



Price Transparency: Creating and Using Data to Improve Performance

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P4P Summit Pre-Conference
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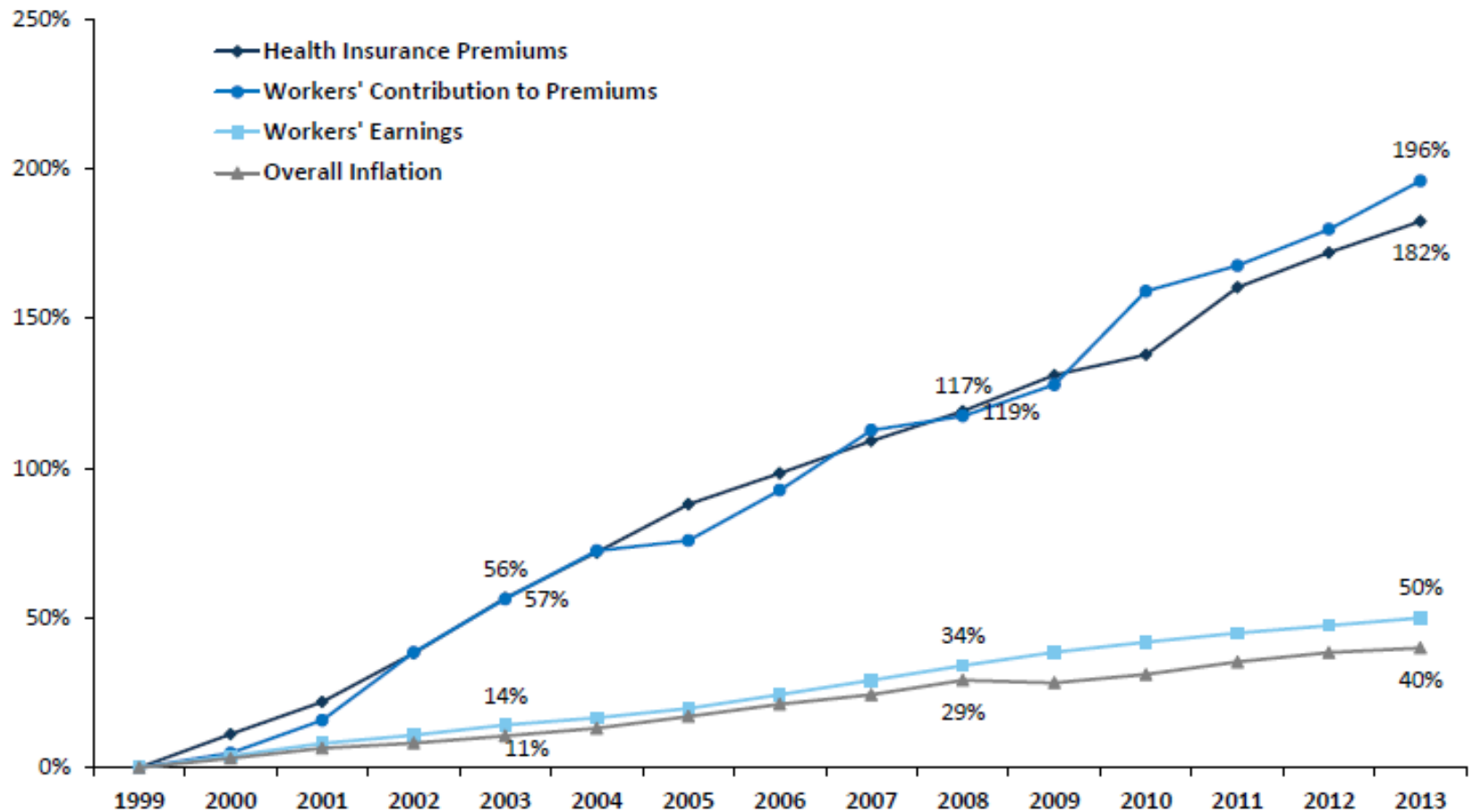
Integrated Healthcare Association

- Statewide multi-stakeholder leadership group that promotes quality improvement, accountability, and affordability of health care in California.
- Actively convenes all health care parties for cross-sector collaboration on health care topics; administers regional and statewide programs; and serves as an “incubator” for pilot programs and projects.
- Organized as a 501(c)(6) nonprofit association; does not operate as a trade association.
- Mission: To create breakthrough improvements in health care services for Californians through collaboration among key stakeholders.

