

Special Audio Report Transcript

Headline: Federal Gov't, Private Groups Step Up Efforts To Boost Online Health Care Cost Transparency

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Some experts say health care pricing has been cloaked in mystery far too long. In recent years, information aimed at making health care costs more transparent has appeared online. Stakeholders are beginning to look at the effect this is having on health costs. This is a special report for *iHealthBeat*, a daily news service of the California HealthCare Foundation. I'm Rachel Dornhelm.

To understand the current state of health care pricing, the director of the University of California-Los Angeles' Center for Health Policy Research Jerry Kominski, says picture walking into a supermarket. Then imagine finding a gallon of milk priced at \$500.

Kominski: "But you pay \$3 if you know the secret handshake. But if you're the unfortunate person who doesn't know how to get the discount you actually pay \$500 for that gallon of milk. We wouldn't tolerate that in any other sector of the economy."

Yet Kominski says that's the kind of pricing at work everyday in health care. He believes online tools that can estimate true pricing for medical services are key for consumers. For one, he says, the uninsured can use the data to negotiate in a way they couldn't before. In addition, Kominski says some people with insurance have plans pegged to negotiated rates.

Kominski: "So if you're responsible for 10% of the total bill, even if you get a discount, you want the biggest discount possible Or if you have a high deductible plan and you're required to pay 4 or 5,000 dollars out of pocket you might be concerned about the magnitude of the discount your insurance company has negotiated."

Those who provide the online services have found other ways that consumers are using the data, too.

Robin Gelburd is the president of the not-for-profit FAIR health, a website aimed at consumers that aggregates usual charge data for health care services. Gelburd says visitor surveys reveal that individuals are trying to

understand how much they might have to pay an out-of-network provider. Others are using the cost figures to negotiate at appointments -- say when paying for a root canal.

Gelburd: "They also use the data after care. So if they do go out-of-network and did not do certain due diligence beforehand, or had certain misunderstandings or expectations what their out of pocket exposure would be, they use our data to populate reimbursement appeals."

FAIR health was created as part of an agreement between the Attorney General of New York and the insurance industry. There are others working in this space. Take for-profit Healthcare Blue Book. The site has a free portal with cost data, and charges customers for an index that combines cost and quality information. CEO Jeffrey Rice says the data can mean the difference between someone getting an MRI for a knee problem or not.

Rice: "If they just go to the first center they are referred to, the price might be \$3,000, but if they look on the Blue Book and find out that the fair price is \$500 dollars and there are plenty of providers locally who will do it for that price, then that may be the difference between them getting the care that they need and not getting it."

Insurance companies are also in the mix. Earlier this year United HealthCare finished putting national cost and quality data online for out-patient procedures. The company's vice president of product and innovation, Victoria Bogatyrenko says they'll be evaluating what members do with the data at the end of the year.

Bogatyrenko: "Of those people who used the tool, did they go to the physician for the service that they were looking for, that they estimated cost for in the tool? Did they switch from their longstanding doctor to a new provider who might have been more cost effective or who might be of higher quality?"

Bogatyrenko says 84% of users in recent focus groups say they're very likely to access the data again. More striking, a third of those said using the tool changed their decision about their provider or treatment.

But this focus on cost transparency isn't just about changing consumer behavior. Niall Brennan is director of the Office of Information Products and Data Analytics at CMS. In May, the agency released a database listing what hospitals charge. Brennan says the data were downloaded and viewed over 250,000 times in the just the first week.

Brennan: "I think there may be also broader system effects once providers become more aware that these charges may be made public. They may either seek to be more transparent themselves or

they may reexamine their charging practices and possibly adjust them."

In fact, FAIR health's president says she's seen marketing by providers saying that their costs are in line with FAIR's estimated costs for their area. UCLA's Jerry Kominski says the more transparency there is, the less of a gap there should be between medical charges and what people are actually paying.

Kominski: "So it will begin to narrow that tremendous discrepancy that exists today because this is all sort of a mysterious and black box process."

Kominski says he is skeptical that cost data *alone* will drive health care costs down. But he says it is sure to achieve another important goal: Increasing consumers' confidence in how their health care dollars are being spent.

This has been a special report for iHealthBeat, a daily news service of the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at iHB@CHCF.org. I'm Rachel Dornhelm, thanks for listening.