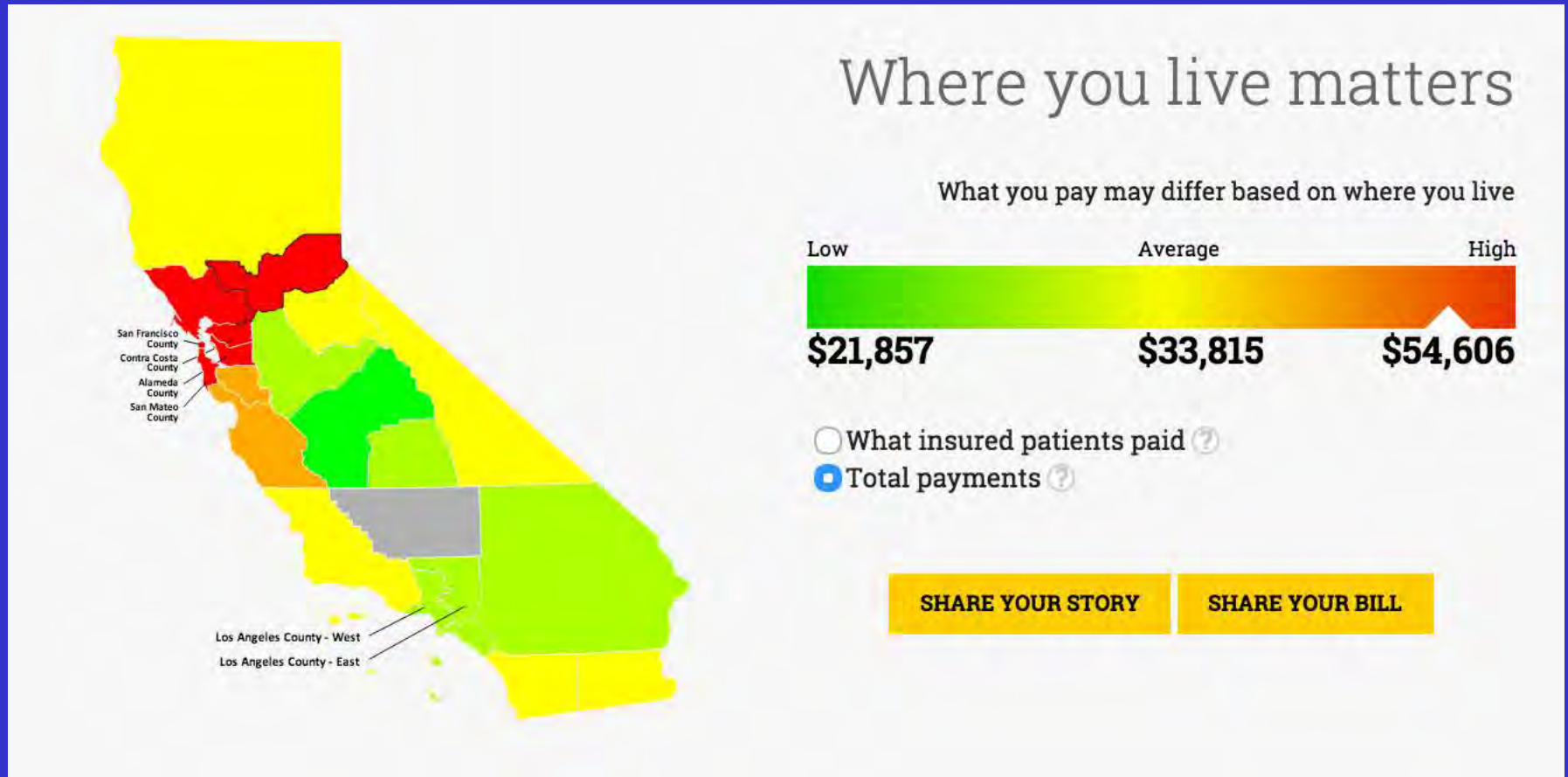
Robert Wood Johnson Foundation

No financial relationships to disclose.

Outline

- Some examples of things we wouldn't know without price transparency
- Other uses of all payer claims data that could lower costs to consumers

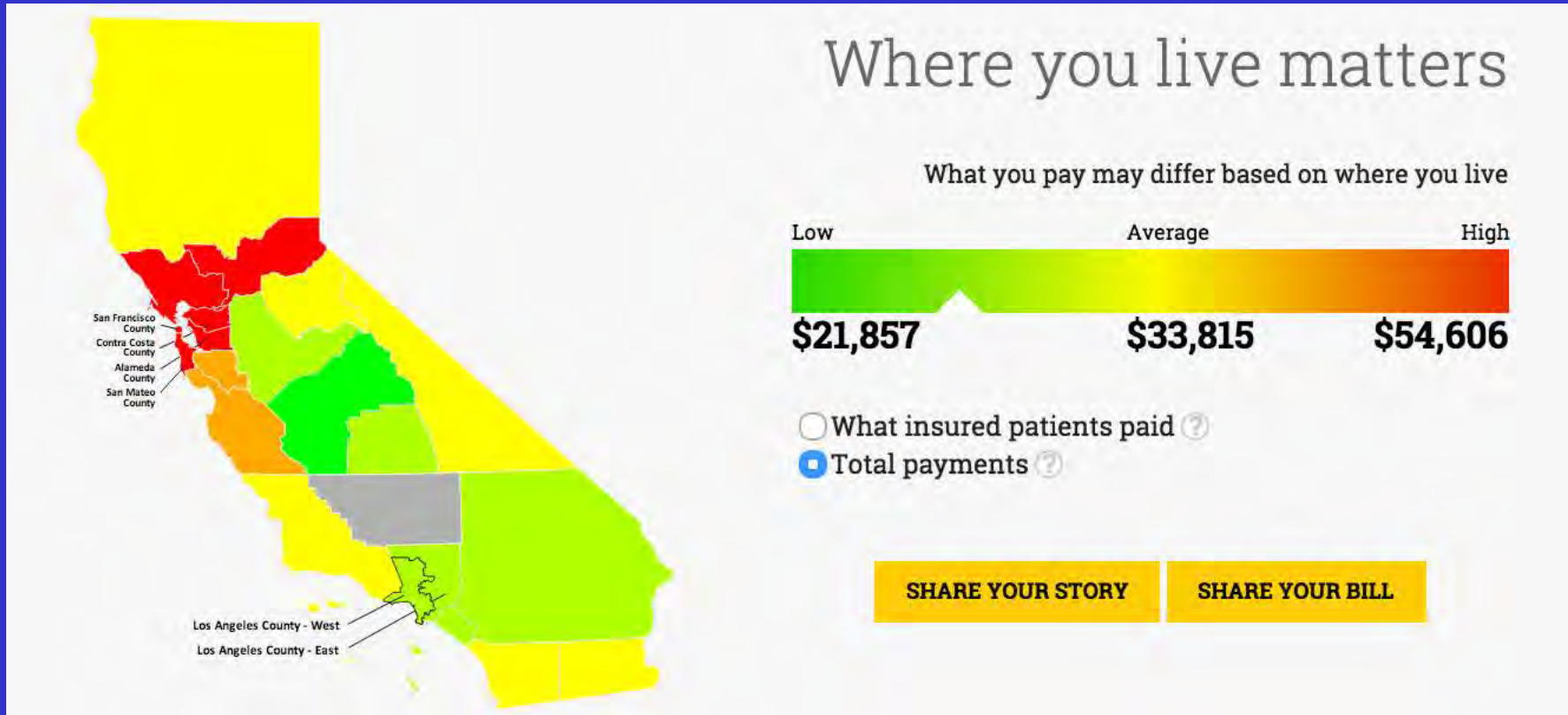
Hip Replacement Is Much More Expensive in N. California than S. California



Average payment for total hip replacement, Sacramento = \$51K

<http://www.cahealthcarecompare.org>

Hip Replacement Is Much More Expensive in N. California than S. California



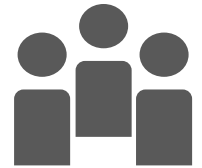
Average payment for total hip replacement, West LA = \$29K

<http://www.cahealthcarecompare.org>

Maybe These Are Local Phenomena?

