

Price Transparency is Not Enough

Price transparency for payors is here. Effective July 2022, a federal rule requires health plans to disclose the negotiated prices they pay physicians and facilities for each item and service they provide. For the first time ever, patients can find out how much a procedure will cost before receiving it. They can also compare costs for a procedure across different providers to find the best bargain. Until now, health care has been the only industry in which consumers are completely unaware about the price of a service they are purchasing until after the fact, when the medical bills arrive.

The intent of price transparency is to provide consumers with knowledge about the costs of care and how much they can expect to pay for services such as diagnostic tests, imaging studies, office visits, surgical procedures, hospital services, and more. The rationale is that consumers can then choose a facility or provider based on cost, potentially saving thousands of dollars for the same service.

While this is a huge step forward, knowing the cost of a healthcare service isn't enough. Several other factors are needed for price transparency to fulfill its promise:



1. Benefit plan details (co-pays and deductibles)
2. Comprehensive list of all related services
3. Quality and appropriateness indicators

Benefit plans

Determining how much an individual patient will have to pay is much more complex than knowing the price of a single service. Payors negotiate a rate for contracted providers in their network. These rates can vary from provider to provider or from facility to facility. Rates can also vary by product line such as commercial fully-insured, employer self-insured, and government plans.

Trying to decipher price per service from massive data files and present it in a way that is meaningful for consumers is truly challenging. While price transparency data include professional and facility fees for billing claims codes (plus modifiers), the prices posted do not consider the individual's benefit plan (co-pays, co-insurance, deductibles, and annual out of pocket maximums).

A person with a high-deductible health plan who has not incurred many expenses during the benefit year may have to pay the entire price of the procedure. A person who has met their deductible, on the other hand, may pay nothing for the same procedure.

Costs for related services

Have you ever been surprised by all the separate bills that start rolling in a few weeks after your surgical procedure? The cost for a surgical procedure available in price transparency data does not include costs for all the care that occurs before, during and after the main procedure. A patient planning to have total knee replacement surgery will also require pre-surgical and post-surgical physical therapy, imaging studies, radiologist fees, anesthesiology fees, facility fees, and medications. In some cases, an ice machine for post-op knee pain relief is provided by the surgeon or hospital without additional cost to the patient, while in others, the patient may be told to buy one at retail. Nor does price transparency for knee replacement surgery consider the additional care needed by other specialists if the individual has co-morbid health conditions that will need to be addressed before, during or after hospitalization. For example, people with diabetes and heart disease may need additional services and specialty consultations. These additional procedures and costs must be identified and factored in by the individual based on their own personal circumstances to calculate the total cost of care associated with the procedure.



Quality and appropriateness

Price transparency was developed to help consumers become smarter shoppers. But purchasing healthcare is unlike purchasing other products. One of the most critical parts of becoming a smarter shopper of healthcare is determining the quality of care being provided. Price transparency does not address this. In fact, shopping on price alone may lead consumers to select care at facilities they would not have chosen if they had known about the risk of poorer outcomes.

Many studies have shown that up to 30% of health care costs in the United States is spent on tests and procedures that are unnecessary. Price transparency does not protect the consumer from shopping for care that may not be needed and could have been avoided. What is the cost of an MRI that wasn't needed, especially if it leads to surgery that wasn't needed?

Cost alone is not sufficient in getting the best care. For some people, cost may be the driving indicator when they choose a provider or facility. However, combining cost, quality and appropriateness of care gives a much better indicator of the highest value providers in a geographic area. Choosing the best provider based on quality and value could save consumers more money than price shopping for procedures they may not even need.

Another factor which can drive value for patients is the overall experience and level of satisfaction they can expect when visiting a provider. According to a recent survey from Software Advice, eighty-two percent of patients use online provider reviews to make better care decisions and assess treatment options.

Incorporating a patient satisfaction score alongside data-driven quality indicators is yet another way to augment price transparency data in provider directories, delivering valuable information to the patient while avoiding potential network leakage.

Realizing the potential of price transparency



Finding the best healthcare at a reasonable price requires knowledge about cost, quality, and appropriateness. HealthCorum's quality and appropriateness scores provide the missing ingredients for realizing price transparency's full potential. HealthCorum's scores identify providers with practice patterns that are more likely to be cost-efficient and deliver exceptionally high value when compared to their peers.

HealthCorum's scores are designed to work alongside price transparency data in provider search directories, driving value and reducing wasteful spending. In addition to shopping on cost, consumers can see which providers are most experienced at performing the procedure and have access to quality and appropriateness scores to compare similar providers they may be considering based on factors such as complication and readmission rates.

HealthCorum can also deliver composite patient satisfaction scores for individual providers that are separate from the quality scores, based on weighted averages of ratings from major physician review sites.

Conclusion

Knowing how much something will cost is important before making a purchase, but it's not the most important factor to consider when choosing healthcare. While cost matters, choosing healthcare services based on cost alone runs the risk of obtaining poor quality care.

The availability of price transparency data makes it possible for consumers to know how much medical tests and procedures are likely to cost in advance, and to compare prices and shop around for the lowest cost medical tests and procedures.

Providing quality and appropriateness scores alongside price transparency information gives individuals the ability to weigh cost and quality information in the way that's right for them, and offers a clear path for consumers in search of finding the highest quality care at a reasonable cost.

