Transparency in Health Care: The Holy Grail

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Transparency: Why Do We Care?

Distribution of Average Household Spending by Medicare and Non-Medicare Households, 2010

**Medicare Household Spending**
- Housing: $10,940 (36%)
- Health Care: $4,527 (15%)
- Transportation: $4,106 (13%)
- Other: $6,480 (21%)

**Non-Medicare Household Spending**
- Housing: $16,824 (34%)
- Health Care: $7,364 (15%)
- Transportation: $8,188 (16%)
- Food: $2,450 (5%)
- Other: $14,815 (30%)

Average Household Spending = $30,818

Average Household Spending = $49,641

Transparency: Why Do We Care?

Why can’t we shop for health care like any other product?
## Transparency: Cost Variations are Significant

<table>
<thead>
<tr>
<th>CDHP Growth: Today and Looking Ahead</th>
<th>65%</th>
<th>Percentage of LARGE employers that expect to offer CDHPs five years from now.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48%</td>
<td>Percentage of ALL employers that expect to offer CDHPs five years from now.</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>Growth rate of people enrolled in CDHPs in the U.S. in 2011.</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td>Percentage of small employers offering CDHPs in 2011, up from 20% in 2010.</td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>CDHP enrollment as percentage of all employees covered in employer-sponsored health plans in 2011.</td>
</tr>
</tbody>
</table>

More Americans have **more** of their own money at stake then ever before.

This will be **even more** true on the Exchanges.

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Source: Mercer National Survey of Employer-Sponsored Health Plans
Transparency: Cost Variations are Significant

### Cost variation by service – single health plan in one geography

<table>
<thead>
<tr>
<th>Service</th>
<th>Price Range</th>
<th>Price Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonoscopy</td>
<td>$563 - $3,967</td>
<td>7x</td>
</tr>
<tr>
<td>Primary care (first visit, adult)</td>
<td>$85 - $270</td>
<td>3x</td>
</tr>
<tr>
<td>X-Ray of spine (3 images)</td>
<td>$38 - $162</td>
<td>4x</td>
</tr>
<tr>
<td>EKG</td>
<td>$27 - $143</td>
<td>5x</td>
</tr>
</tbody>
</table>

There is even significant in-network cost disparity

<table>
<thead>
<tr>
<th></th>
<th>Hospital 1</th>
<th>Hospital 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Colonoscopy costs</strong> (Chicago area)</td>
<td>$650</td>
<td>$2,210</td>
</tr>
<tr>
<td><strong>MRI costs</strong> (New Jersey area)</td>
<td>$331</td>
<td>$1,237</td>
</tr>
<tr>
<td><strong>Cardiac Cath.</strong> (Dallas area)</td>
<td>$2,876</td>
<td>$5,646</td>
</tr>
</tbody>
</table>

Source: WellMatch
And There is No Correlation between Cost and Quality

The highest charges often come from hospitals with the lowest quality ratings for the associated procedure.

Two Kinds of Transparency

- **Cost Transparency** has good, if uneven, progress
- **Information/Quality Transparency** has very little progress (except for organizations like Bridges to Excellence and Leapfrog Group)
Cost Transparency: WellMatch Search Results Enable Easy Browsing
Cost Transparency: WellMatch tools help patients save money

Choosing the right service provider can save $$$

<table>
<thead>
<tr>
<th>Provider</th>
<th>Distance</th>
<th>Cost of Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital XYZ Radiology</td>
<td>1.94 mi</td>
<td>$2,018</td>
</tr>
<tr>
<td>Woodbury, NJ 08881</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radiology Provider</td>
<td>1.08 mi</td>
<td>$696</td>
</tr>
<tr>
<td>West Deptford, NJ 08881</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MRI Example for illustration purposes

- **Fewer dollars applied towards Deductible:**
  - $3,600 - $696 = $2,904

- **Total Out-Of-Pocket Savings:** $1,322
Information Transparency: Highlighting Hospital Safety to Make Informed Decisions

• Leapfrog’s Hospital Safety Score is designed to help people stay safe when admitted to the hospital, and foster clinical and quality improvement.
• Aetna is the first health plan to make the scores available within their hospital directory.
• Aetna members and DocFind® visitors are able to check specific hospital safety scores as well as the grades of other hospitals in the same geographic area.

Giving members and consumers additional references to help make informed health care decisions for themselves and their families.
Transparency: Prescription for Change

- Federal legislation to require cost and quality transparency (currently 34 states require some form of reporting of hospital charges)

- Make available, for 3rd party data mining, identifier-sanitized claims and outcomes data from all sources (payers, governmental entities, plan sponsors and providers)

- Make available, for 3rd party data mining, Medicare and Medicaid physician and hospital quality data