

# Healthcare Prices for Common Procedures Are Hard for Consumers to Obtain: Survey finds hospitals not prepared to give price information to consumers

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#### Background

This policy brief is the third in a series of reports on healthcare price transparency prepared by Pioneer Institute. Healthcare price transparency is a priority issue at Pioneer because non-disclosure of healthcare prices interferes with the normal operation of market forces and prevents consumers from spending their healthcare dollars wisely.

Healthcare price transparency is more important than ever before because of the growth of high-deductible health plans (HDHPs) among non-subsidized middle-income consumers. The

Commonwealth Fund's Healthcare Affordability Index for 2015 reported that, across the country, 43 percent of adults with moderate incomes – almost \$47,000 for an individual and \$95,400 for a family of four – said their deductible was difficult or impossible to afford.<sup>1</sup> Here in Massachusetts, nearly 20 percent of families spent at least \$3,000 on healthcare in 2014.<sup>2</sup> And, under the Affordable Care Act (ACA or "Obamacare"),

43 percent of adults with moderate incomes... said their deductible was difficult or impossible to afford.<sup>1</sup>

deductible amounts can go up to \$6,500 for an individual and over \$13,000 for a family. This exposure to large out-of-pocket expenses means that the price of many procedures and office visits has a direct effect on consumers.

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## Center for Healthcare Solutions

February 2016

When healthcare prices are hidden or unavailable, consumers cannot make informed decisions. While some studies claim that consumers don't want to know the price of healthcare and are not interested in comparing prices,<sup>3</sup> the fact is that consumers have never had access to price transparency. When they do try to get price information, it is, for the most part, impracticable to obtain. Transparency allows ordinary consumers to find out the price of medical procedures before they obtain services, and can help consumers better manage and control their healthcare spending.

There is evidence that two-thirds of people with deductibles of \$500 to \$3,000, and almost three-quarters of those with deductibles higher than \$3,000, have tried to find price information before getting care.<sup>4</sup> A recent study published online by the Journal of American Medicine showed that 56 percent of high-deductible health plan enrollees say they would use additional sources of healthcare price information if available.<sup>5</sup> The problem, however, as discussed in this Policy Brief, is that sources of price information are not readily available to consumers, and when they are, they are difficult to navigate and, in general, not consumer-friendly.

#### **Previous Transparency Surveys by Pioneer**

In June 2015, Pioneer released a survey of 22 out of 66 Massachusetts acute care hospitals to determine how easy or difficult it is for the average consumer to find the price of a routine procedure like an MRI.<sup>6</sup> Despite the fact that all hospitals, doctors, dentists, and other healthcare providers are required by Massachusetts law to tell consumers the price of procedures upon request and before providing them, the results of our survey were disappointing. There are a lack of procedures within hospitals to help consumers who are looking for price estimates, front-line administrative staff have little idea where to direct requests for the price of a service or procedure, and consumers are sometimes transferred and/or cut off multiple times.

We concluded that obtaining a price estimate is usually a daunting, time-consuming task that would discourage most consumers from pursuing the information. Surprisingly in this Internet age, there was little, if any, price information on Massachusetts hospital websites. In our survey, actual prices for a simple MRI of the left knee ran from a few hundred dollars to over \$8,000 without discounts. Since most hospitals offer discounts for self-pay patients, the actual prices paid would be lower. The issue, however, is that prices vary widely but consumers are unable to shop and compare.

In our next report, in August 2015, we surveyed about 100 specialty physicians and dentists across Massachusetts in an effort to obtain price information for routine services such as office visits, eye exams, skin exams and colonos-copies. The specialists' performances were similar to the hospital results, though dentists fared better than their colleagues in terms of price transparency.<sup>7</sup>

Pioneer researchers were able to obtain price information from most providers in each specialty, however the prices obtained were often broad estimates without any explanation to account for the wide variations. While most hospital staff in our June 2015 survey knew there was a Massachusetts law giving consumers the right to know the price of a healthcare service, most physician office staff were less well informed. Some physician staff were quite hesitant to provide price information under the mistaken belief that disclosing price to a prospective patient was not permitted. In general, price information was quite difficult to obtain among at least half of the specialists surveyed.<sup>8</sup>

In this, our third report, Pioneer surveyed other parts of the country to see how well certain major metropolitan areas outside of Massachusetts are doing in terms of price transparency. We surveyed six major metropolitan areas and spoke with 54 acute care hospitals across those regions. In addition, we looked at the existence of federal and state laws that might apply in the states where the hospitals we surveyed are located. We also examined the websites of the 54 hospitals for price information. The results of this survey are described in this policy brief.

