



Transparency: Shining a Light on the Price and Quality of Healthcare

How much does it cost? Is it high quality?

These are questions consumers routinely ask about products and services when they make most purchases. But when it comes to their health care, this information is hard to find.

Radio station KQED in San Francisco turned to crowdsourcing to learn what people pay for care. At the station's request, people posted the prices they paid for common medical services — as well as their comments — on the station's PriceCheck [website](#). In San Francisco alone, the price for a back MRI varied from \$575 to \$6,221.

The comment one woman posted on the website demonstrates vividly the difficulties of navigating the market for medical services: "I was told the procedure was \$1,850. I have a \$7,500 deductible. So I talked to (an employee) who said if I paid upfront and agreed not to report the procedure to Blue Cross, that it would be \$580."

Price and quality vary wildly across the country and even across town. The PriceCheck [research](#) showed insurers paid anywhere from \$1,800 to \$7,126.80 for a colonoscopy in California. Research published in the New England Journal of Medicine found that it's essentially a coin-toss chance whether or not patients will get the care medical experts recommend when they see their doctor.

Making reliable, useful information about the cost and quality of care is more important now than ever for people who get, give, and pay for care. Consumers with high deductible plans need the information to make informed choices. Research published in the journal Health Affairs shows that when consumers have access to well-designed reports on price and quality, 80 percent will select the highest-value health care provider.

Price and quality information is also a fundamental building block enabling employers and other purchasers to implement value-based purchasing strategies. These include benefit designs that steer employees to high-quality, low-cost providers, such as reference pricing, centers of excellence and narrower networks. Transparency also spurs providers to improve quality and forces them to own up to their prices.

A decade of increasing transparency has wrecked some of the prevailing assumptions about health care. We can now see that some care is uneven. We can see that prices vary dramatically, and, perhaps most important of all, that price is not an indicator of quality. In short, thanks to transparency we can see that what we pay for care doesn't always reflect its true value – something that's been invisible in the past.

State of Transparency: Where are we now?

The momentum for transparency is building on many fronts.

- The federal government began disclosing drug prices in the Medicare Part D program in 2003. Today, Medicare discloses: information about hospital quality on its [Hospital Compare](#) website, payments by pharmaceutical and device makers to physicians, and the volume of services physicians provide Medicare beneficiaries and how much they are paid. Medicare's Physician Compare website will soon provide information about the quality of care physicians deliver.
- Currently, 34 states report hospital charges or reimbursement rates, and more than 30 states are pursuing legislation to enhance price transparency.
- In some regions of the country, multi-stakeholder groups known as regional health improvement collaboratives publish reports on the quality of physician practices based on data they gather from insurance claims, third parties like the National Committee on Quality Assurance and Bridges to Excellence, and/or from physicians' medical records.
- Health plans also are getting into the game by providing comparison tools for members that offer information on price and quality. However, health plan transparency tools vary widely in their usefulness for making true head-to-head comparisons. As a result, some frustrated employers have turned to third-party vendors to provide price information to their employees.

On the downside, most reports to date have not been very consumer friendly. A report card issued by CPR and the Health Care Incentives Improvement Institute on the usefulness of state transparency efforts gave 45 states a failing grade and not a single state received an A. But spurred by private competition, and research into consumer decision making, the tools are getting better.

<http://clearhealthcosts.com/blog/2014/10/cost-colonoscopy-california-insurers-paid-1800-7-240/> accessed Jan 16, 2015

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