Quality health plans & benefits
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Transparency in Health Care: The Holy Grail

Jeff D. Emerson

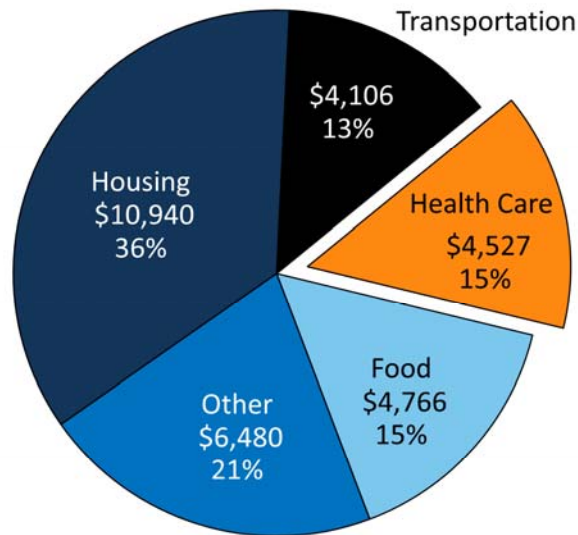**Senior Vice President and Head of Health Care Management**
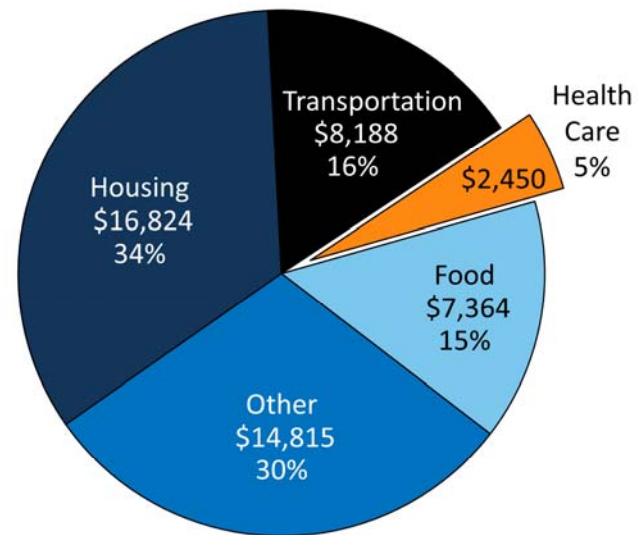
Aetna

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Transparency: Why Do We Care?

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

Medicare Household Spending

Transportation
$4,106
13%

Housing
$10,940
36%

Health Care
$4,527
15%

Other
$6,480
21%

Food
$4,766
15%

Average Household Spending =
$30,818

Non-Medicare Household Spending

Transportation
$8,188
16%

Health Care
$2,450
5%

Housing
$16,824
34%

Food
$7,364
15%

Other
$14,815
30%

Average Household Spending =
$49,641

SOURCE: Kaiser Family Foundation analysis of the Bureau of Labor Statistics Consumer Expenditure Survey Interview and Expense Files, 2010.

THE HENRY J. KAISER FAMILY FOUNDATION

Transparency: Why Do We Care?

Why can't we shop for health care like any other product?