- Medicare supposedly has a national price list, but in fact, prices are set by a complex formula that allows for a lot of variation in prices for the same service
- Largely unrecognized without price transparency

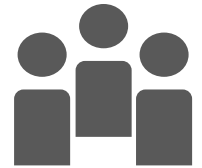
Medicare Price Adjustments



Hospital Adjustments

- Wage Index
- Occupational Mix
- New technology
- Bad debts
- Indirect Medical Education cost (IME)
- Disproportionate amount of low-income patients (DSH)
- Patient characteristics
- Rural area / Sole Community Hospital (SCH)
- Low volume facility
- Readmission reduction
- Value-based incentives
- Graduate Medical Education (GME)
- Full LOS or Transfer

Medicare Price Adjustments

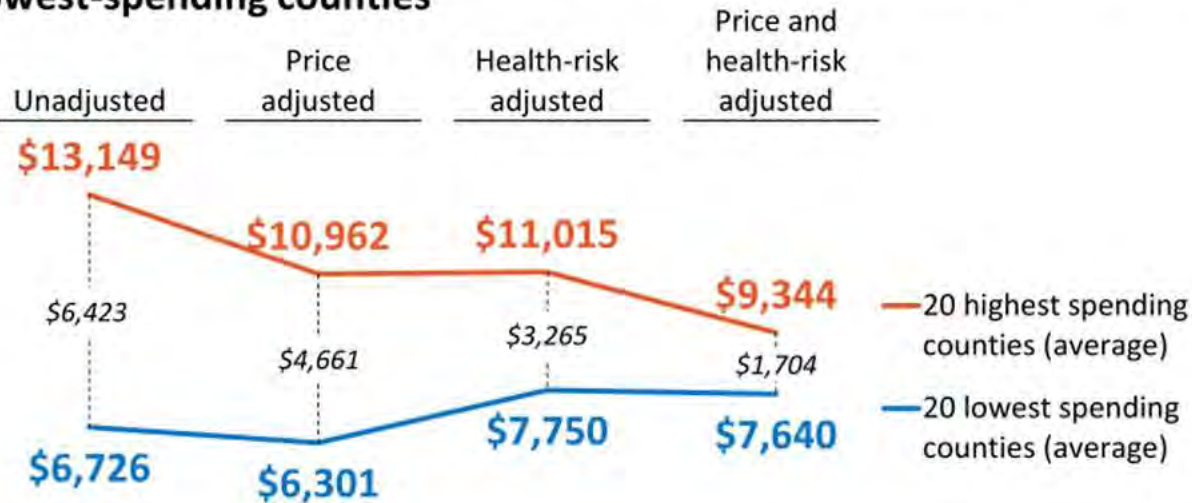


Result

- Among New York City hospitals, for a Pulmonary Embolism w/o MCC (DRG 176), the average total payments range from \$9,577 to \$12,831.

Medicare Price Variation Explains >25% of the Difference between Highest & Lowest Spending Counties

Adjusting for price and health-risk differences narrows the variation between average 2013 per capita spending in the 20 highest- and lowest-spending counties

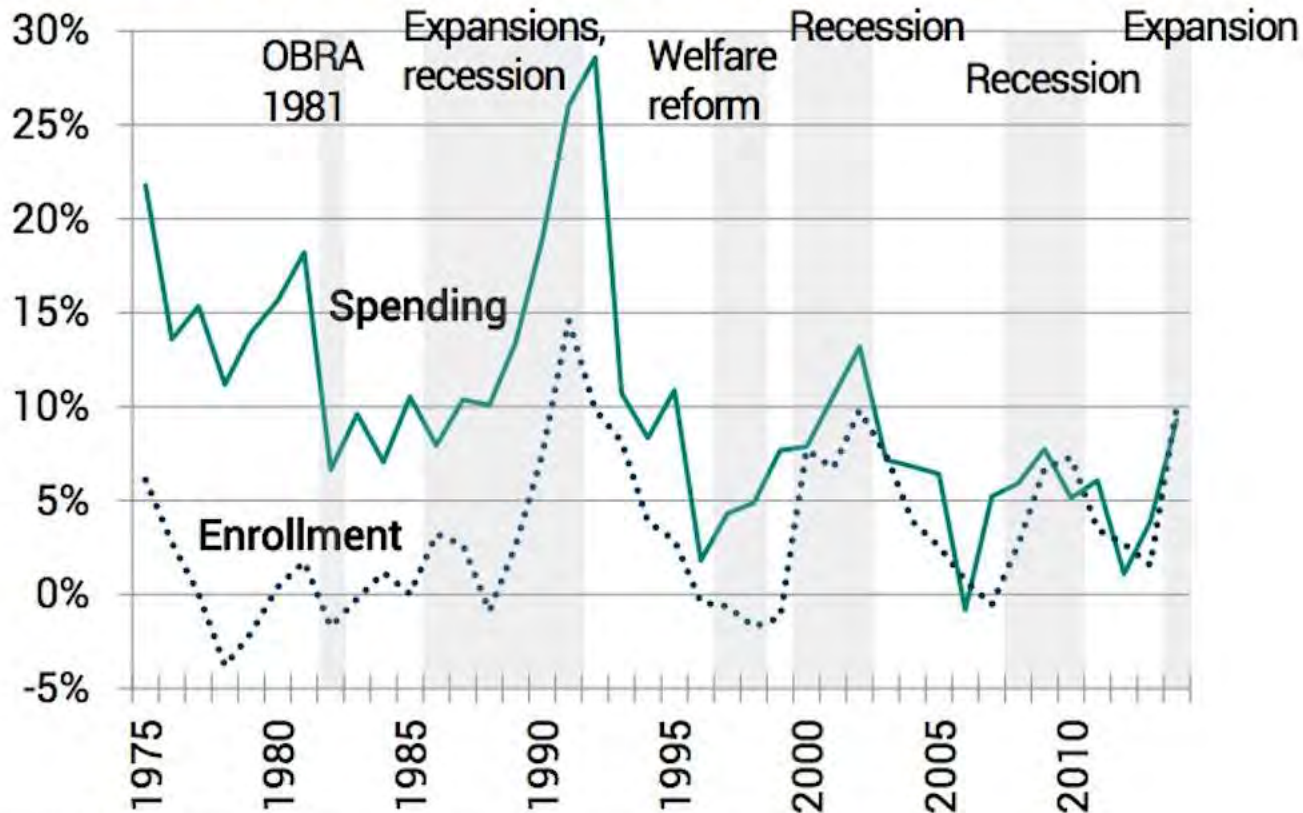


NOTE: Includes counties with an average of 10,000 or more beneficiaries enrolled in traditional Medicare from 2007-2013.
 SOURCE: RAND Corporation/Kaiser Family Foundation analysis of Centers for Medicare & Medicaid Services Geographic Variation Public Use File (February 2015 update).



Sometimes Price Transparency Can Help Policymakers Understand Prices ARE NOT the Issue

Examples of Fluctuating Annual Growth in Medicaid Enrollment and Spending, FY 1975–2014



Note: OBRA is Omnibus Budget Reconciliation Act.

Source: Office of the Actuary, Centers for Medicare and Medicaid Services, 2015, Data compilation provided to MACPAC.

September 17, 2015

Other Reasons to Seek Price and Utilization Data

- Understanding whether the price is a reflection of production cost or other factors
- Seeing—within paid claims data—utilization patterns that may need to be addressed

Sometimes Price Bears Little Relation to Cost of Production

The Washington Post

Lafuda
Lafuda Clinic
Applying the Way
When you understand safety information, including proper handling of your car, it's essential information.