#### Introduction to a Multi-City Survey

#### Looking for the Price of a Common Procedure

Pioneer Institute selected six important metropolitan areas around the country to determine first, how easy or difficult it is for an average consumer to obtain healthcare price information from hospitals, and second, to obtain the most accurate price possible for the procedure we sought. Our researchers called each hospital and asked for the price of an MRI of the left knee without contrast. The callers said they were self-pay, which meant they were either uninsured, going out of network, or just trying to find out the price of this rather routine procedure. Being self-pay also means they were eligible for any self-pay discounts offered by the hospitals. In requesting the price of an MRI, we knew that two different prices were needed to obtain the total price: the price of the MRI scan and the price of the radiologist's reading or interpretation fee.

We chose the following areas for our survey: Des Moines, IA; Raleigh-Durham, NC; Orlando, FL; Dallas-Fort Worth, TX; New York, NY; and Los Angeles, CA. We then selected between 6 and 11 hospitals in each city for a total of 54 hospitals. (See Table 1 in Appendix 1 for the names and locations of each hospital. See also Appendix 2 for regional maps showing the names and locations of each hospital.)

The hospitals we surveyed varied in size from fewer than 100 to 1500 beds. In the states in which these metropolitan areas are located, there are approximately 14.6 million uninsured people,<sup>9</sup> roughly half of all uninsured consumers in the country.<sup>10</sup>

Our study does not cover all hospitals in a city region, although in some cities, such as Des Moines and Raleigh-Durham, the hospitals we chose include most, if not all, area hospitals. Although we cannot attach confidence levels to our survey results, we believe they are fairly representative of hospitals in each area. In addition, the results in this survey are consistent with those found in our previous study of 22 Massachusetts hospitals.

#### Consumers' Right to Healthcare Price Information

In reporting on the results of our survey, we believe it is important to identify any legal requirements that may exist concerning the rights of consumers to obtain price information upon request. Under the ACA, hospitals are required to establish and make public a list of standard charges for items and services.<sup>11</sup> The Centers for Medicaid and Medicare Services (CMS) has issued guidelines to implement this provision. Under CMS guidelines, hospitals can either make public a list of their standard charges or their policies for allowing the public to view those charges in response to an inquiry. CMS encourages hospitals to be consumer friendly in their communications with consumers about their charges and would like patients to be able to compare charges for similar services across hospitals.<sup>12</sup>

In addition to the provisions of the ACA, every state covered by our survey except Iowa has laws that address healthcare price transparency.13 In California, all hospitals are required to make their master charge list available to the public and have common costs available upon request. In Florida, state law entitles patients to cost estimates upon request; in North Carolina, a law requires the state to compile a report comparing prices for common procedures at the top hospitals and free-standing clinics. In Texas, hospitals are required to provide estimates to patients at the time of, or before, admission.<sup>14</sup> New York has a relatively new price transparency law that requires hospitals either to post charges on their websites or provide a way for consumers to find them.<sup>15</sup> To summarize, it appears that all the hospitals in our survey are covered by the ACA's requirements regarding price transparency for consumers; in addition, all the states except Iowa, give consumers a right to obtain price information.

#### **Overview of Findings**

In general, the Pioneer survey found that front line staff at the majority of hospitals did not know what to do with our researchers' requests, and many hospitals were ill-prepared to provide the requested price estimates. In many cases, it took long waits on hold, multiple calls, several internal transfers, call-backs, dropped calls and lots of persistence and diligence on the part of our researchers to obtain price information. Our callers were frequently required to provide medical billing codes about which an ordinary consumer would have no knowledge and further, our staff was often told to call a separate organization altogether to obtain a complete estimate. Overall, we found that an average consumer seeking price information for a common procedure faced a difficult and frustrating task.