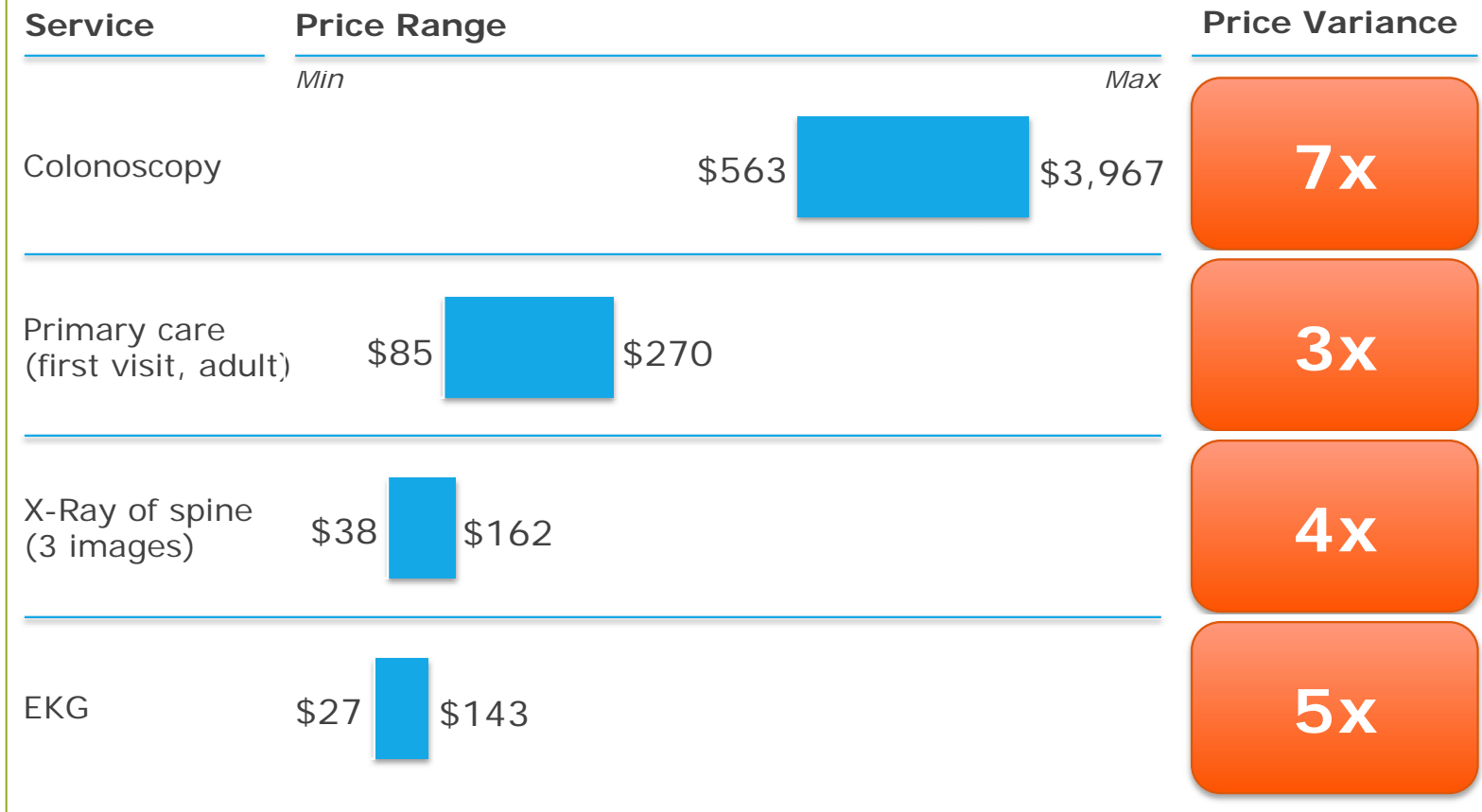# Transparency: Cost Variations are Significant

CDHP Growth:
Today and Looking Ahead

65% Percentage of LARGE employers that expect to offer CDHPs five years from now.

48% Percentage of ALL employers that expect to offer CDHPs five years from now.

18% Growth rate of people enrolled in CDHPs in the U.S. in 2011.

22% Percentage of small employers offering CDHPs in 2011, up from 20% in 2010.

33% CDHP enrollment as percentage of all employees covered in employer-sponsored health plans in 2011.

More Americans have more of their own money at stake then ever before.
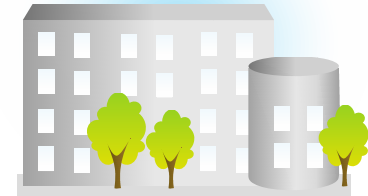
This will be even more true on the Exchanges.