Learning the signs of bipolar depression is a good first step
[See the signs](#)

SPONSORED SAFETY INFORMATION AND INDICATORS FOR A FLUOR-ACETAMIDE MORTALITY IN BLOCKY PATIENTS WHO MARCHABLELY PROVIDED AND SUBMITTAL TENDERS AND SERVICES
Care's patients with dementia: never psychosocial sharing, see result with really eye to confusion and memory loss related with this tool

Wonkblog


The crazy reason it costs \$14,000 to treat a snakebite with \$14 medicine

A 225

BUYPOWER CARD

By **Christopher Ingraham** September 8
[Follow @cingraham](#)

Ten deadly and unusual snakes



PER-MILE INSURANCE, FOR PEOPLE WHO HARDLY DRIVE.
Metromile
The per-mile car insurance that fits
Get a quote

Most Read

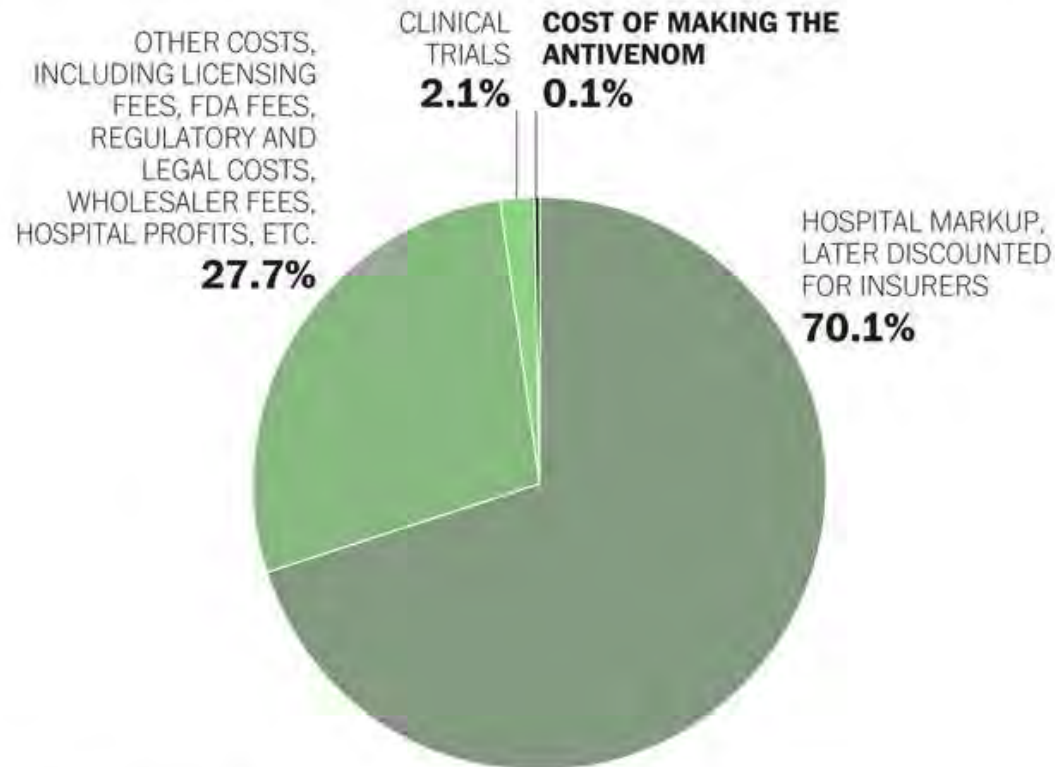
- 1 People are getting shot by toddlers on a weekly basis this year
- 2 8 questions about democratic socialism

<http://www.washingtonpost.com/news/wonkblog/wp/2015/09/09/the-crazy-reason-it-costs-14000-to-treat-a-snakebite-with-14-medicine/>

Sometimes Price Bears Little Relation to Cost of Production

Price components of a vial of antivenom

Percentage of antivenom sticker price, by category



WAPQ.ST/WONKBLOG

Source: Model developed by the VIPER Institute, University of Arizona

<http://www.washingtonpost.com/news/wonkblog/wp/2015/09/09/the-crazy-reason-it-costs-14000-to-treat-a-snakebite-with-14-medicine/>

For the Top 10 Drugs by Sales, US Average Price = 3X UK Average Price

TOP 10 DRUGS BY 2014 SALES - \$ BLN

US VS UK LIST PRICE MULTIPLE



THE VALUE OF ROUTINE PREOPERATIVE MEDICAL TESTING BEFORE CATARACT SURGERY

OLIVER D. SCHEIN, M.D., M.P.H., JOANNE KATZ, Sc.D., ERIC B. BASS, M.D., M.P.H., JAMES M. TIELSCH, Ph.D.,
LISA H. LUBOMSKI, Ph.D., MARC A. FELDMAN, M.D., M.P.H., BRENT G. PETTY, M.D.,
AND EARL P. STEINBERG, M.D., M.P.P., FOR THE STUDY OF MEDICAL TESTING FOR CATARACT SURGERY*

ABSTRACT

Background Routine preoperative medical testing is commonly performed in patients scheduled to undergo cataract surgery, although the value of such testing is uncertain. We performed a study to determine whether routine testing helps reduce the incidence of intraoperative and postoperative medical complications.

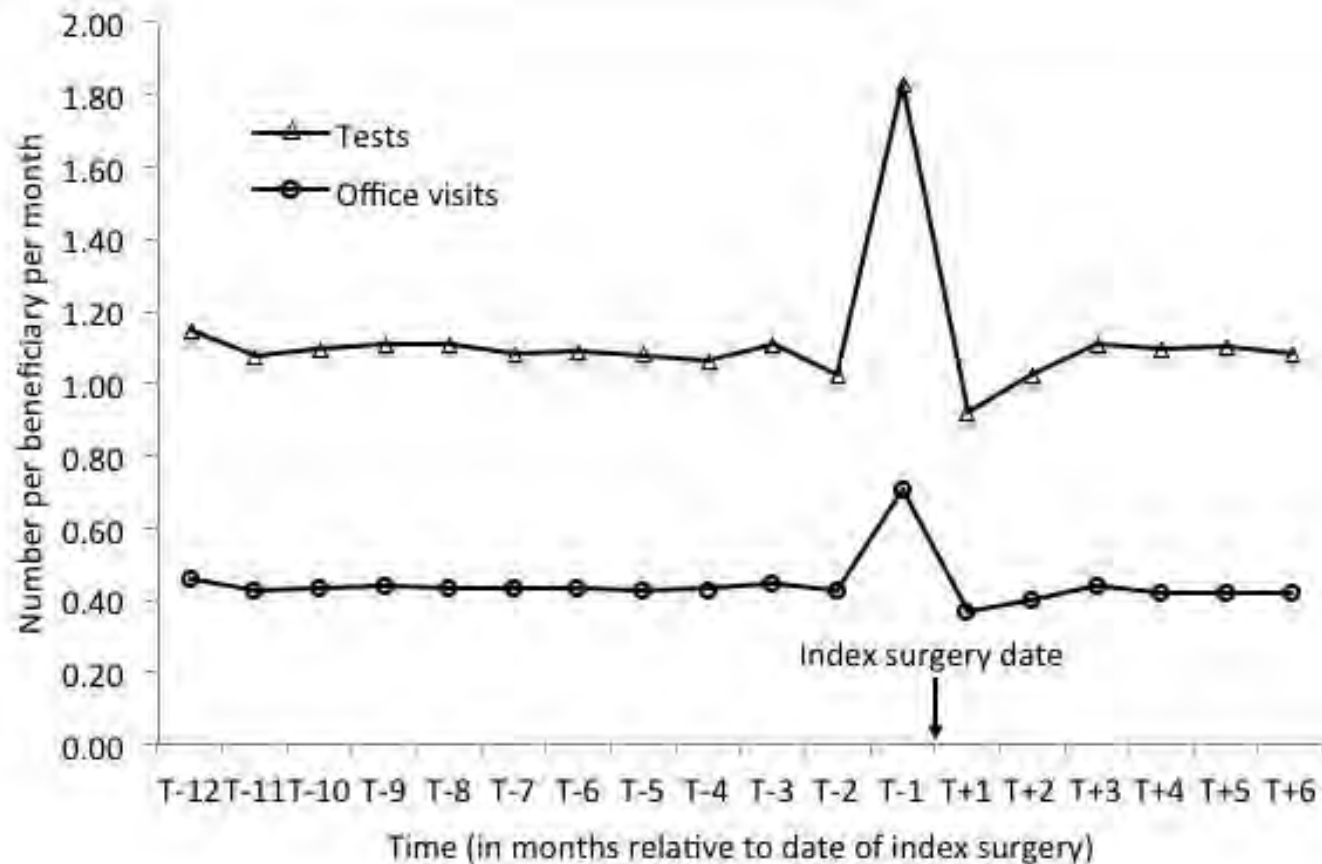
Methods We randomly assigned 19,557 elective cataract operations in 18,189 patients at nine centers to be preceded or not preceded by a standard battery of medical tests (electrocardiography, complete blood count, and measurement of serum levels of electrolytes, urea nitrogen, creatinine, and glucose), in addition to a history taking and physical examination. Adverse medical events and interventions on the day of surgery and during the seven days after surgery were recorded.