We also found that the ACA's provisions encouraging consumer friendly access to price estimates do not appear to have much bearing on our results. Similarly, the absence or presence of state laws giving consumers the right to price information upon request does not seem to influence how easy or difficult it is for consumers to obtain price estimates.

#### In many hospitals, staff are not trained to assist consumers seeking price information

We conclude that for a majority of the 54 hospitals surveyed, there are no clear procedures or processes for handling consumers' price requests. Front line operators are quick to transfer callers to, in our case, the MRI department, which in turn is quick to transfer callers back to the operator, billing, financial aid, patient registration, "upstairs," "over there," or "downstairs." Sometimes, transfers were made so quickly, our researchers were not even told which departments they were being transferred to, and if a call was dropped, the researchers were unable to retrace their steps. It seems clear that in a majority of the hospitals, staff are not trained to assist consumers who are exercising their right to price information.

When our researchers were finally able to reach the right office within a hospital to obtain a price estimate, a majority of hospitals insisted that our callers provide the Current Procedural Terminology code, or CPT code, before an estimate could be given. The CPT code is a numerical identifier used for medical billing purposes, and the average consumer has no idea what it is or where to find it. Our researchers, who are familiar with the correct code, resisted providing the code as much as possible to emulate average consumers. In the end, we often had no choice but to provide the code to get the price. It is worth noting that hospital staff are just as capable as our researchers are of obtaining the correct CPT code for an MRI of the left knee without contrast. Our researchers simply Googled "MRI CPT code" and the first link leads to a diagram of a human body with various MRI codes for different parts of the body. Presumably, this function can be accomplished by any hospital staff with Internet access.

# Obtaining a complete price estimate can be a frustrating experience

In two-thirds of the hospitals we surveyed, our researchers had to call another telephone number or organization to obtain the separate reading fee for the MRI. In most of these cases, the researchers had to specifically ask about or affirmatively request the reading fee from the hospital or other billing representatives. In general, hospital staff did not volunteer the existence of the separate fee, and often were not immediately sure where to direct inquiries for the fee.

However, one-third, or 18 of the hospitals, were able to provide both the price of the MRI and the reading fee to our callers without sending them to a second entity for the reading fee. This "one-stop shopping" for price information is very important to consumers seeking to compare prices among providers. If one-stop shopping is not available, consumers are sent to radiologists' organizations. These companies are often multi-state entities and Pioneer has found that they can be much harder to deal with than local hospitals. Radiologists' entities are more likely to insist on CPT codes and are sometimes unable to disclose reading fee discounts.

Even with the diligence and persistence of our researchers, there were 14 hospitals, or more than one-quarter of the total, where we were unable to obtain either the reading fee or the specific discount for self-pay patients, or after leaving numerous unanswered voicemails we had to give up the quest. (See Table 1 in Appendix 1.)

The overall experience with each hospital is laid out in Chart 1 below, The Hospital Consumer Report Card. This chart reflects the experiences of Pioneer's researchers seeking price information on particular dates and may not be reflective of the hospital's performance at other times. (See also Regional Report Cards and Maps in Appendix 2.) The color green in a particular category in Chart 1 denotes good performance in that category; yellow denotes average performance; and red indicates poor performance. A more detailed legend is located on the left side of Chart 1. There were nine hospitals that scored very well on the report card: the Iowa Clinic, Des Moines, IA; Dr. P. Phillips Hospital, Orlando, FL; Dallas Regional Medical Center, Dallas/Fort Worth, TX; Cedars Sinai in Los Angeles, CA; NYU Langone and Mount Sinai in New York City; and Wake Med Cary Hospital, Wake Med Raleigh Campus, and Duke University Hospital, Raleigh/ Durham, NC. It appeared to the researchers that these hospitals have systems in place to provide price information in a relatively organized and consumer-friendly way.

#### Chart 1 – Hospital Consumer Report Card

\* Full information was not received from hospitals marked with an asterisk.

