



Transparency Tools

How to get on-board with the health care transparency trend

The health care system has reached a tipping point – with its lack of price and quality transparency.

Along with the pressure of constant cost increases, consumer expectations and behavior have started to change. Employees and employers are demanding more transparency.

“Health care is the only experience you have as a consumer where you go into it not knowing how much it’s going to cost,” says Abbe Mitze, account executive II at HealthLink. “If you buy anything as a consumer, you know all of the facts, especially in the world of the Internet today.

“But in the world of going and having a MRI, you just go where your doctor tells you to go,” she says. “You don’t research it to find out what the cost difference could be if you actually compared the facilities that you have available within your network.”

What are some of the problems that stem from health care’s lack of transparency?

In-network prices can vary by 300 to 500 percent, or more, for many common procedures. Patients often don’t realize there are such high swings because they don’t see these costs, which are tied to the facility, not the physician.

They also think that higher prices mean you’ll be getting higher quality care, but cost doesn’t always equal quality.

How is this changing?

With higher deductible plans, and higher coinsurance that the member is responsible for, taking time to do research on costs can really pay off, for both the health plan providers and the patients.

Many carriers, third-party administrators (TPAs) and provider networks recognize this, and are creating tools to assist employees with making educated, cost-effective choices when receiving care.

For example, there are websites and apps that let health plan members search facilities and see the cost of the top 300 procedures at the facilities in their network. It's not necessarily about trying to get patients to switch their doctor, which is a very personal choice. It's more about using simple cost comparisons for scheduled outpatient procedures at hospitals, outpatient clinics or imaging centers.

Along with these kinds of tools, carriers, TPAs and provider networks will drive employee behavior with a three-tier network. So, members have the choice of tier one, tier two or out-of-network; if they go to a tier-one facility, they pay less out of pocket. The tools can work in conjunction with a multi-tier plan because it helps enable consumers to see costs upfront so they are able to budget for whatever co-pay, coinsurance and deductible they will have for a procedure.

You also can tie in programs with utilization, cash rewards or point programs.

Are health care facilities resisting this kind of transparency because they fear patients will only consider cost, and not outcomes?

There will be an education curve, but employees and employers are demanding this kind of information now. Quality of care is certainly a factor that needs to be included in the ratings or grades that these transparency tools provide.

What have been the results of having more transparency, so far?

Research has shown that transparency, year over year, steadily increases the migration to lower cost providers across all clinical categories. For instance, one study found 27 percent of the health plan's members used lower cost providers at the start. That increased to 49 percent by year one, and then 66 percent by year two.

Knowledge is power and everyone needs to know what he or she is paying for upfront – just like with any other product. These kinds of transparency tools are expected to become more and more prevalent within the industry.