Results Medical outcomes were assessed in 9408 patients who underwent 9626 cataract operations that were not preceded by routine testing and in 9411 patients who underwent 9624 operations that were preceded by routine testing. The most frequent

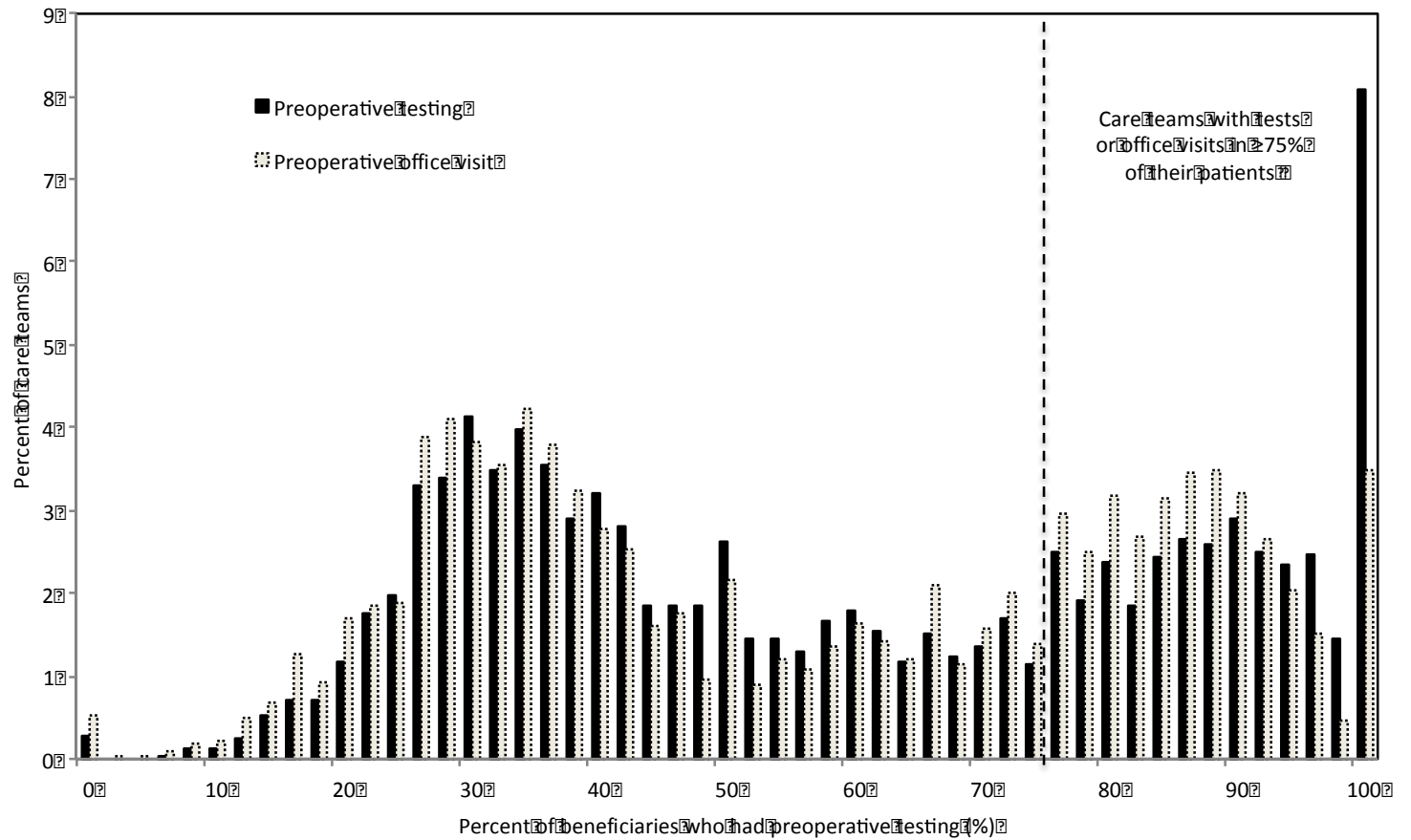
erative morbidity and mortality associated with cataract surgery are low.^{1,2} Nevertheless, because patients with cataracts tend to be elderly and to have serious coexisting illnesses,³⁻⁷ many physicians believe that a systematic medical examination with laboratory testing must be performed before a patient can be considered eligible for surgery.^{4,8}

In 1993, the Agency for Health Care Policy and Research published guidelines for the management of cataracts.⁹ The agency endorsed "appropriate" testing but did not provide specific recommendations based on reported data. We subsequently performed a national survey of ophthalmologists, anesthesiologists, and internists and found that the majority of the respondents routinely ordered complete blood counts, measurements of serum electrolytes, and electrocardiograms preoperatively.⁴ Other tests, such as chest radiography, blood-clotting studies, and urinalysis, were also ordered often, although less frequently. Many physicians did not think that the tests were necessary but ordered them anyway because of insti-

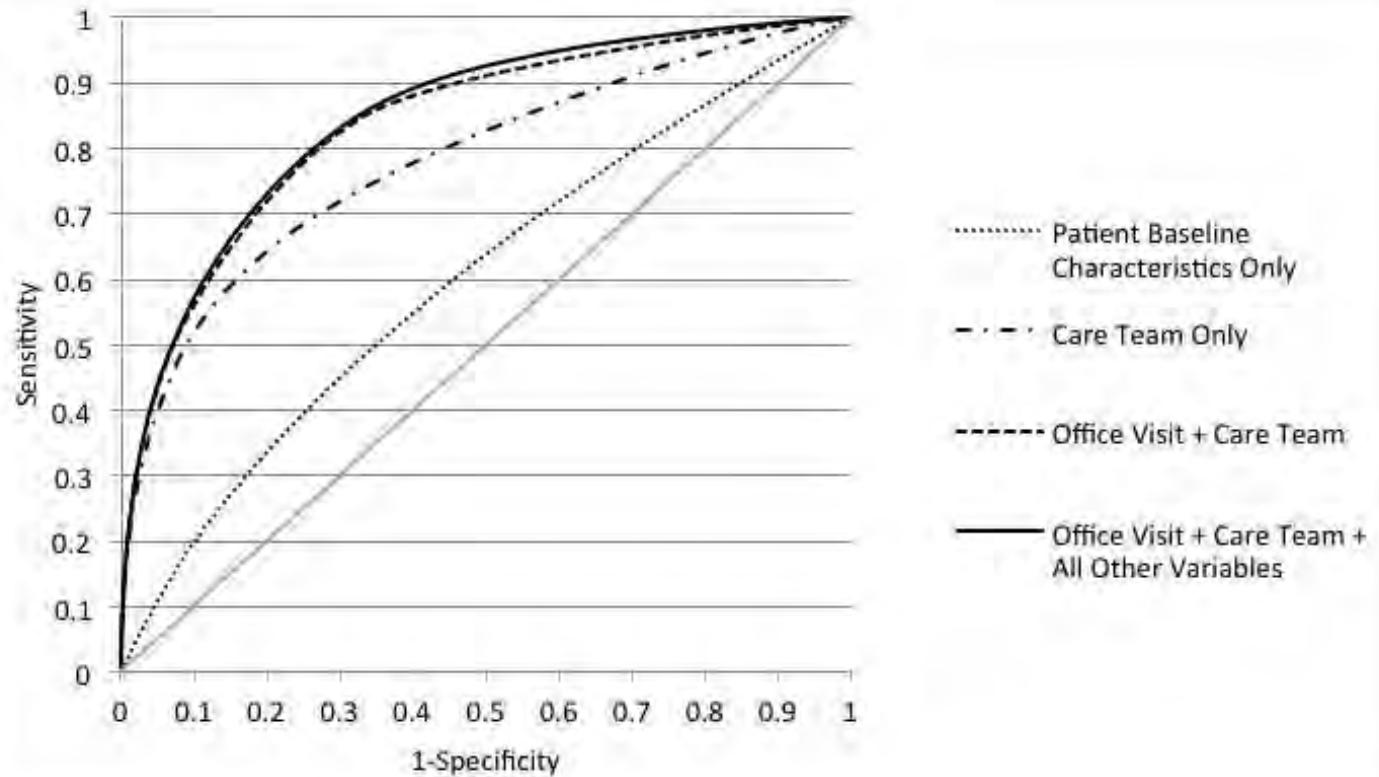
Tests and office visits per beneficiary per month