Icon Key	Dallas - Ft. Worth	Timeliness	Price Disclosure	One-Stop Shopping	Required CPT	Calls	Transfers
eliness	Pine Creek Medical Center	6	•		CPT	0	<b>C+C</b>
All price information received within 15 minutes	Dallas Regional Medical Center	$\mathbf{\mathfrak{O}}$	3		CPT	0	<b>C+C</b>
	Methodist Charlton Medical Center*	$\mathbf{\mathfrak{O}}$			CPT	0	<b>C+C</b>
All price information received within 16-30 minutes	Plaza Medical Center of Fort Worth	$\mathbf{\mathfrak{O}}$	3				
	Baylor All Saints Medical Center	$\mathbf{\mathfrak{O}}$	3			0	<b>C+C</b>
All price information received in 31+ minutes, or incomplete information was provided	Methodist Dallas Medical Center*		6		СРТ		<b>C+C</b>
	Medical City Dallas Hospital*	$\mathbf{\mathfrak{O}}$			СРТ	0	<b>C+C</b>
	Texas Health Harris Methodist Hospital Fort Worth		3		СРТ		<b>C+C</b>
e Disclosure All parts of the price	Texas Health Presbyterian Hospital Dallas	$\mathbf{\mathfrak{O}}$	3		СРТ	0	
	Baylor University Medical Center at Dallas		3		СРТ		<b>C+C</b>
and discounts were fully disclosed	5 W (	Timeliness	Price	One-Stop	Required	Calls	Transfers
All parts of the price	Des Moines			Shopping	ĊPT		
and discounts were fully disclosed	Iowa Clinic	$\overline{\mathbf{O}}$			СРТ	0	C+C
The discount for the scan price was	Grinnell Regional Medical Center	$\overline{\mathbf{O}}$			CPT		<b>C+C</b>
unavailable, or some part of the price was not obtained	Central Iowa Healthcare	$\overline{\mathbf{O}}$	•		CPT	0	C+C
	Iowa Lutheran Hospital	Ö	•		CPT	0	<b>C+C</b>
	Iowa Methodist Medical Center	Ð	•		CPT	0	
-Stop Shopping	Mercy Medical Center		63			0	
All parts of price were received from one person within the	Los Angeles	Timeliness	Price Disclosure	One-Stop Shopping	Required CPT	Calls	Transfers
hospital	Saint John's Health Center	$\mathbf{O}$			СРТ		
The discount for the reading fee was unavailable The discount for	Keck Hospital of USC		3		СРТ		<b>C+C</b>
	Good Samaritan Hospital	6	3		СРТ	0	<b>(</b> +(
the scan price was unavailable, or some	Northridge Hospital Medical Center*	$\mathbf{\mathfrak{O}}$	6		СРТ		<b>C+C</b>
part of the price was not obtained	University of California, Irvine Medical Center	6	6		CPT	0	<b>C+C</b>
	Long Beach Memorial Medical Center*	10			CPT	0	
	Kaiser Permanente Los Angeles Medical Center*	$\mathbf{\mathfrak{O}}$	3		CPT		
	Ronald Reagan UCLA Medical Center	$\mathbf{\mathfrak{O}}$	3		CPT	0	
	Huntington Hospital	$\mathbf{\mathfrak{O}}$	•		СРТ		<b>C+C</b>
inued on next page	Cedars-Sinai Medical Center	$\mathbf{\hat{O}}$	•		СРТ	0	<b>C+C</b>

16-30 minu All price info received in

**Timeliness** 

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**Price Disclos** 



**One-Stop Sho** 





¢ The discour the scan pri unavailable part of the p not obtaine

Continued on next

#### **Icon Key**

#### **Required CPT**



A CPT code was not required to receive any information

A CPT code was required to receive the reading fee only

A CPT code was required to receive the price of the scan, or not all information was provided.

#### Calls



within 1-2 calls All information

was received within 3-5 calls

It took 6+ calls to receive all price information, or not all information was received