Why do we care about price transparency?

- Health care is VERY expensive
 - Cost trend has moderated, but increases continue
- Prices vary enormously
 - No clear, defensible explanation
 - Increasing attention in mainstream media
- ACA coverage mandate
 - As of 1/1/14, health insurance required

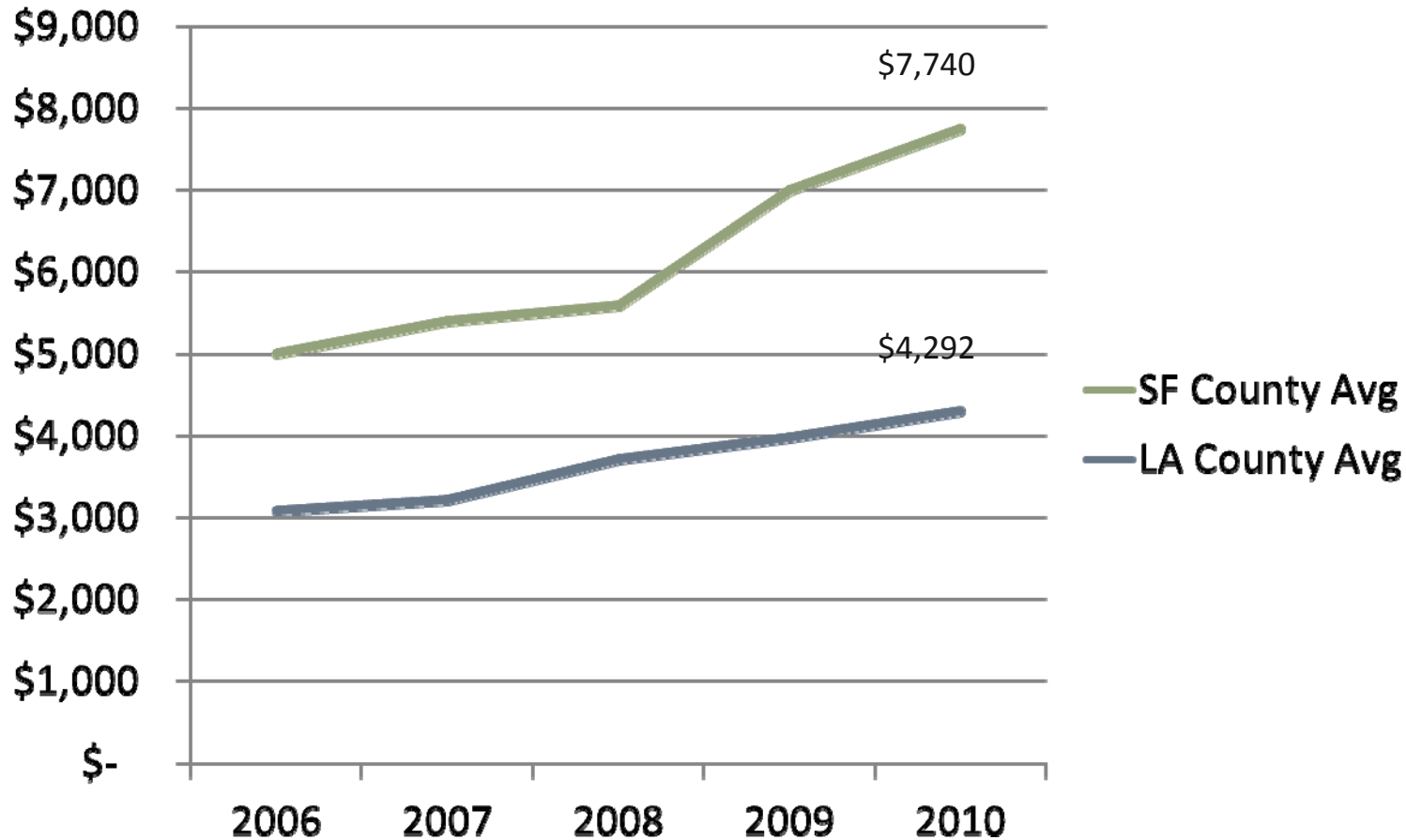
Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2013