Variation in testing and office visits among care teams

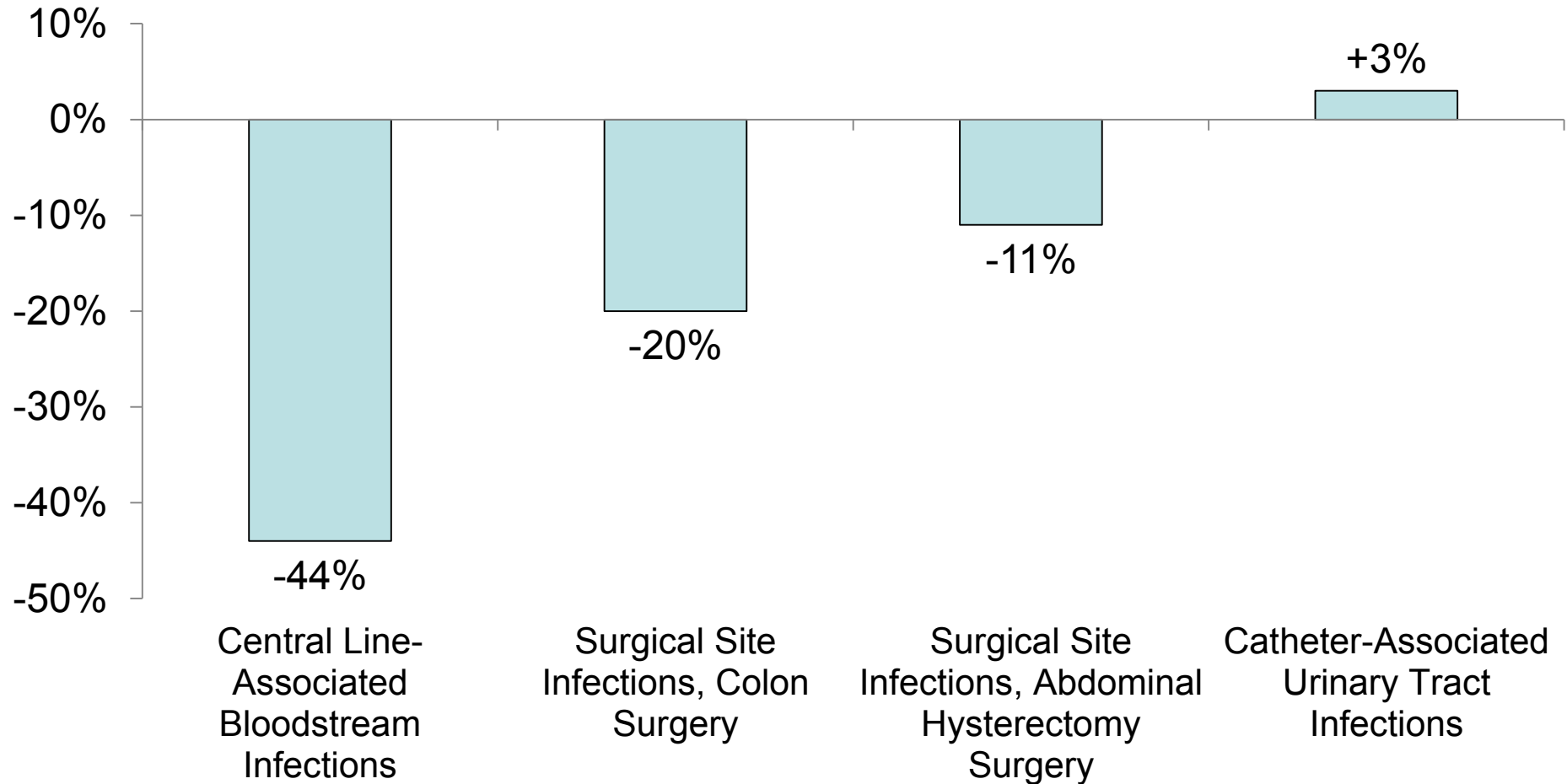


ROC curves comparing models predicting preoperative testing



When Made Visible, Things We Measure Get Better: Healthcare-Associated Infections

2012 Rates vs. 2008 Baseline



Source: Centers for Disease Control, National and State Healthcare Associated Infections: Progress Report, March 2014. Available at <http://www.cdc.gov/HAI/pdfs/progress-report/hai-progress-report.pdf>.



The
COMMONWEALTH
FUND

Contact Information

- On Twitter: [@RAdamsDudleyMD](https://twitter.com/RAdamsDudleyMD)
- adams.dudley@ucsf.edu
- my assistant (highly recommended that you loop her in, too!): beth.thew@ucsf.edu

A further consideration of price

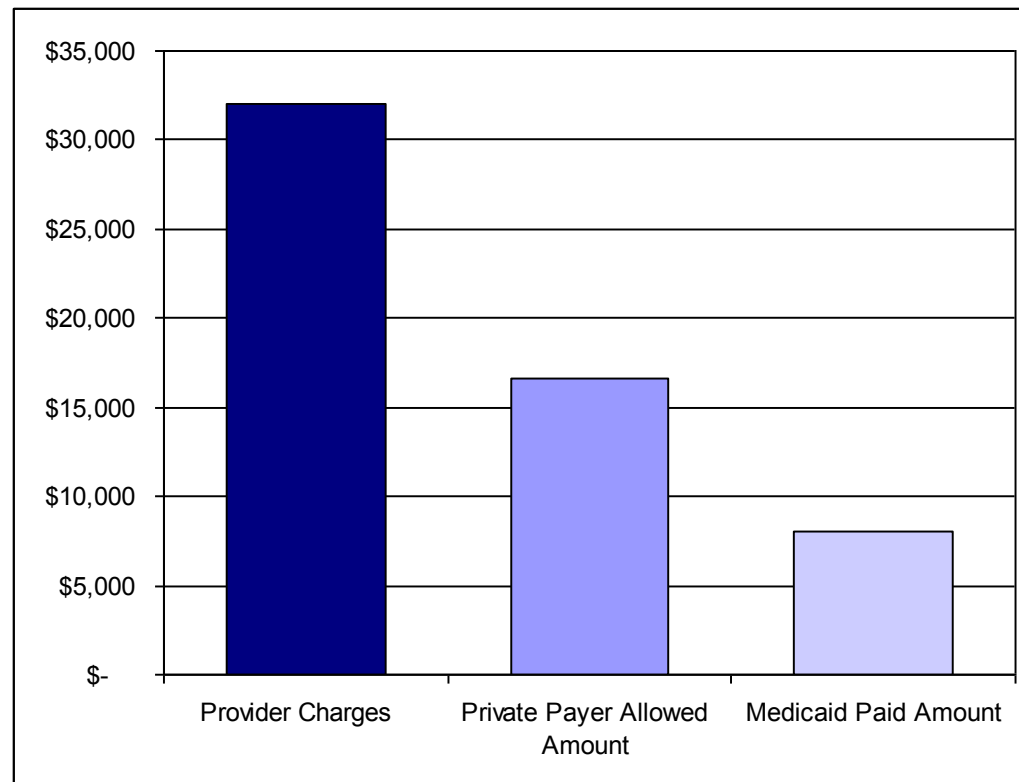




Health care prices vary by payer

Average Maternal Costs 2010, Cesarean Childbirth

Is the negotiated
price the right
price?