#### Transfers



All information was received after 3-5 transfers

6 + Transfers or Full Info Not Available

ew York City	Timeliness	Price Disclosure	One-Stop Shopping	Required CPT	Calls	Transfers
eadowlands Hospital Medical Center	6	3		СРТ	0	<b>C+C</b>
ong Island Jewish Medical Center	$\mathbf{\mathfrak{O}}$			СРТ	0	<b>€+€</b>
ookdale University Hospital		63		СРТ	0	<b>(</b> → <b>(</b>
ew York Methodist Hospital		3		СРТ	0	
enox Hill Hospital*				СРТ	0	<b>(</b> +(
aten Island University Hospital North Campus*	$\mathbf{\mathfrak{O}}$	63		СРТ	0	
YU Langone Medical Center	$\mathbf{\mathfrak{O}}$	63		СРТ	0	<b>(</b> → <b>(</b>
ew York Presbyterian	$\mathbf{\mathfrak{O}}$	6		СРТ		
ronx-Lebanon Hospital Center*	10	63		СРТ		
ount Sinai Hospital	$\mathbf{O}$	6		СРТ	0	<b>C+C</b>
ontefiore Medical Center		6		СРТ	0	
rlando	Timeliness	Price	One-Stop	Required	Calls	Transfers
. Cloud Regional Medical Center*	10	Disclosure	Shopping	СРТ	0	(+(
orida Hospital Kissimmee	6	6		CPT		C+C
ealth Central Hospital*	6			CPT		C+C
buth Seminole Hospital*	6				0	(+(
orida Hospital East Orlando*	6			CPT	0	(+(
. P. Phillips Hospital	5	8		CPT	0	<b>(</b> → <b>(</b>
sceola Regional Medical Center	10			CPT	<b>•</b>	C+C
inter Park Memorial Hospital	6			CPT	<b>(</b> )	(+(
orida Hospital Altamonte	10			10100	<b>•</b>	C→C
lando Regional Medical Center*	10			СРТ	•	C+C
	U	<b>V</b>		111111	<b>`</b>	
aleigh / Durham	Timeliness	Price Disclosure	One-Stop Shopping	Required CPT	Calls	Transfers
ake Med Cary Hospital	Ö	3		СРТ	Q	<b>C</b> →C
uke Raleigh Hospital	0	6		СРТ		
ayne Memorial Hospital	$\mathbf{\tilde{O}}$	6		СРТ	0	
uke Regional Hospital*	6			СРТ		<b>C</b> →C
ex Hospital	$\mathbf{O}$	53		СРТ		<b>C</b> →C
ake Med Raleigh Campus	$\mathbf{\mathfrak{O}}$	5		СРТ	0	<b>(</b> → <b>(</b>
uke University Hospital	0	6		СРТ	0	<b>(</b> →(

#### Some additional findings include

- A small number of hospitals were not sure they could give out price information over the phone; a few hospitals required the name, date of birth or address from the researcher before providing price information.
- Some hospitals use voice recognition answering software that could not process requests for "cost" or "price estimates."
- 57% of the hospitals took from 16-74 minutes to provide the price, or failed to provide a complete price.
- 43% of the hospitals were able to provide the requested information within 15 minutes, although some of those required more than one call.

- In over 61%, or 33 of the 54 hospitals called, it took 3 to 11 separate telephone calls to get the price information or to abandon the search.
- A few Florida hospitals would not give out the reading fee without a copy of the doctor's prescription for an MRI.
- Des Moines, Raleigh-Durham, and Los Angeles scored best in terms of the length of time it took to obtain price information. In these metropolitan areas, it took from 3 or 4 minutes to 30 minutes to get the information.
- Orlando scored the worst in timeliness, with 4 out of 10 hospitals taking between 43 and 75 minutes to provide the information. The average hospital in Orlando took 37 minutes to disclose the price.

#### Graph 1 – Time on Phone by Region

Graph 1 below, Time on Phone by Region, displays the average, minimum and maximum time required to obtain complete price estimates. The 14 hospitals for which our researchers could not obtain complete estimates are not included in Graph 1.



### **Graph 2 - Hospital Prices By Region**

Graph 2 below, Total Price by Hospitals in Each Region, shows price variation within and among the cities surveyed. This graph only contains the 40 hospitals from which full price information was obtained.