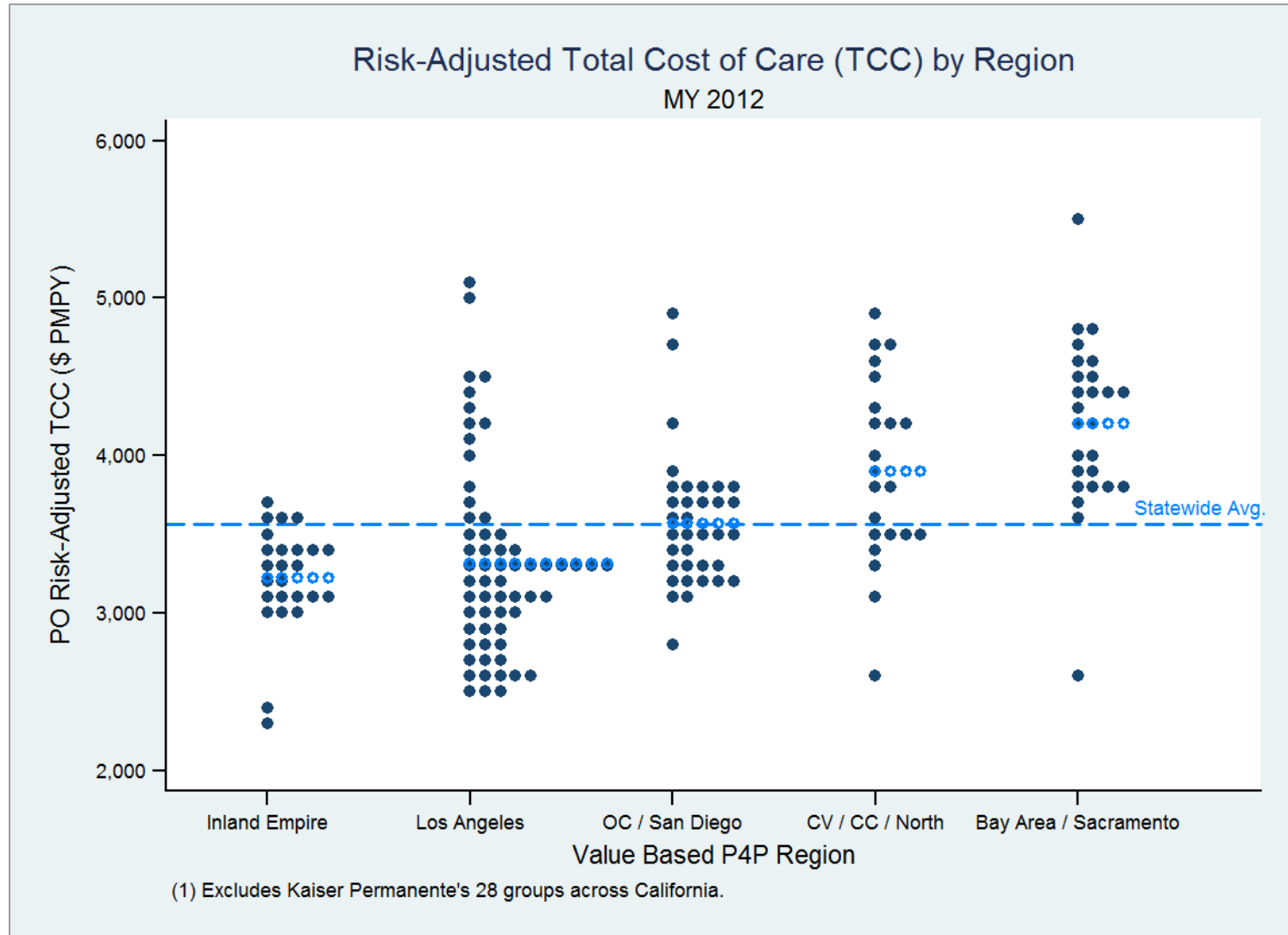
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2013; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2013 (April to April).

