

What Healthcare Costs: Price Transparency and the Market for Medical Care

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P4P Summit

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Health Care Costs and the Need for Price Transparency



Enacted State Legislation: Transparency and Disclosure of Health Costs

Summaries of enacted cost transparency legislation are provided in the table below, including measures affecting disclosure, transparency, reporting or publication of charges and fees.

Statute	Summary	Years of Legislative Action
Arizona		
Ariz. Rev. Stat. §36-125.05.	<ul style="list-style-type: none"> Requires the Arizona Department of Human Services to implement a uniform patient reporting system for all hospitals, outpatient surgical centers and emergency departments, including average charge per patient, average charge per physician. Also requires the state to publish a semiannual comparative report of patient charges, and simplified average charges per confinement for the 	1983, 1988, 1990, 1994,



Policy Analysis

MAY 2014

CONTENT

Price Transparency in Healthcare: The State of Play	3
<i>Patient-Targeted Price Transparency</i>	3
<i>Physician-Targeted Price Transparency</i>	6
<i>Employer- and Health Plan-Targeted Price Transparency</i>	7

Healthcare Price Transparency: Policy Approaches and Estimated Impacts on Spending

BY CHAPIN WHITE, PAUL B. GINSBURG, HA T. TU, JAMES D. RESCHOVSKY, JOSEPH M. SMITH AND KRISTIE LIAO

Healthcare price transparency discussions typically focus on increasing patients' access to information about their out-of-pocket costs, but that focus is too nar-

SPECIAL REPORT

Knee-replacement surgeries

Highest-average-cost

- New York
- Fort Collins-Loveland
- Anchorage, Alaska
- Casper, Wyo.
- San Diego

Lowest average cost

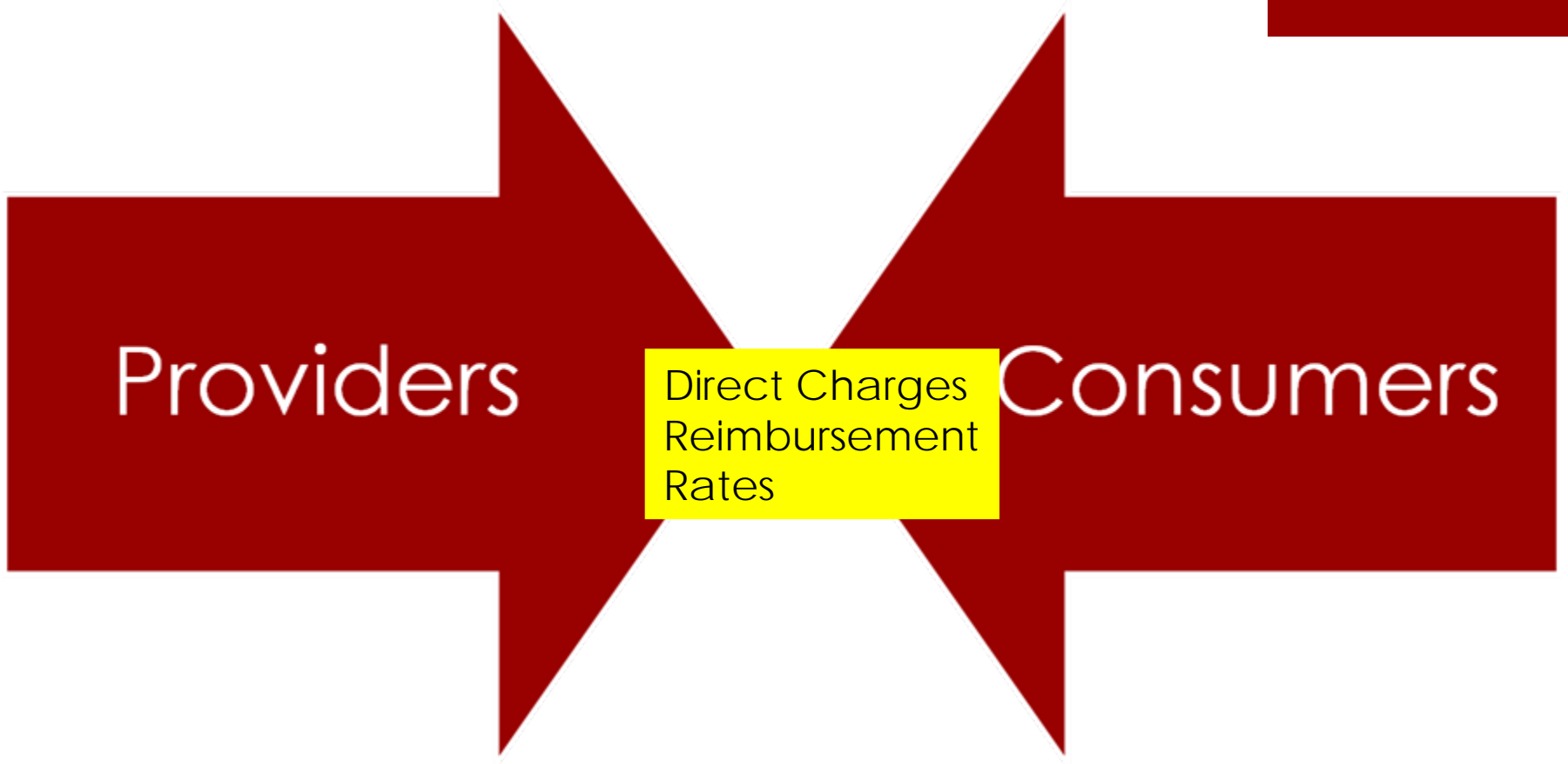
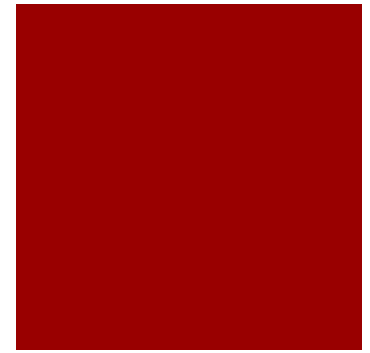
- Montgomery, Ala.
- Birmingham, Ala.
- Fresno, Calif.
- Pittsburgh
- Riverside-San Bernar