con	itans the 40 hospitals from which full price information was obtained.	
	Iowa Clinic \$1,071	
Des Moines	Mercy Medical Center \$1,429	
Λοiι	Grinnell Regional Medical Center \$2,340	
S S S	Iowa Methodist Medical Center \$3,350	
۵	Iowa Lutheran Hospital \$3,452	
	Central Iowa Healthcare \$3,536	
am	Duke University Hospital \$1,023	
urh	Rex Hospital \$1,869	
Raleigh/Durham	Wayne Memorial Hospital \$2,151	
eigl	WakeMed Cary Hospital \$2,628	
Ralo	WakeMed Raleigh Campus \$2,775	
_	Duke Raleigh Hospital \$3,124	
	Florida Hospital Kissimmee \$877	
0	Winter Park Memorial Hospital \$901	
Orlando	Florida Hospital Altamonte \$1,110	
ori	Osceola Regional Medical Center \$1,264	
	Dr. P. Phillips Hospital <b>\$1,762</b>	
	Plaza Medical Center \$508	
f	Texas Health Presbyterian Hospital \$580	
Worth	Dallas Regional Medical Center \$695	
	Pine Creek Medical Center \$928	
allas/Ft.	Baylor University Medical Center \$1,737	
alle	Baylor All-Saints Medical Center \$1,837	
۵	Texas Health Harris Methodist Hospital \$2,143	
	Methodist Dallas Medical Center \$3,858	
	Meadowlands Hospital Medical Center \$428	
Σ	Brookdale University Hospital \$579	
Cit	New York Presbyterian \$1,111	
(ork	NYU Langone Medical Center <b>\$1,808</b>	
New York	Mount Sinai Hospital \$2,125	
Ne	New York Methodist Hospital \$2,789	
	Long Island Jewish Medical Center \$4,320	
	Montefiore Medical Center \$4,544	
	Huntington Hospital \$400	
	Good Samaritan Hospital \$488	
Angeles	Ronald Reagan UCLA Medical Center \$565	
nge	Cedars-Sinai Medical Center \$610	
	Saint John's Health Center \$1,277	
Los	UCI Medical Center \$1,605	
	Keck Hospital of USC \$2,850	
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#### MRI prices vary significantly

The survey revealed significant price variations within and among the cities surveyed. Chart 2 below, Hospital Price Summary, shows the average, lowest and highest price in the six city regions. From our survey, the lowest price was in the Los Angeles area and the highest price in New York City.

#### **Chart 2 - Regional Price Summary**

Region	Lowest Price	Average Price	Highest Price
Los Angeles	\$400	\$1,114	\$2,850
Orlando	\$877	\$1,183	\$1,980*
Dallas/Fort Worth	\$508	\$1,536	\$4,274*
New York City	\$428	\$2,213	\$4,544
Raleigh/Durham	\$1,023	\$2,262	\$2,775
Des Moines	\$1,071	\$2,530	\$3,536

\* Prices marked with an asterisk are incomplete prices that do not include a reading fee.

#### Findings from Graph 2 and Chart 2 include

- The New York City region had the highest variation in price with a difference of 1,000% between its lowest (Meadowlands Hospital Medical Center, \$428) and highest-priced (Montefiore Medical Center, \$4,544) hospitals;
- Dallas-Fort Worth had price disparities of up to 800% (Plaza Medical Center of Fort Worth, \$508, and Methodist Charlton Medical Center, at least \$4,274);
- Los Angeles prices varied by up to 700% (Huntington Hospital, \$400, and Keck Hospital of USC, \$2,850)
- Both Raleigh-Durham (Duke University Hospital, \$1,023, and Wake Medical Raleigh Campus, \$2,775) and Des Moines (Iowa Clinic, \$1,071, and Central Iowa Healthcare, \$3,536) had variation of over 300%;
- Orlando had price disparities of 200% (Florida Hospital Kissimmee, \$877, and St. Cloud Regional Medical Center, \$1,980 plus undisclosed reading fee).

Among the cities surveyed, the lowest price for an MRI including discounts was found at Huntington Hospital in the

Los Angeles area at \$400, while the highest price was at Montefiore Medical Center in the Bronx in New York City at \$4,544.

With the data that we have available from the survey, we are unable to explain the wide disparities in price within a metropolitan area. We found no correlation between the number of beds in a hospital and price, and while there were some academic medical centers with the highest price in a particular area, that was not always the case. Of course, the ability to maintain high prices could indicate the presence of market power, at least in relation to the other competitors in the survey. Regardless of the reason for wide variations in price, they exist in these cities just as we found in our Massachusetts survey. The inability of consumers with high deductible plans to easily compare and contrast prices for routine procedures may help to perpetuate wide disparities that are not explicable on the basis of quality or other obvious factors.