Variation in Hospital Payments

OSHPD - Net Revenue Per Adjusted Patient Day (Third Party)



Variation in Total Cost of Care (IHA)

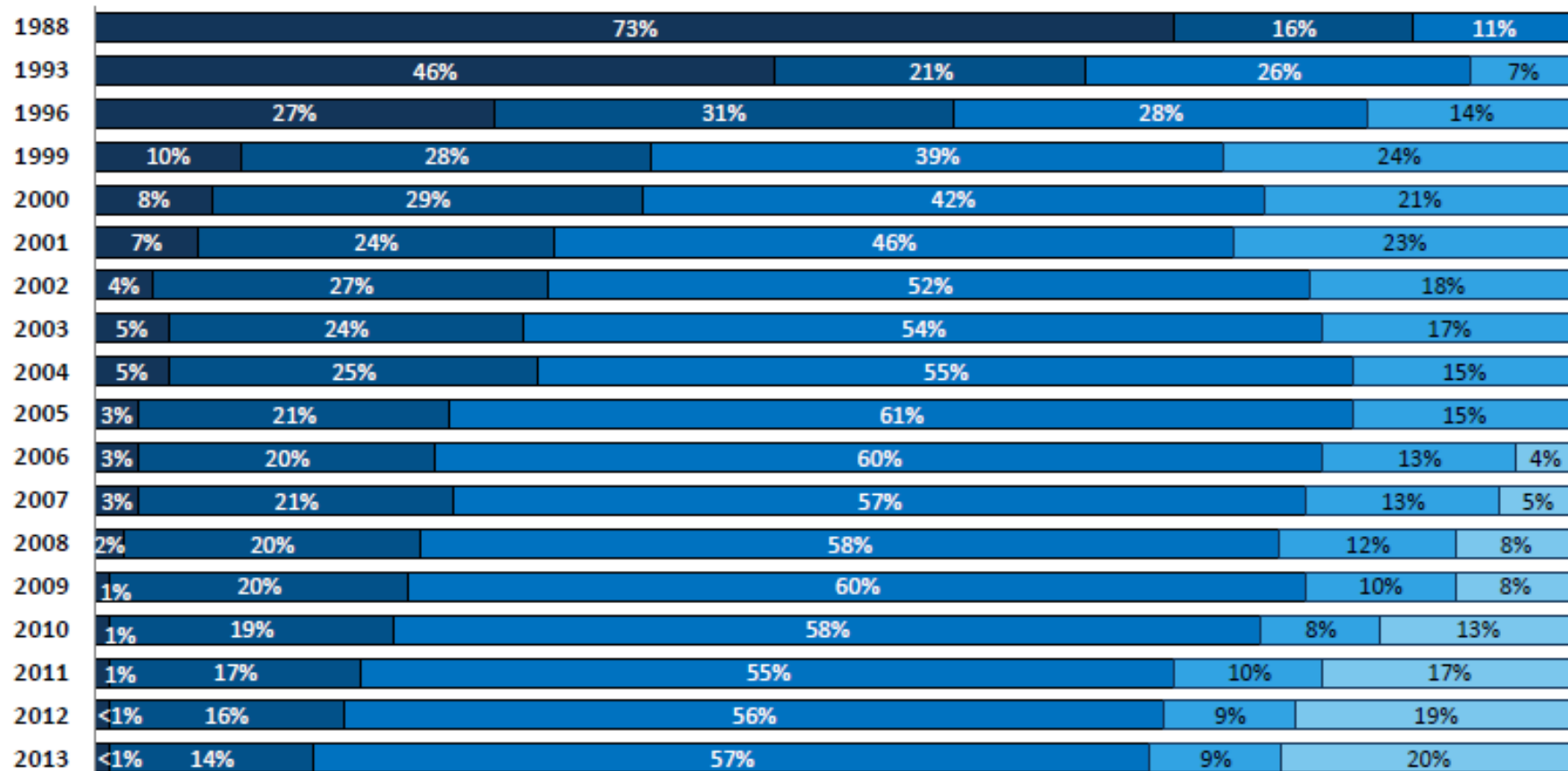


What Drives Variation in Provider Prices?