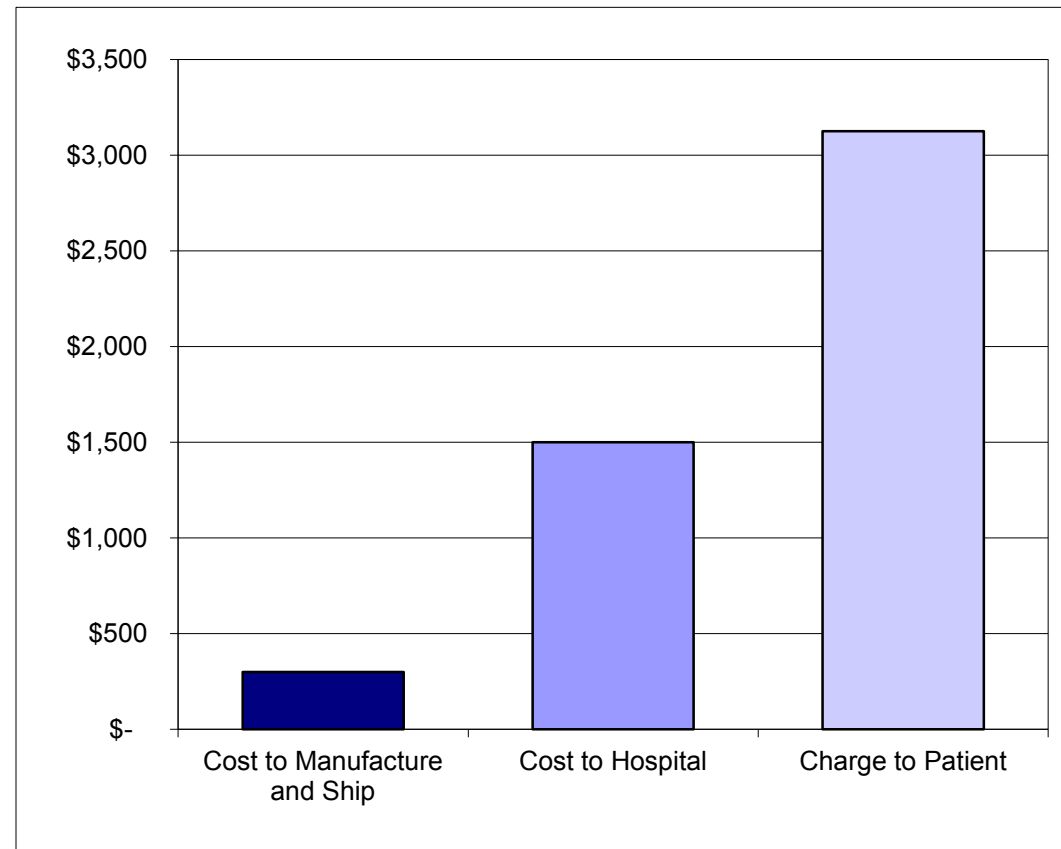




Price Often Fails to Provide An Accurate Picture Of Underlying Cost

For the most part, we have no idea what the underlying cost is.

Dose of Drug Flebogamma





Could a benchmark price that signaled the cost to provide plus a reasonable mark up move the market more than just revealing today's negotiated price?



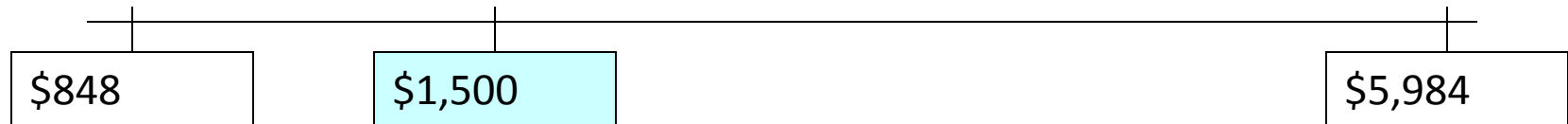
Reference Pricing

To address variation in pricing, health plan identifies a cap (“reference price”) for a clinical service. *Examples:*

- CalPERS: Hip Replacement



- Safeway: Colonoscopy





Reference Price: Dramatic Results

After instituting reference pricing for hip/knee replacements, CalPERS experienced 20% decline in spending for these services. (A small portion even accrued to enrollees!)

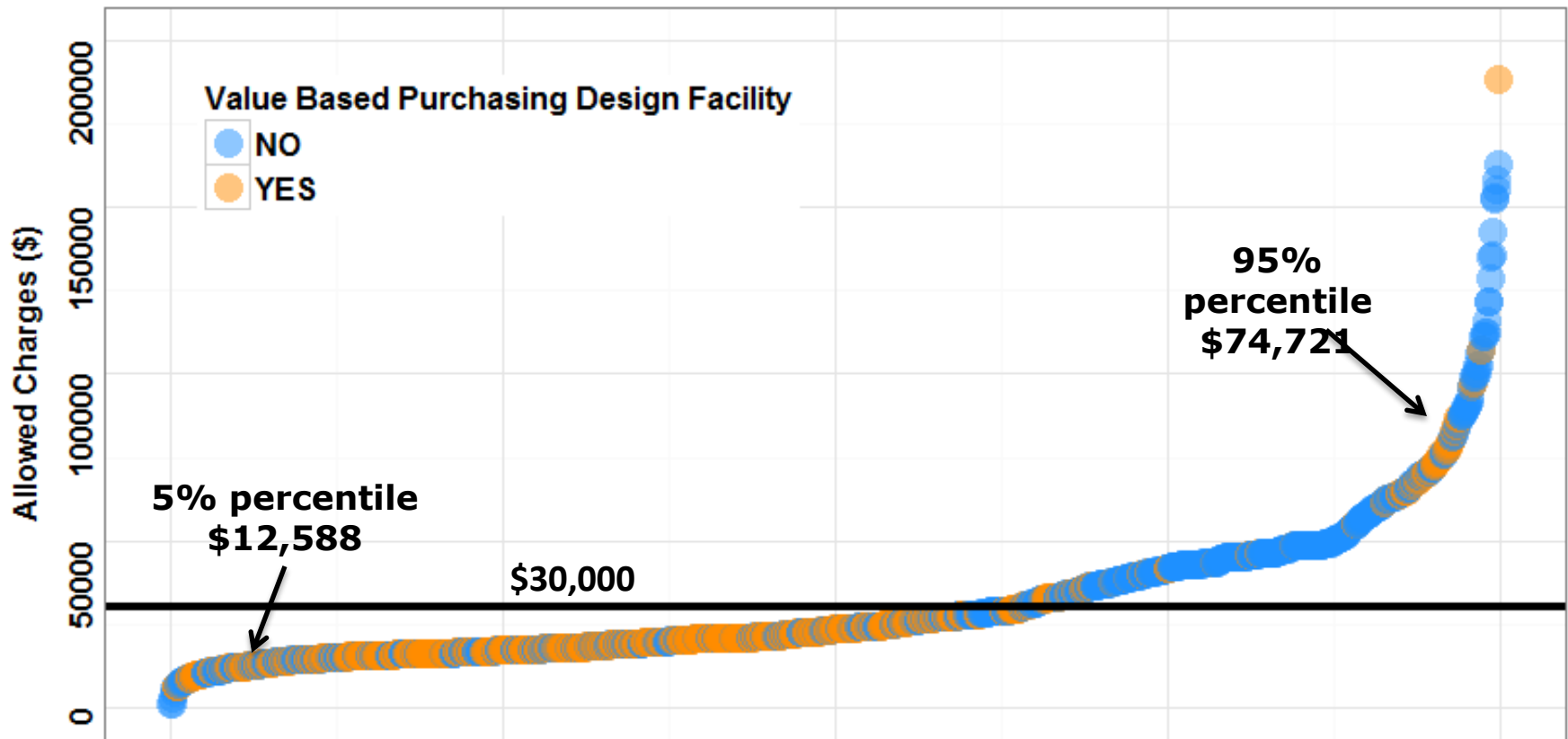
Savings due to:

- price reductions from higher cost facilities
- greater share of procedures being conducted at “value” priced facilities



Why choose \$30,000 for allowed charges?

