Context For Price Transparency in Healthcare

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Yes, THAT Consumer Reports
Start with Clarity on Goals for Transparency

Is it to:

• “Move the market” (reduce price variation, reduce excess prices)?

• Improve consumer confidence when shopping?

• Better inform policies and regulations?
Price [& Quality] Transparency: The Role of the Consumer

• Consumers should have trusted, actionable and comparative information on the prices, quality and value of doctors, hospitals and treatments.

• Consumers deserve to shop with confidence.

• BUT we need to be realistic about consumers’ ability to “move the market.”
Three studies closely examined consumer behavior under high deductibles but found no evidence of price shopping.

Consumers should not have to bear the brunt of poorly functioning health care markets that don’t deliver value.

-Rethinking Consumerism In Benefit Design, Consumer Reports, 2016
Less than 7% of total private health spending is “shoppable” and paid out-of-pocket by consumers.

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

Source: Spending on Shoppable Services in Health Care, HCCI, March 2016
NY Cost/Quality Tool Ratings

- Approximately half of New Yorkers have access to a cost estimator tool through their health plan
- Only about 12% of consumers were aware they had access to the tools prior to the study
Table 1. Ratings of Online Cost and Quality Tools offered by NY Health Insurance Plans

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Overall Score</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ease of Use</td>
<td>Functionality</td>
</tr>
<tr>
<td>Clguna</td>
<td>84</td>
<td>☀️</td>
</tr>
<tr>
<td>UnitedHealthcare</td>
<td>82</td>
<td>☀️</td>
</tr>
<tr>
<td>Aetna</td>
<td>77</td>
<td>☀️</td>
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<tr>
<td>BlueShield Northeastern NY/BlueCross BlueShield Western NY</td>
<td>77</td>
<td>☀️</td>
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<tr>
<td>MVP Health Care</td>
<td>75</td>
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<tr>
<td>Excellus</td>
<td>74</td>
<td>☀️</td>
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<tr>
<td>Anthem/Empire Blue Cross Blue Shield</td>
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<td>Humana</td>
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<td>Fidelis Care</td>
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<tr>
<td>Independent Health</td>
<td>38</td>
<td>☀️</td>
</tr>
</tbody>
</table>
Many products and services are priced far above costs

The provider-insurer negotiated rate may not be the “right” price

- Massachusetts Attorney General found commercial health plans do not pay for care based on value or quality.

- Instead, prices reflect the relative market leverage of health insurers and health providers.

Perhaps Broaden The Price Concepts We Make Transparent?

- Listed Charges (Charge-master)
- Negotiated Charges (varies by payer)
- Medicare Payments
- The fair price?
- Patient OOP (varies by insurer)
- Cost to produce the good or service
One quarter of the privately insured can’t afford their share of healthcare costs.

Thank you!

Contact Lynn Quincy at lquincy@consumer.org with your follow-up questions.

Visit us at HealthcareValueHub.org and ConsumersUnion.org