- Market power/competition
 - Provider market strength
 - Health plan market strength
- Payment methodology
 - e.g., capitation vs. per-diem payments
- Technology arms race
- Patient mix (severity of illness)
- Cost-shifting

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2013

■ Conventional ■ HMO ■ PPO ■ POS ■ HDHP/SO



NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

Enrollment in California's exchange



2014

Standard Benefits for Individuals

Key Benefits	Platinum	Gold	Silver (Lower Cost Sharing Available on Sliding Scale)	Bronze
Copays In the Yellow Sections are Not Subject to any Deductible and Count Toward the Annual Out-of-Pocket Maximum			Benefits In Blue are Subject to Deductibles	
Deductible (if any)	No Deductible	No Deductible	\$2,000 Medical Deductible	\$5,000 Deductible for Medical and Drugs

Metal Tier	Enrollment
Platinum	7%
Gold	7%
Silver	63%
Bronze	21%

Source: Health Insurance Marketplace: January Enrollment Report. ASPE Issue Brief, January 13, 2014. Covers enrollment 10/1/13-12/28/13.

Entrepreneurs “free the data” on prices

CLEAR HEALTH COSTS BETA



PRICING HEALTHCARE
busting healthcare pricing wide open



Healthcare Bluebook

Healthcare Bluebook

Growing Media Attention

THE WALL STREET JOURNAL. ≡ U.S.

JOURNAL REPORTS: HEALTH CARE

How to Bring the Price of Health Care Into the Open

There's a Big Push to Tell Patients What They'll Pay—Before They Decide on Treatment

By MELINDA BECK [CONNECT](#)

Updated Feb. 23, 2014 5:03 p.m. ET

It's a simple idea, but a radical one. Let people know in advance how much health care will cost them—and whether they can find a better deal somewhere else.

Journal Report

- Insights from [The Experts](#)
- Read more at [WSJ.com/HealthReport](#)

More in Health Care

- [The Anatomy of a Hospital Bill](#)
 - [Too Many Tests in the ER](#)
 - [Solved: The Case of the Vanishing Drugs](#)
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With outrage growing over incomprehensible medical bills and patients facing a higher share of the costs, momentum is building for efforts to do just that. Price transparency, as it is known, is common in most industries but rare in health care, where "charges," "prices," "rates" and "payments" all have different

RWJF Price Transparency Challenge

First Place (Apps & Tools)

Consumer Reports

Team Members

Paige Amidon, Doris Peter, Chris Baily, Kristina Mycek, Kathy Person, Patricia Ju, Shane Shelley



Consumer Reports (CR) Hospital Adviser: Hip & Knee is a personalized tool for health-care consumers seeking the best hospital for hip or knee replacement surgery. Created specifically for the RWJF Challenge, it combines CR Hospital Quality Ratings with Medicare cost data to create an overall High Value recommendation. Consumers can compile all their research, including reports of other people's experiences, in one place.

How Can Data Be Used?

- Consumers: provider and treatment selection
- Providers: target referrals
- Payers/providers: performance-based payment (e.g., setting targets, shared savings)
- Plans: “Steering and tiering” – Benefit and network design (e.g., reference pricing)
- Policymakers: Regulatory oversight (e.g., rate review)

Questions to Tackle

- How does the use and relevance of price data vary by audience?
 - Consumer vs. purchaser, provider view
- What can we learn from the initiatives with the most experience?
 - Implementation challenges, obstacles, lessons
- What insights can we gain from real-world examples of using price data to make decisions?
 - Care delivery, provider/treatment selection, purchasing
- At what level is price data most helpful to consumers?
 - Episode? Procedure? Encounter?

Price Transparency 101: Defining Terms

- Charges: Total amount billed
- Price or Allowed Amount: Rate negotiated by contract (private sector) or set (public sector)
- Out-of-Pocket: The amount an insured patient actually pays
- Cost: The direct and indirect cost of materials and labor required to deliver a particular service

Today's Pre-Conference, Panel 1

- All Payer Claims Databases: Creating and Using Price Data
 - Denise Love, National Association of Health Data Organizations and the APCD Council – overview of APCD development, “use case” for data
 - Tracey Campbell, Center for Improving Value in Health Care/Colorado APCD – real-world examples of data use
 - Maribeth Shannon, California HealthCare Foundation – case study of New Hampshire’s APCD, including industry use of data for negotiation and networks

Today's Pre-Conference, Panel 2

- Informing Consumer Decisions and Influencing the Market
 - Cathie Markow, Castlight –overview of Castlight's price tool for consumer, insights on consumer behavior
 - Lisa McDonnell, UnitedHealthcare – driving better decisions by enabling health ownership
 - Jamie Robinson, UC Berkeley – CalPERS reference pricing initiative, including effects on consumer and hospital behavior



Questions?

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