Road Map

- Broad Definitions and Initial Transparency Efforts
- Legal and Other Barriers to Transparency
- Legislative and Regulatory Trends in Price Transparency
- The Source for Competitive Healthcare



Different Levels of Price Transparency



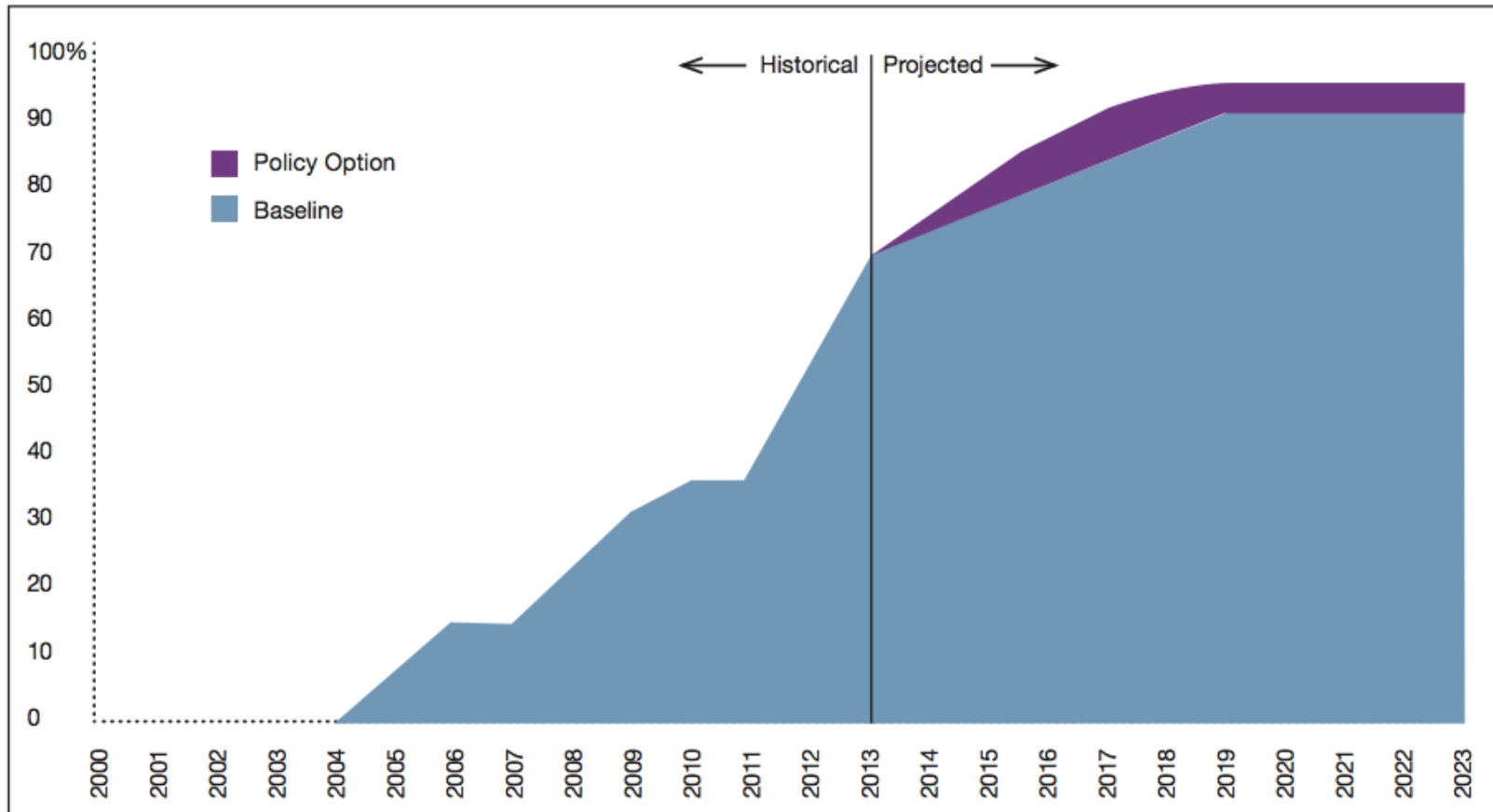
Providers

Direct Charges
Reimbursement
Rates

Consumers

Insured Individuals' Access to Prices

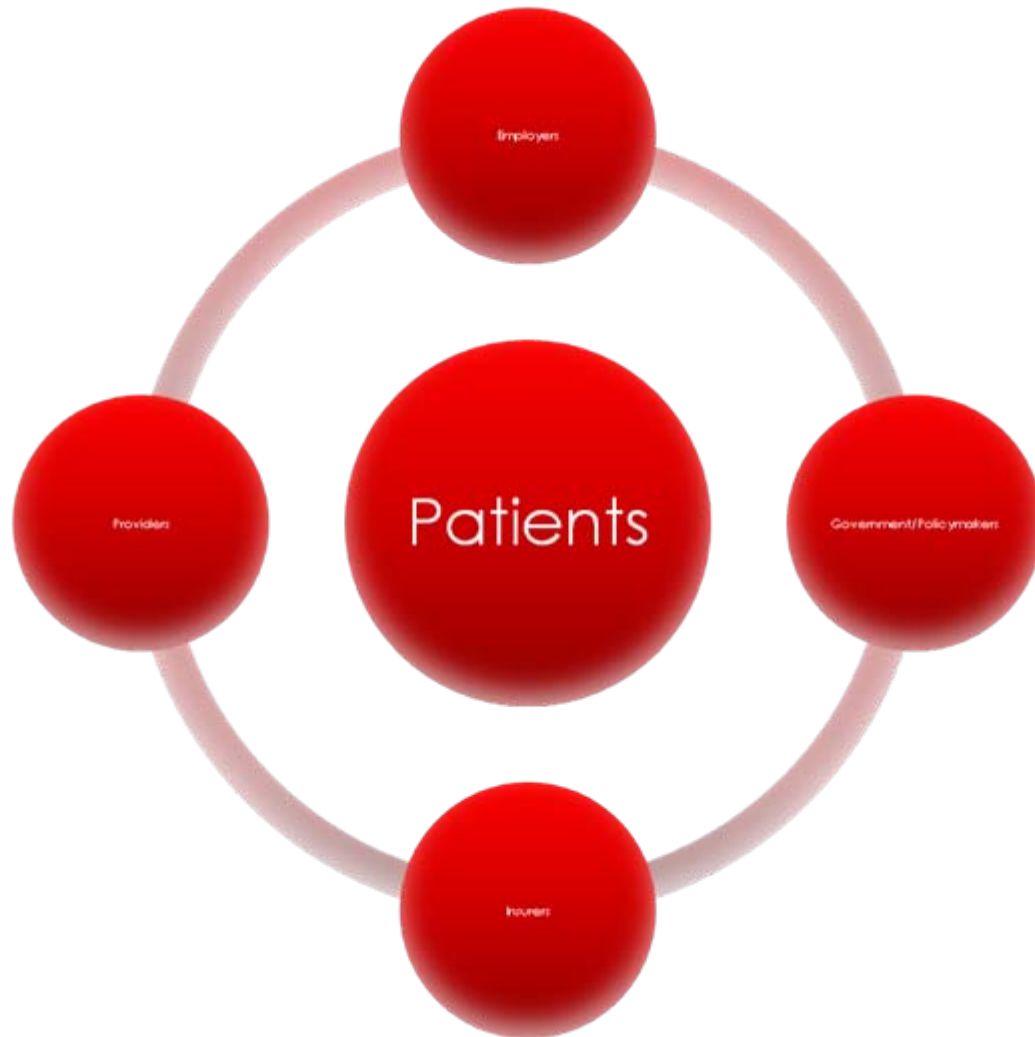
Share of the U.S. Privately Insured Population with Access to Patient-Targeted Price Transparency Tool