#### **A Review of Hospital Websites**

Although hospitals in our survey are not required by any federal or state law to post prices on websites, the Internet is the first place consumers typically go to search for price or quality information about services or products. Our researchers examined the websites of the 54 hospitals in our survey to identify those that displayed relevant information about obtaining price estimates. In general, we found that practically all the websites lacked easy online access to price information. While some California hospitals linked consumers to the statewide master charge list for all hospitals, this online tool is not very user friendly and requires consumers to know precise CPT codes or medical terms to obtain price information. That said, our researchers were able to navigate the site and found that the price estimates fairly matched those that we received on the phone, although in a few cases, the estimates online were wildly different from those obtained on the phone. Additionally, while most hospitals discount these prices for self-pay patients, the discounts were not mentioned or factored into the prices listed in the database.

Although there were several hospitals where we could not locate any information at all about obtaining price estimates for procedures, the majority of hospitals surveyed had some information about obtaining estimates, even if they were not very consumer friendly. Some hospitals gave consumers a specific number to call and instructed them to have the CPT code and the name of their insurer or doctor ready. Some hospitals instructed consumers to call but did not provide a specific phone number. A few gave a phone number and included an online estimate request form on their websites.

Certain hospitals actually provide a general range of estimates for the MRI service we were searching for, but did not give the self-pay discount or reading fee. For example, Orlando Regional Medical Center and Osceola Regional Medical Center in the Orlando area give a range of prices for common procedures, including MRIs, and also give a number to call for more specific information. Winter Park Memorial Hospital near Orlando gives instructions for obtaining price estimates by phone and projects a response time of two business days. Plaza Medical Center in Dallas-Fort Worth has a cost estimate page on its website with price quotes for MRIs and reading fees, but cautions about accuracy. They say to call for more information but our researchers could not locate a number to call.

While the websites surveyed were not easy to navigate, many hospitals did provide at least some information to consumers about price or how to obtain price estimates.

#### Conclusions

At a time when Americans with private insurance are paying more than ever before for healthcare because of the growing prevalence of high-deductible insurance plans, price transparency remains an elusive goal. While enrollees are exposed to substantial out-of-pocket risk, they are essentially blindfolded when it comes to making decisions because they do so without price information.

HDHPs are supposed to incentivize consumers to shop and compare costs for non-emergent care, but the tools and encouragement for consumers to do so are woefully lacking. Studies show that consumers with HDHPs are simply foregoing care rather than value shopping, leading some to the erroneous conclusion that consumers do not want price information. In fact, the real issue is that price information in the healthcare marketplace is not readily or easily attainable.

In addition, it is surprising to learn that the ACA actually requires that hospitals provide price information and that the federal government encourages consumer-friendly price transparency so consumers can shop and compare across providers. It appears that neither federal nor state transparency laws have succeeded in creating a culture of consumer-friendly price transparency.

The majority of hospitals in this survey appeared not to have processes or procedures in place to facilitate providing price estimates to consumers by phone. Staff seem not to be properly trained in facilitating the dissemination of such information, and the process is often anything but streamlined. The fact that in two-thirds of the hospitals, consumers have to go to another organization to obtain the radiology fee reflects a lack of internal consumer-friendly systems.

In over half the hospitals, the demand, and often insistence, that consumers provide a CPT code speaks volumes about the lack of consumer–friendly systems. CPT codes are what hospitals ask for from insurance companies or other providers for billing purposes. Demanding CPT codes from ordinary consumers creates an obstacle that deters price inquiries and hence, makes price comparisons across providers impossible.

Our study showed wide variations in price within metropolitan areas for a routine procedure. Regardless of the reasons for such hospital pricing disparities, the fact is that consumers with HDHPs are, in general, unable to obtain price information and, therefore, to learn which hospitals may be more affordable.

What we learned from this survey, however, is that some

hospitals do get it right. They are able to provide complete price information in a timely way; they do not subject consumers to multiple transfers to wrong departments; they do not demand that consumers know medical billing codes or send them to other organizations to get a complete price. These hospitals are both large and small institutions and exist in all the regions we sampled. The results from these hospitals show that price transparency can be accomplished, and consumers can access their right to healthcare price estimates. If some hospitals can do this, it shows that there are systems and protocols in place that can be replicated across the country.

