State Government Efforts to Promote Healthcare Price Transparency

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Stakeholders' interests in price transparency

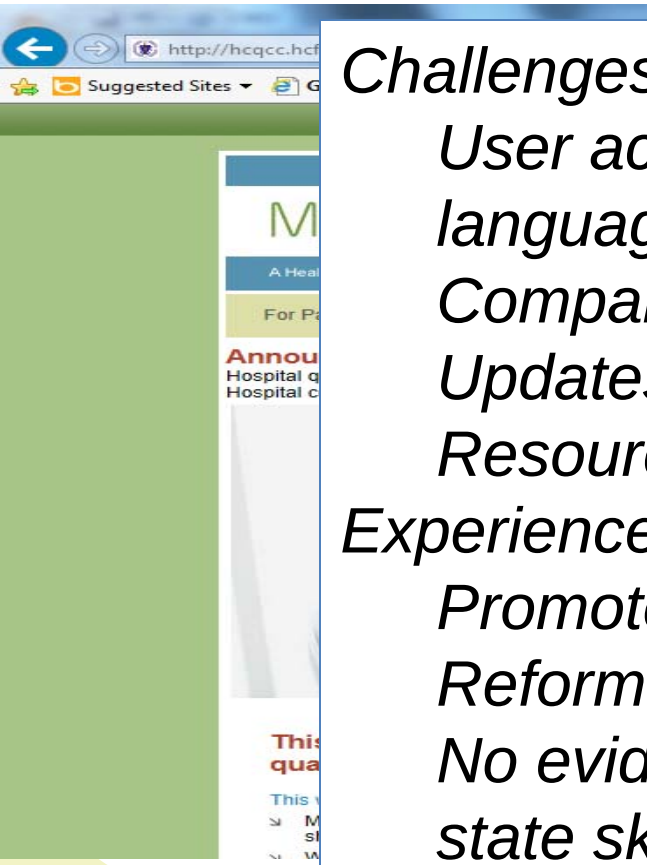
Stakeholder	*Interest*
1. Uninsured and Out of Network Consumer *(charges - "list price")*	-Avoid sticker price shock -Protection from bankruptcy
2. Insured Consumer *(net price: retail price less cost sharing)*	-Information for rational choices. -Protection from price variation not based on quality
3. General Public: *(retail price)*	- Protection from market power (failure of private negotiations)
4. Provider *(list, retail and net)*	- Information for value-based treatment

1. Un/Under - insured Consumers: Charge Master Analysis

- Examples:
  - (CMS), New York State, Fairhealth.org
- Policy Goals:
  - Motivate outrage (Steven Brill)
  - Public Shaming
- Outcomes:
  - (Useful, but part of a bigger strategy)

2. For Consumers: Maintenance of Price Databases

Examples: Massachusetts, Minnesota, New Hampshire. Florida…among others



Challenges:

- *User accessibility (Patient language vs CPT language)*
- *Companion Quality Info*
- *Updates*
- *Resources and Competencies required*

Experience to date:

- *Promoted by Employers – Catalyst for Payment Reform*
- *No evidence of effectiveness – not a typical state skill*
- *Better done by carriers?*

3. General Public: Fee Schedule Analysis

- Goals:
  - Document and understand price variation in local markets: *by provider and payer*
- Process
  - State collection of data and internal analysis
  - Stakeholder engagement
  - Publication
- Examples: Massachusetts, RI, New Hampshire among others.
- Challenges:
  - Collecting Data, Risk Adjustment, Resistance; Market Effects

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RI Fee Schedule Analysis: Inpatient Services

Ratio of average risk adjusted per day rate to overall average

Table 3.2.1

Range of Payments to Each Hospital by Payer, All Stays (Casemix Adjusted Using APR-DRGs)

	Lifespan			Care New England		CharterCARE		Unaffiliated				
Payer	RIH	Mirm	Nwprt	W&I	Kent	St. J	Rog Will	Mem	Lndmrk	So Co	Wstrly	[illegible]
Medicare FFS	0.99	0.75	0.64	1.06	0.79	0.82	0.94	0.98	0.75	0.68	0.7	0.85
MCR mgd care	0.94	0.89	0.85	0.89	0.78	0.82	0.83	0.87	0.79	0.78	0.77	0.86
Medicaid FFS	1.03	0.9	1.17	1.57	1.22	2.15	0.99	1.57	0.99	0.99		1.21
MCD mgd care	1.15	0.94	0.85	1.14	1.23	1.02	0.79	1.12	0.8	0.79	0.89	1.07
Commercial	1.36	1.21	1.14	2.2	1.57	1.05	1.08	1.23	1.12	1.21	1.17	1.41
All	1.07	0.89	0.76	1.61	0.96	0.92	0.93	1.05	0.82	0.84	0.81	1.00
Ratio--highest payer to lowest	1.45	1.61	1.81	2.46	2.02	2.64	1.37	1.80	1.5	1.77	1.67	1.66

Notes:

1) This table shows relative payment levels, where 1.00 equals the average payment for all stays in the analytical dataset. For example, 0.99 in the top cell for Rhode Island Hospital means that Medicare FFS paid RIH 1 percent less than the statewide average. Numbers in each cell are comparable to each other because all data have been adjusted for differences in casemix using APR-DRGs.

2) Data are shown only for services where the hospital performed at least 50 services for a specific payer in 2010. Other cells are shown as blank.

Source:http://www.ohic.ri.gov/documents/Insurers/Reports%202/2012%20Rhode%20Island%20Hospital%20Payment%20Study/1_2012%20Rhode%20Island%20Hospital%20Payment%20Study%20Final.pdf

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Fee Schedule Analysis: Results in RI

1. Banish the anecdote:
   - Pricing variation documented and accepted.
   - How hospitals are paid is fundamentally conflicted
2. Public Scrutiny reduced monopoly pricing
   - Greater public accountability by hospitals
   - No documented inflationary effect.
3. No comprehensive legislative action
   - Hospitals – public utility or private asset?
   - Some executive action by Medicaid and Insurance Regulation

4. Provider Access to Fees

- Conflict
  - Incented providers who want access to fee information
  - Insurers who want fee information private; fear of price escalation.
- Why the insurers will lose this battle
  - “Really?”: Indefensible position to the providers who they want to control costs
  - Medicaid and Medicare are publicly accessible
  - They are making more info available to consumers.

4. RI Provider Price Disclosure Bulletin

- In response to concerns of PCMH's and at risk provider groups.
- OHIC issued q2 2013 (new) as bulletin
- Directs Health Insurers to disclose provider rates for requested services to primary care providers upon request of PCP
  - Public interest to trump private contract
  - Only for purposes of care coordination
  - Limits on disclosure.
- http://www.ohic.ri.gov/documents/Insurers/AdoptedBulletins/02_2013%201%20Price%20Transparency%20Bulletin.pdf

Final Observations on State Role in Pricing Transparency:

1. Be Prepared for What Happens When You Lift The Rock…

2. Price Transparency is Not Enough for Delivery System Transformation

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