Note: Population shares are historical (through 2013) and projected (2014 and beyond).

Source: Authors' calculations using original data collected on health plans providing a price transparency tool and when they began offering those tools and published health

Need to Target Other Stakeholders

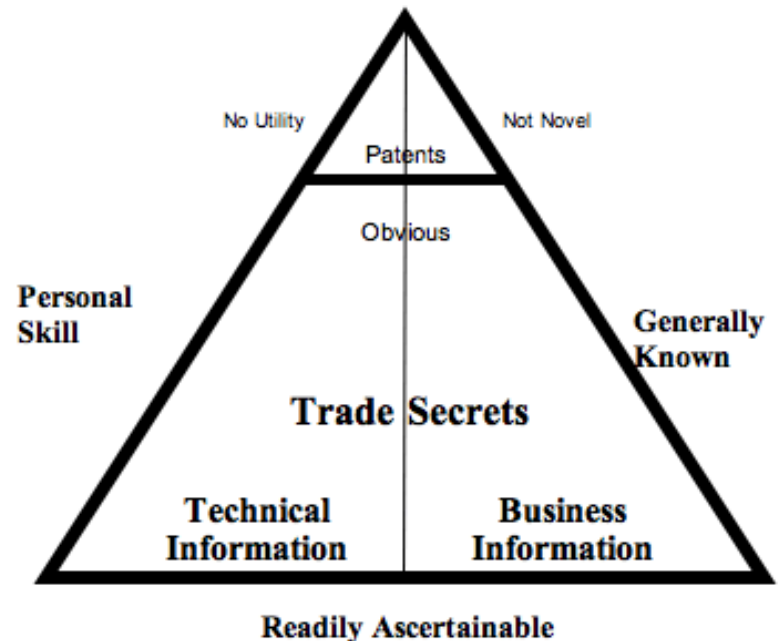


Legal Barriers to Price Transparency



Contractual Barriers

Price as Trade Secret



Contractual Barriers

- Non-Disclosure Clauses
- Anti-Tiering/Anti-Steering Provisions



Trade Secrets

- State by State Issue
 - 47 States have adopted UTSA
- Two Elements
 - Secrecy must provide a competitive advantage
 - Owners must make an effort to maintain secrecy.



