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HEALTHCARE: *Providing Affordable Health Care*

Health care must remain a state priority. It consumes nearly half the state budget, eating up resources that would otherwise be dedicated to other policy initiatives, and has been perhaps the single most important consideration in legislative discussions of tax increases. The current path is unsustainable.

Yet the problems are not limited to the public sector. They run deep in the private sector too. Massachusetts' employers pay the nation's highest insurance premiums. The state's future economic viability depends on implementing thoughtful public policy now, policy that will encourage innovation and remove needless regulations that are driving up costs, limiting patient choice and stunting competition. Even after years of pursuing transparency in clinical outcomes and financial management, transparency is still lacking in these areas.

The following — organized by theme, not in order of significance or impact — is a list of over 16 policies that should demand immediate consideration.

TRANSFORMING THROUGH TRANSPARENCY

Some may call it a market, but the health care industry today is missing the central ingredient of a market: consumer knowledge about what one pays for health care services and the quality of the services provided. Variation in price for precisely the same service, and same risk-adjusted patient, is great—even when multiple providers are, as in Boston, all located within a 5-mile radius of one another. Worse, there is little evidence that paying more for common procedures is at all related to the quality of service.

In a more typical market, consumers weigh price and quality and make decisions based on value. In a health care market that would mean searching out lower-cost providers who can deliver a high-quality service. Without information on price and quality, most of us are left to make decisions based on reputation, or sometimes even market share.

To that end, the following steps should be taken to increase transparency in the state's health care system.

1. Release all de-identified data from the All-Payer Claims Database to the public.

The state has pressed both insurers and providers to be more transparent about cost, clinical and financial information . The time has come for the state to lead by example. The state should immediately release all de-identified data from the All-Payer Claims Database (APCD) to the public. Government can serve as a convening platform to help non-profits and private companies sort out the complex pricing and cost system that exists in the state and help patients navigate it, with appropriate safeguards to protect against activities that could impinge on market competition. Such an action would reinforce the commonwealth's leadership in claims-based population research and give health researchers and economists the opportunity to mine the data for inefficiencies with an eye toward improving