



Mass Hospitals Weak on Price Transparency

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There is a national conversation around the need for more price and quality transparency in our healthcare system. The growth of high-deductible plans where someone can spend from \$2,000 to \$6500 on deductibles, plus co-insurance and premiums, is driving this conversation.

A survey by the National Business Group on Health shows that in 2015, roughly 32 percent of American companies intend to offer only high-deductible plans to their employees. And, a March 2015 Robert Wood Johnson funded survey by Public Agenda entitled “How Much Will It Cost” shows that 56 percent of Americans say they tried to find out how much they would have to pay out of pocket – not including a copay – or how much their insurer would have to pay a doctor or hospital, before getting care. This same study showed that people with high deductibles – 67% of those with deductibles of \$500 to \$3,000 and 74% of those with deductibles higher than \$3,000 – tried to find price information before getting care.

Although surveys show that consumers would welcome price information about their healthcare, there is generally a lack of such information readily available. Even where it may be available, there is a lack of awareness among consumers concerning how to obtain such information. A recent survey in Massachusetts by MassInsight showed that at least 60 percent of consumers did not know that prices about healthcare could be obtained. All of this results in a lack of healthcare price transparency which impedes the normal operation of market forces and leaves many of us wondering why healthcare continues to be the only service we obtain where we have little idea of price or quality beforehand.

In 2012, Massachusetts stepped into the transparency breach and passed a law that requires hospitals, physicians, clinics and insurance companies to give consumers and prospective patients the price of medical services and procedures ahead of time. These features of the new law, which became effective in 2014, were praised by healthcare think tanks and public policy wonks.

6. The current “system” of leaving voicemail messages and the constant rounds of phone tag seem archaic and inefficient. Hospitals should investigate other protocols for providing estimates. We noted that one hospital appears to have an online form. While we don’t know how well this works in practice, it may be worth pursuing to augment the current reliance on phone messaging.
7. Massachusetts hospitals should follow the lead of Children’s Hospital and use their websites to tell the public about state law and their own commitment to transparency. Through their websites, hospitals should provide a means for consumers to obtain an online form and consumers should be given a direct telephone number to obtain estimates.

New laws in Massachusetts are aimed at changing attitudes and behavior toward price transparency in healthcare. For too long, healthcare prices have been shrouded in secrecy and none of us questioned that state of affairs. But now, with the rapid increase in high-deductible health insurance plans, more consumers than ever have a stake in knowing the price of healthcare services before they obtain them. In addition, it is impossible for a market to most efficiently allocate scarce resources without transparent prices.

But having a state law requiring transparency is not sufficient by itself to change attitudes, behavior and the status quo. Consumers need to know that this information is available to them and the industry itself has to help spread the word and empower consumers to seek and obtain such information. The performance of Massachusetts hospitals in this regard is disappointing. There is a lot more to do to embrace a culture of price transparency and to provide prospective patients the information they are entitled to under state law and as a matter of simple fairness in the marketplace.

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