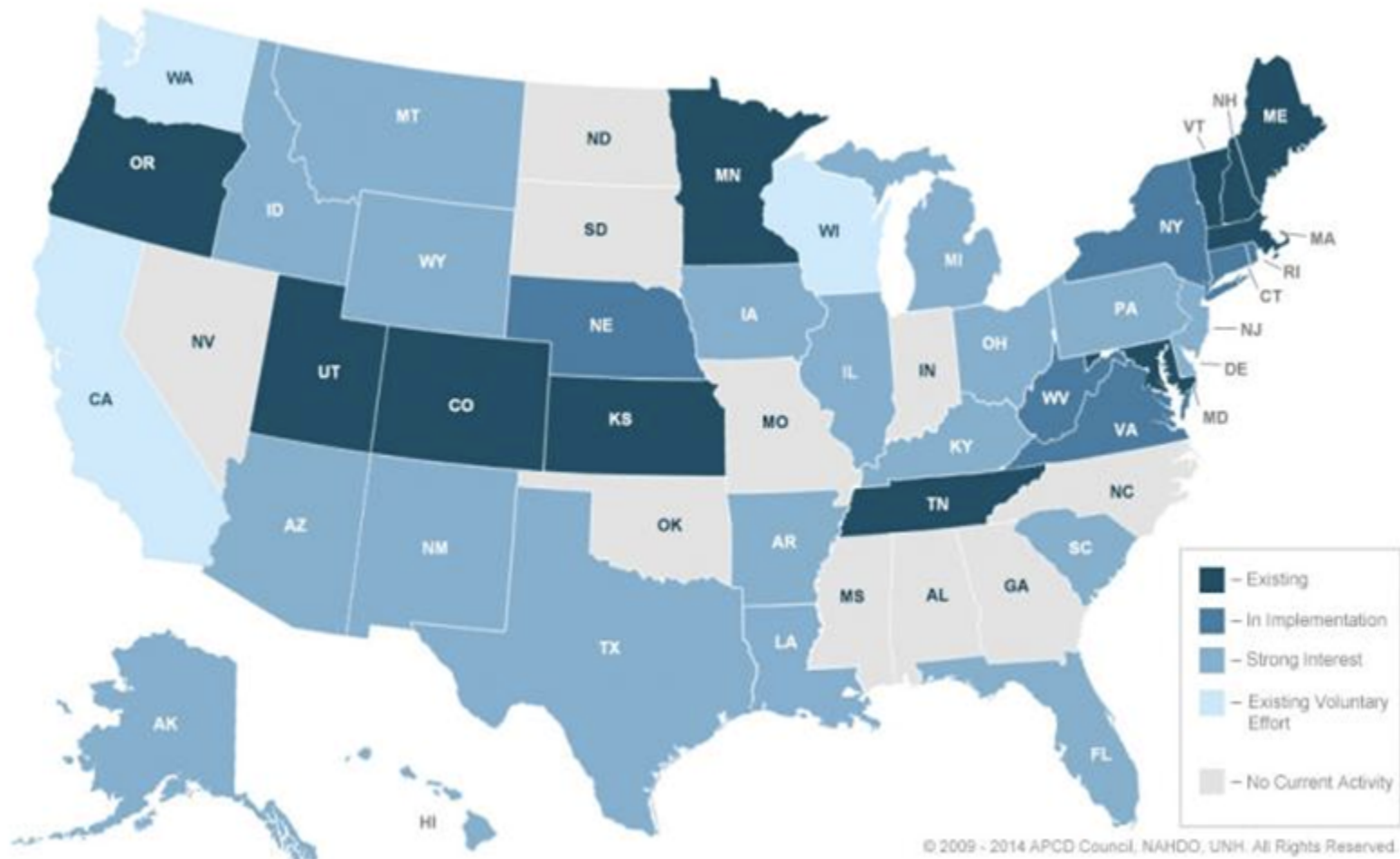
Current Transparency Initiatives



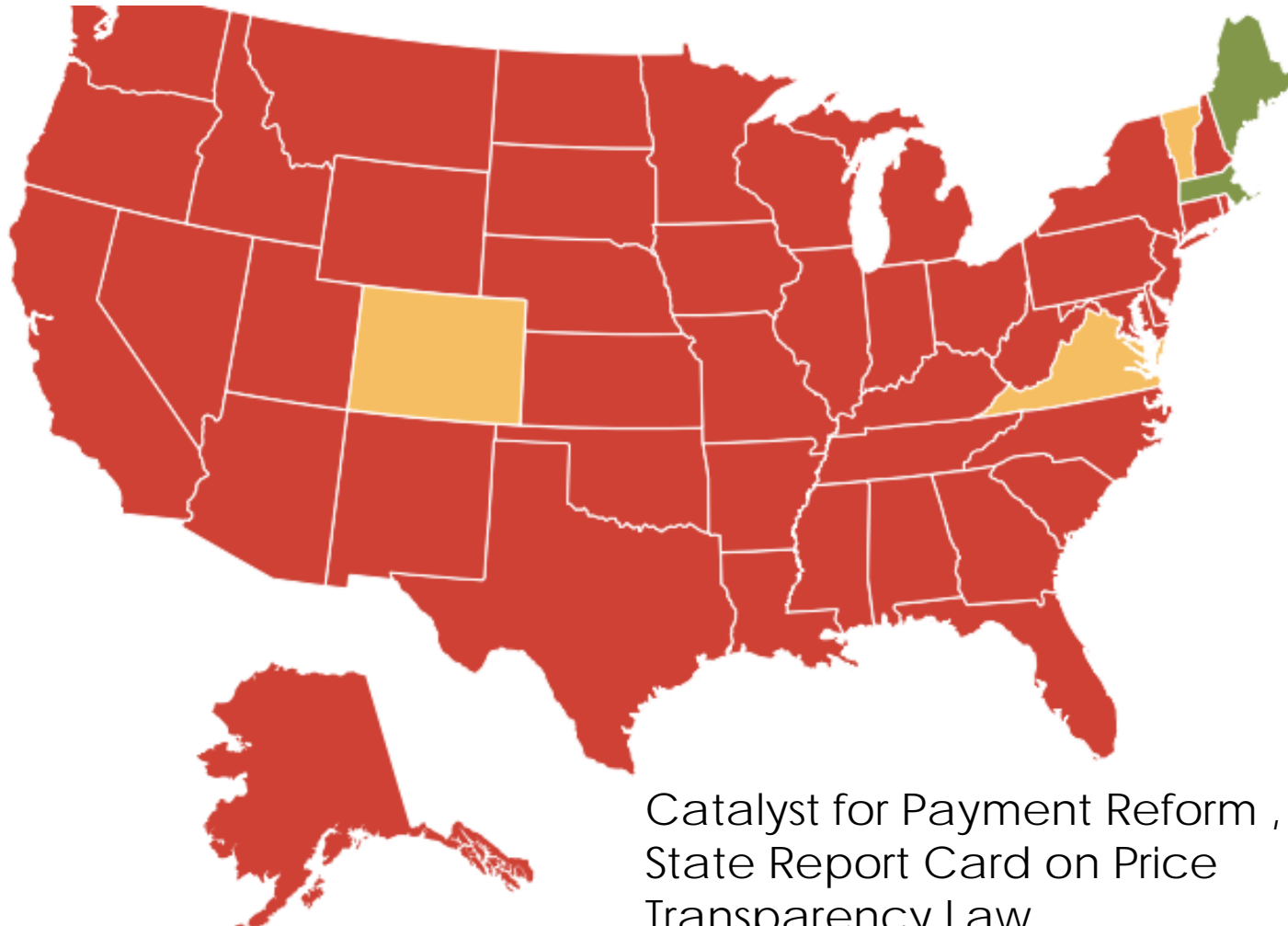
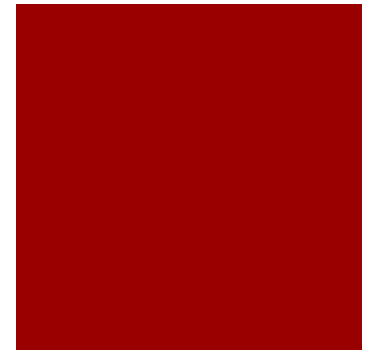
- All Payer Claims Databases
- Price Transparency Tools
- Reference Pricing



All Payer Claims Databases



Price Transparency Tools

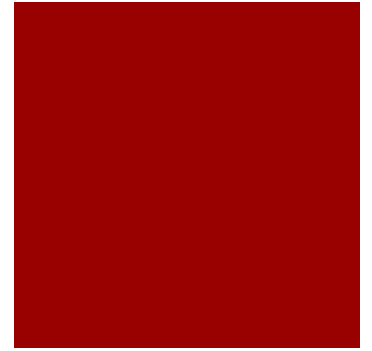


Catalyst for Payment Reform , 2014
State Report Card on Price
Transparency Law

Reference Pricing



Will Price Transparency Work?



The Transparency Puzzle



- Above market prices arise not just from a lack of price transparency, but also from significant provider power in negotiating fees.
- Viable solutions must:
 - Break down existing market leverage
 - Implement price transparency measures aimed at disclosing *both* price *and* quality information

The Source on Healthcare Price and Competition – www.sourceonhealthcare.org



THE SOURCE
ON HEALTHCARE PRICE & COMPETITION



A project of
UC Hastings College of the Law

ABOUT

BLOG

CONTACT

GLOSSARY



OVERVIEW



PERSPECTIVES



KEY ISSUES



LITIGATION/
ENFORCEMENT



HEALTH POLICY &
ECON



LEGISLATION/
REGULATION



STATES



NEWS

Ninth Circuit Affirms Block of St. Luke's Merger

February 12th



Thank You!

- The Source on Health Care Price and Competition
 - Anne Marie Helm
 - Evan Sznol