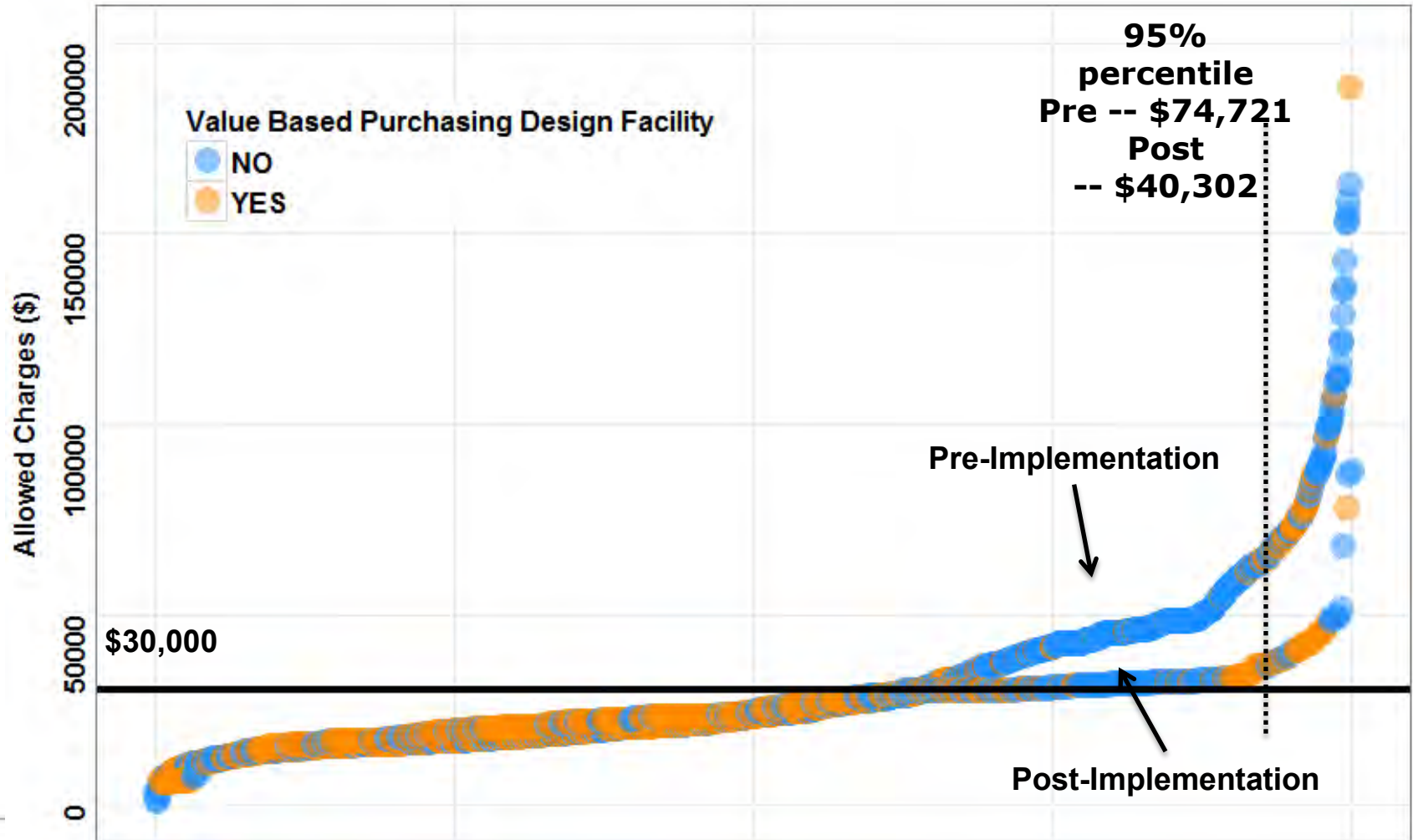
High volume, high quality facilities with geographic dispersion charged < \$30K



Source: University of California, Berkeley analysis, June 2013. Data for 2008 to 2010. Permission granted for use in this slide deck.



Allowed charges pre- and post- implementation of program



Source: University of California, Berkeley analysis, June 2013. Pre-implementation data for 2008 to 2010 and post-implementation data for 2011-2012.. Permission granted for use in this slide deck.



Massachusetts Spotlight

Margo Michaels

Director of Consumer Engagement
Health Care For All



COST TRANSPARENCY: AN UPDATE FROM MASSACHUSETTS

Margo Michaels
Director Consumer Engagement
Health Care For All



2015 Health Care Cost Trends Hearing

About us

- Health Care For All is a consumer advocacy organization committed to achieving a quality, affordable health care system for all of Massachusetts.



Massachusetts: Looking Beyond ACA

An Act improving the quality of health care and reducing costs through increased transparency, efficiency and innovation. (2012)

Core principle: Measures of care and incentives built into the payment system must be transparent, accessible, and understandable by patients.

Provide consumers with greater level of information about

- the costs of their care
- existing consumer protections, and
- utilization management decisions by health plans.

<https://www.hcfama.org/resources/campaign-better-care-principles-reflected-chapter-224>

Overview of Select Consumer Health Transparency Statutes

Requirements for CHIA

- Extensive specific requirements for **consumer website**

Requirements for Health Plans

Cost Sharing Toll-Free Number and Website

- All must offer a toll-free phone number and a website **that allows consumers to obtain information on the estimated price** for a proposed admission, procedure, or service.

Quality and Cost Information

- Health plans must fully disclose policies relating to in- and out-of-network cost sharing
- Health plans must make available current measures of providers' quality using the Standard Quality Measures Set.
- Health plans must make available relative provider prices and provider adjusted total medical expenses.
- Utilization review organizations must keep utilization review criteria on **an easy-to-use public website**. By October 1, 2015, health plans must do the same.

Requirements for Providers

- Must disclose the allowed amount of or charge for an admission, procedure, or service upon patient request.
- Must tell their insured patients about insurer's toll-free phone number/ website & **give enough detailed information to use it**.
- If referral made, **relationship must be disclosed**.

ACA Requirements

- Requires **consumers have information** on claims payment practices and claims denied, data on enrollment and disenrollment, and information on cost sharing and out of network coverage.
- Reporting includes measures that improve outcomes, prevent readmissions, reduce errors and promote health and wellness.

Sources: *Blue Cross Blue Shield of Massachusetts Foundation, Summary of Chapter 224 of The Acts Of 2012*
Kaiser Family Foundation, Health Insurance Transparency under the ACA

Where we are now in Massachusetts

“Although Massachusetts has a good transparency law, wide scale adoption and robust implementation by the healthcare industry still lies ahead”

<http://pioneerinstitute.org/news/how-to-tell-if-the-price-is-right-fostering-transparency-in-healthcare-prices-for-massachusetts-consumers/>

(The major insurers) are obeying the law but all need to step up ...if they want to help consumers make prudent choices...

<http://www.bostonglobe.com/metro/2015/07/13/group-gives-health-insurers-low-grades-for-price-information-tools/nXjVs4m0qXVNPz8ISS1CO/story.html>

Insurer Compliance

- Consumer cost transparency report card 2015
 - Aid in Decision-Making
 - Accessibility
 - Comprehensiveness

Insurers' cost data websites lacking

Health plans cite works in progress

Report evaluates price transparency

By Felice J. Freyer

GLOBE STAFF

The state's three biggest health insurers are doing a mediocre job of meeting a state requirement to give consumers estimates of what their care will cost, according to an evaluation being released Tuesday by the advocacy group Health Care for All.

