

Testimony on Healthcare Price Transparency

Presented by Barbara Anthony, Senior Fellow in Healthcare,
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Good afternoon Mr. Chairman and members of the Commission. I am here today in my capacity as Senior Fellow in Healthcare at Pioneer Institute and as a long time consumer advocate. I would like to request that four studies on price transparency conducted by Pioneer Institute be entered into the record of these hearings. They are attached to this testimony. They are: (1) Transparency in Retail Drug Prices: Easy to Obtain but Accuracy may be Doubtful, a Massachusetts survey, October 2016; (2) Healthcare Prices for Common Procedures are Hard for Consumers to Obtain, a national survey, February 2016; (3) Bay State Specialists Get Mixed Reviews on Price Transparency, August 2015; and (4) Massachusetts Hospitals Weak on Price Transparency, June 2015. Despite existing laws in Massachusetts requiring that providers such as hospitals, clinics, doctors, and dentists provide price information to consumers upon request, our Massachusetts based studies demonstrate that, in general, provider prices are very difficult for consumers to obtain before a service is rendered. In 2015, a study by Healthcare for All of large plan cost estimator tools gave each plan an overall “C” grade. Pioneer has concluded that among both plans and providers in our state a culture of price transparency has not been fully embraced or promoted.

As I was listening to industry presenters this morning, I was struck by how infrequently, the words “consumer” or “patient” or “employee” were used. I believe Governor Baker said earlier today that while a lot of interesting things were going on in transparency around the state, they do not seem to focus on the individuals who are actually experiencing our healthcare system. Those individuals are consumers, patients and employees. The point here is that we need to talk more about what would help consumers make better decisions about how we spend our healthcare dollars.

We used to say if consumers had “more skin in the game” we would make choices in healthcare that would bring down costs. Well, we have more skin in the game because we now have high deductible plans, high co-pays and higher premiums. However, it is still not possible for us to make rational decisions about our healthcare spending because healthcare prices are simply not available to us in a way that would help us spend wisely.

National studies show that consumers are using their high deductible plans as a blunt instrument to defer or just say “no” to getting healthcare. We do not know if the care that is being deferred is necessary or unnecessary care. This is not the way to make rational decisions about healthcare spending. We at Pioneer believe that if consumers are given the right information and the appropriate incentives with respect to healthcare prices, that most consumers will make decisions based on good quality care at lower cost.

We heard today from a small business employer who said her workforce tried to use the cost estimator tools of her company’s insurance plan, but the scant selection of procedures available on the tool discouraged her workforce from using the tool to find lower cost providers. We heard plans say that their cost estimator tools just are not getting a lot of use, and we heard that consumers only want to pick high cost providers.

If the tools are not being used, it may very well mean that the tools themselves are not providing consumers with the appropriate information and incentives they need to make rational decisions based on price. If the product that is being sold is not being used, the answer is not to blame the customer; it is to change the product.

In that regard, the innovative approach of one plan to have a nurse help its members make decisions and actually change provider appointments without going back to the referring physician is a step in the right direction. We need out of the box thinking to provide more consumer friendly, financial incentives to make it feasible and economically advantageous for consumers to make rational decisions about healthcare spending.

In preparation for today, I looked at the written answers on the HPC website from providers and plans that were posted

in response to the questions from the Office of the Attorney General regarding what each is doing in terms of complying with the transparency requirements of Ch. 224. My review of the hospital providers’ answers leads me to conclude that the transparency protocols they described for the Attorney General, in general, do not comport with the experience Pioneer researchers found in conducting our surveys of Massachusetts providers. In our surveys, we asked for the price of a simple procedure as self pay consumers. We found a lack of systems, untrained staff, and generally poor performance in terms of providing price information. This is contrary to what providers described in their answers to the Attorney General’s question.

I saw on your website that the plans provided the HPC with the number of inquiries on their cost estimator tools over the past 6 quarters. While the overall number of inquiries remains very low relative to insured lives, there is some growth for certain plans. However, there is no information about whether or not the plans are promoting their tools, educating employers and employees, or exploring innovative incentives to boost usage. Unfortunately, the information available from both providers and plans leads us to conclude that the industry is paying mere lip service to the need for healthcare price transparency.

At Pioneer, we are continuing to conduct more research into this area and have recently formed an informal working group of business, industry and consumer stakeholders to help advance ideas for innovative transparency initiatives. Our hope is to explore and advance education and incentives to help consumers make more rational decisions about their healthcare spending.

Thank you for the opportunity to testify. Pioneer is available to discuss these issues further with HPC staff.