#### **Recommendations for Improvement**

- 1. We need to create a national culture of healthcare price transparency. There already exists a legal foundation upon which to build this cultural change. In addition to the requirements of the ACA regarding making charges available in consumerfriendly ways and the five states in our survey with price transparency laws, there are almost 18 other states with laws that advance price transparency for healthcare consumers.<sup>16</sup>
- 2. Hospitals working with federal and state governments can lead the way to promote and encourage price transparency as a consumer right. There is a great deal of progress yet to be made and plenty of opportunities for all major stakeholders.
- 3. Patients need to be educated and informed of the value of price transparency in meeting their healthcare needs. This function is one that governments, providers and carriers should coalesce around. Consumers would benefit from a national campaign promoting and encouraging price transparency.
- 4. Within hospitals, a culture of consumer price transparency should start at the top with boards of trustees and CEOs establishing consumer-friendly and timely access to price transparency information as a priority goal for their institutions.
- 5. Hospitals should review current systems, practices, and protocols to identify areas for improvement in terms of the way price information is disseminated

to consumers. This review should include hospital websites to identify ways in which the concept of consumer-friendly price transparency can be communicated to the public.

- 6. Systems should be developed that place a high value on one-stop shopping for price information. Hospitals should strive to avoid transferring consumers to other organizations to obtain price information for procedures performed at the hospital.
- 7. Procedures should be developed that do not require the average consumer to have access to medical billing code information to obtain prices.
- 8. There is a tremendous need to train hospital administrative staff at all levels on how to handle requests for price estimates. The climate for most consumers who seek price information is not welcoming or encouraging. Hospitals should make strong efforts to raise awareness among hospital staff of a consumer's right to price information and invest in appropriate personnel training to facilitate such requests.
- 9. Although many hospitals have some information about price estimates on their websites, there was a general lack of consumer-friendly navigation tools. This is a place where the federal government could give more specific guidance to hospitals around the country about making price estimates more easily available.

# APPENDIX 1

# Hospital List

\*Full information was not received from hospitals marked with an asterisk.

#### **Des Moines**

Iowa Lutheran Hospital Mercy Medical Center Iowa Methodist Medical Center Iowa Clinic (outpatient medical center) Grinnell Regional Medical Center Central Iowa Healthcare

#### **Raleigh / Durham**

Wake Med Cary Hospital Rex Hospital Duke Raleigh Hospital Wake Med Raleigh Campus Duke University Hospital Duke Regional Hospital\* Wayne Memorial Hospital

#### Orlando

Orlando Regional Medical Center\* Winter Park Memorial Hospital Osceola Regional Medical Center Florida Hospital Kissimmee Dr. P. Phillips Hospital Health Central Hospital\* Florida Hospital Altamonte Florida Hospital East Orlando\* St. Cloud Regional Medical Center\* South Seminole Hospital\*

#### **Dallas / Fort Worth**

Plaza Medical Center of Fort Worth Texas Health Harris Methodist Hospital Fort Worth Baylor University Medical Center at Dallas Pine Creek Medical Center Methodist Charlton Medical Center\* Texas Health Presbyterian Hospital Dallas Medical City Dallas Hospital\* Dallas Regional Medical Center Baylor All Saints Medical Center Methodist Dallas Medical Center

#### **New York City**

Brookdale University Hospital and Medical Center Mount Sinai Hospital New York University Langone Medical Center Long Island Jewish Medical Center Montefiore Medical Center New York Methodist Hospital Bronx-Lebanon Hospital Center\* Meadowlands Hospital Medical Center Lenox Hill Hospital\* Staten Island University Hospital North Campus\* New York Presbyterian

#### Los Angeles

Cedars-Sinai Medical Center Ronald Reagan UCLA Medical Center Keck Hospital of USC Kaiser Permanente Los Angeles Medical Center\* University of California, Irvine Medical Center Long Beach Memorial Medical Center\* Good Samaritan Hospital Northridge Hospital Medical Center\* Saint John's Health Center Huntington Hospital

# APPENDIX 2

# Regional Maps & Report Cards

\*Full information was not received from hospitals marked with an asterisk.

# Icon Key



# **Dallas - Fort Worth**



# **Des Moines**



# **Los Angeles**



# **New York City**



# Orlando



# Raleigh/Durham



# <u>ENDNOTES</u>

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