AID IN DECISION-MAKING



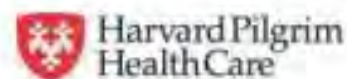
MASSACHUSETTS



TUFTS  Health Plan

Can compare costs of multiple providers on one screen	B Compares overall procedure cost but not cost to patient.	A	A
Differentiation between total and out-of-pocket cost to consumer	C Shows the amount remaining in out-of-pocket maximum but not the estimated out-of-pocket cost. ⁴	A Shows an equation of estimated price, price the plan pays, and remaining price the member pays.	A Shows an equation of estimated price, price the plan pays, and remaining price the member pays.
Costs totaled and presented in units meaningful to consumer (i.e. episodic, illness-based)	D Does not show estimated out-of-pocket cost.	B Provides an average annual cost of care for specific conditions, but unclear if medication costs are included.	B Provides an average annual cost of care for specific conditions, but unclear if medication costs are included.
Availability and presentation of provider quality information	B Quality information (CMS Hospital Compare) is available for hospitals; patient experience data available for some providers.	C Quality information (US HHS, Jan 2014) is available for hospitals only. Individual provider award is shown in some cases.	C Quality information (US HHS, Jan 2014) is available for hospitals only. Quality information shown is sometimes for a different procedure.
Can compare quality of multiple providers on one screen	A When quality information is available, it is shown using a star system.	B For hospitals, icons for quality are provided but a legend is not provided. For providers, awards received are listed.	B For hospitals, icons for quality are provided but a legend is not provided. For providers, awards received are listed.
Inclusion information about providers for decision-making (e.g., taking new patients, language spoken)	A	B Lists accepting new patients, specialties, and hospital affiliations. Does not list languages spoken or years in practice.	B Lists accepting new patients, specialties, and hospital affiliations. Does not list languages spoken or years in practice.
Members report of how likely they are to use the tool (1:Very unlikely - 5:Very likely)	D <i>Next time any health care is needed: 1.7</i> <i>When a procedure is needed: 1</i> <i>When choosing a provider: 2</i>	B <i>Next time any health care is needed: 4</i> <i>When a procedure is needed: 3.7</i> <i>When choosing a provider: 3.7</i>	C <i>Next time any health care is needed: 1.6</i> <i>When a procedure is needed: 3</i> <i>When choosing a provider: 1.8</i>
System Usability Score ² (68 is average score for any system)	D 30.9	C 51	B 67.1
AVERAGE GRADE FOR THIS MEASURE	C	B-	B-

ACCESSIBILITY



Reference to the tool on pages of the home health plan website	B Listed in box titled "Find a Doctor" on home page, and in Cost & Quality Tools page.	B On public "For Members" page under "Cost & Quality" subheading (below the fold) is a link to public "Now iKnow" tool info page.	B Sub-item of "mytuftshealthplan.com" box (above the fold) is "EmpowerMe: Treatment Cost Estimator"
Clearly labeled link to tool on member portal homepage	A Listed under "I want to..." menu on member portal homepage	A Under first subheading "My Plan" is a link to the "Now iKnow" tool. Link is highlighted with "New" label.	B Listed under "What's New" (but link does not access tool) and under "Decision Tools" sidebars on member portal homepage
Accessibility on mobile devices	B Viewable but not fully optimized.	A	A
Member rating of how easy it was to find the tool	B Average rating of 3.9 ("Neither difficult nor easy").	C Average rating of 3.0 ("Somewhat difficult").	A Average rating of 4.5 ("Somewhat easy").
Availability in other languages	C Only presented in English. Some elements display in Google translate.	D Only presented in English and does not display in Google translate.	D Only presented in English and does not display in Google translate.
Accessibility for users with disabilities	D Text is not resizable in browser. Tab navigation is not fully functional.	C Text is not resizable in browser. Can navigate using tabs.	C Text is not resizable in browser. Can navigate using tabs.
AVERAGE GRADE FOR THIS MEASURE	C	C	C+

COMPREHENSIVENESS

Availability of cost information for:



MASSACHUSETTS



Harvard Pilgrim
Health Care

TUFTS  Health Plan

Both inpatient and outpatient services

B Inpatient procedures available, but not searchable with general names (i.e. "heart surgery" has no results).

D Cost information not available for inpatient procedures.

D Cost information not available for inpatient procedures.

Behavioral health services

D Not found.

D Providers listed but does not show costs.

A Yes, psychotherapy with behavior management.

Prescription drugs

D Not found.

D Not found.

D Not found.

AVERAGE GRADE FOR THIS MEASURE

D

D

C-

Hospitals and Provider Compliance

“The status quo with respect to provider transparency is neither smooth nor effective”

BAY STATE SPECIALISTS AND DENTISTS GET MIXED REVIEWS ON PRICE TRANSPARENCY

by Barbara Anthony, Senior Fellow in Healthcare

assisted by Scott Haller, Northeastern University Co-op Intern



Mass Hospitals Weak on Price Transparency

Written by Barbara Anthony, Senior Fellow in Healthcare
assisted by Scott Haller, Northeastern University Co-op Intern

There is a national conversation around the need for more price and quality transparency in our healthcare system. The growth of high-deductible plans where someone can spend from \$2,000 to \$6,500 on deductibles, plus co-insurance and premiums, is driving this conversation.

A survey by the National Business Group on Health shows that in 2013, roughly 32 percent of American companies intend to offer only high-deductible plans to their employees. And, a March 2015 Robert Wood Johnson funded survey by Public Agenda entitled “How Much Will It Cost” shows that 56 percent of Americans say they tried to find out how much they would have to pay out of pocket – not including a copay – or how much their insurer would have to pay a doctor or hospital, before getting care. This same study showed that people with high deductibles – 67% of those with deductibles of \$500 to \$2,000 and 74% of those with deductibles higher than \$3,000 – tried to find price information before getting care.

A Cutting Edge Bill Proposed

- Prescription Drug Cost Transparency (S1048) An Act To Promote Transparency And Cost Control Of Pharmaceutical Drug Prices
 - Now referred to House and Senate Committees
- Similar legislation proposed in CA, NY, OR, TX, PA and NC



Mass. bill seeks to rein in prices of some drugs



JOANNE BATHI/GLOBE STAFF
Caitlin O'Brien pays hundreds of dollars a month for her medications.

By [Robert Weisman](#) | GLOBE STAFF | AUGUST 10, 2015

Drug companies are facing a new campaign to contain treatment costs, this time with proposed rules in Massachusetts that would include a first-in-the-nation cap on some prices.

What's Next? Principles for Transparency Efforts Moving Forward

- Consumers **must be aware** that the information exists;
- Consumers **must know how** to interpret and use the information;
- Consumers must **be able to decide that the information is valid and relevant** and
- Consumers must **be able to use** the information to make choices (behavior).

Hibbard JH and Sofaer S. Best Practices in Public Reporting –Learning Network tools. Rockville, MD: AHRQ Jun 2010. AHRQ Publication No. 10-0082-EF.

What's Next: Principles for Transparency Efforts Moving Forward

- Strengthen the capacity of providers, staff and insurance company personnel to discuss prices;
- Help consumers understand that prices vary by providers;
- Help consumers understand how to find price information;
- Focus engagement efforts on those who care for others and those who receive regular medical care; and
- Address challenges to engaging consumers in both seeking and comparing prices and in choosing better-value care

D. Schleifer, C. Hagelskamp and C. Rinehart, ***How Much Will It Cost? How Americans Use Prices In Health Care*** (Public Agenda 2015)



Questions for the panelists?

Click the “raise hand” icon at the top of your screen



To unmute, press *6

Please do not put us on hold!

Next Webinar:

Medical Harm: The Taxonomy You've Been Waiting For

*Don't be sidelined- jump into the
conversation about keeping patients safe*

**December 11, 2015
2:00pm E.S.T.**

Register at www.HealthCareValueHub.org/events



Thank you!

Robert Wood Johnson Foundation
Speakers Adams Dudley and Margo Michaels

Contact Lynn Quincy at lquincy@consumer.org
or any member of the Hub team with your follow-up questions.

Materials from this webinar: HealthCareValueHub.org/Price-Transparency