Source: Mercer National Survey of Employer-Sponsored Health Plans

Transparency: Cost Variations are Significant

Cost variation by service – single health plan in one geography

Service	Price Range		Price Variance
	Min	*Max*	
Colonoscopy	$563	$3,967	**7x**
Primary care (first visit, adult)	$85	$270	**3x**
X-Ray of spine (3 images)	$38	$162	**4x**
EKG	$27	$143	**5x**

There is even significant in-network cost disparity

Colonoscopy costs (Chicago area)	$650	$2,210
MRI costs (New Jersey area)	$331	$1,237
Cardiac Cath. (Dallas area)	$2,876	$5,646

Source: WellMatch

And There is ==No Correlation== between Cost and Quality

Cost vs Quality for Pregnancy and Delivery (Chicago, IL)

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

Source: Testimony of Giovanni Colella, MD, CEO and Co-Founder of Castlight Health, Inc., before United States Senate Committee on Finance Hearing: "High Prices, Low Transparency: The Bitter Pill of Health Care Costs", June 18, 2013 (with permission)

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 $$$

Provider	Distance	Cost of Procedure
Hospital XYZ Radiology Woodbury, NJ 08881	1.94 mi	$2,018
Radiology Provider West Deptford, NJ 08881	1.08 mi	$696

MRI Example for illustration purposes

	Annual Deductible		Applied		Remainder
✓ *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.**
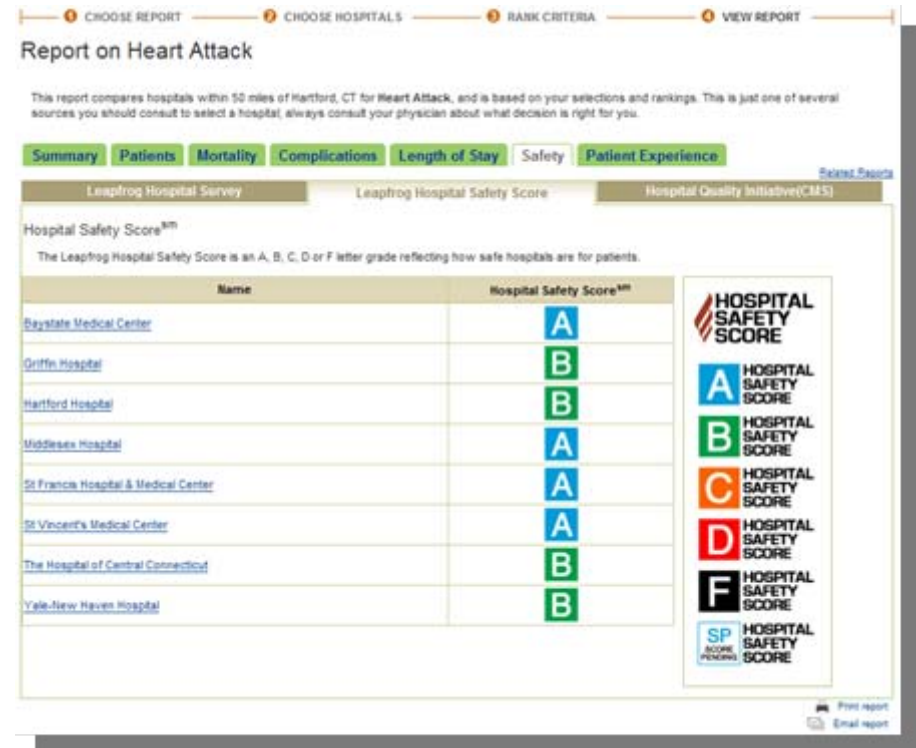
Giving members and consumers additional references to help make informed health care decisions for themselves and their families.

Transparency: Prescription for Change

- **Federal legislation to <u>require</u> 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 <u>all</u> sources (payers, governmental entities, plan sponsors and providers)**

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

Federal Legislation → Claims & Outcome Data → Physician & Hospital Quality Data