



# The CAHPS Ambulatory Care Improvement Guide

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Practical Strategies for Improving Patient Experience

## Section 6: Strategies for Improving Patient Experience with Ambulatory Care

### *6.N. Price Transparency*

[Visit the AHRQ Website for the full Guide.](#)

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## 6.N. PRICE TRANSPARENCY

### 6.N.1. The Problem


The growth of health care cost-sharing in recent years—through increases in copayments, coinsurance, and deductibles—has made many consumers more concerned about paying for health care services. Yet a lack of usable information often prevents them from factoring in the cost of care when considering various diagnostic and treatment options and/or choosing among health care providers. Many providers do not even know the price of the services they offer (since each insurer has its own negotiated rates), and most do not know the prices of the tests and procedures they recommend and order for their patients.

In the past decade, the development and promotion of usable information about health care costs—generally referred to as price transparency—has emerged as a hot topic in State legislatures and corporate boardrooms.<sup>1</sup> Many States have enacted requirements related to price transparency.<sup>2</sup> At the same time, Federal agencies, private companies, and consumer advocates are pushing for various programs that aim to shed light on the costs of health care services, often as a complement to information already available on the quality of such services.

Many of these stakeholders recognize that the patients are unlikely to “shop” for urgent or emergent care and that they may be less price-sensitive about expensive services such as surgery where the cost exceeds their plan deductible and out-of-pocket maximum. As a result, the demand for price transparency tends to focus on non-urgent, routine procedures; procedures where patients have the time to explore alternatives (e.g., maternity care, elective surgeries); and prescription drugs with wide variations in pricing across providers.<sup>3</sup> Purchasers, policymakers, and consumer advocates share a belief that price-conscious consumers will seek out low-cost, high-quality providers once they are able to identify them and also that price transparency will stimulate providers to compete based on the value of the services they offer.

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<sup>1</sup> Price Transparency: An Essential Building Block for a High-Value, Sustainable Health Care System. Action Brief. Catalyst for Payment Reform. Available at <https://www.catalyze.org/product/get-started-intro-transparency>.

<sup>2</sup> de Brantes F, Delbanco S. Report Card on State Price Transparency Laws – July 2016. Catalyst for Payment Reform and Health Care Incentives Improvement Institute. Available at <https://www.catalyze.org/product/2016-report-card/> .

<sup>3</sup> Shaller D, Kanouse D, Schlesinger M. Context-based strategies for engaging consumers with public reports about health care providers. *Med Care Res Rev* 2014;71(5 Suppl):17S-37S.

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**Relevant Questions on the CAHPS Health Plan Survey**

A few versions of the CAHPS Health Plan Survey include questions about the health plan's efforts to provide members with information about the costs of care. These questions focus on whether members can find out from the plan what they would have to pay for a particular service or product:

- How often were you able to find out from your health plan how much you would have to pay for a health care service or equipment before you got it?
- How often were you able to find out from your health plan how much you would have to pay for specific prescription medicines?

These survey questions about price transparency are part of:

- The CAHPS Health Plan Survey 5.0H – the HEDIS version administered for NCQA accreditation and reporting.
- The Qualified Health Plan Enrollee Experience Survey (QHP Enrollee Survey) – the version used by the Centers for Medicare & Medicaid Services (CMS) to assess members' experiences with the health plans offered through the State Health Insurance Marketplaces.

**6.N.2. The Intervention**

As a significant step toward greater price transparency for their members, health plans can offer access to searchable information on the costs of health care services on a public Website or through a members-only Website or tool. This approach is intended to help members:

- Anticipate and plan for their share of the costs.
- Consider costs before deciding on a particular service or choosing a specific provider.

Health plans that have implemented this strategy generally report provider-specific information on the average cost for physician services, inpatient and outpatient hospital care, medications, tests, and other common services. That cost reflects what the health plan pays plus the patient's share of the cost, whether as a copayment or coinsurance. Because consumers often equate high prices with high quality—despite no consistent evidence linking the two—this cost information is often paired with provider-specific quality data so that patients are able to find providers offering high-quality, low-cost care.

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**Sources of Cost Data**

In addition to drawing from their own payment data, health plans can use data from external sources. Charge data for providers across the country are available from the Centers for Medicare & Medicaid Services (CMS). CMS publishes the [Medicare Provider Utilization and Payment data](#), which summarizes utilization and payments for procedures, services, and prescription drugs provided to Medicare beneficiaries by hospitals, physicians, and other suppliers. It includes "list prices" on initial submitted bills and the actual amount paid by Medicare.

Another option for external benchmarks and other data are the all-payer claims databases (APCD) that are being developed in a growing number of States. Learn more from the [APCD Council](#).

For example, Blue Cross Blue Shield of North Carolina (BCBSNC) offers a [Health Cost Estimator](#), a public, Web-based tool that provides cost estimates for health care procedures by individual provider. Based on BCBSNC claims data over a 12-month period, the tool reports the average total costs for the procedure, where total cost includes physician services, facility fees, anesthesia, drugs, and medical supplies. The costs that customers pay in the form of deductibles, copayments, and coinsurance are included in this average. However, the tool does not provide estimates of an individual patient's out-of-pocket (OOP) costs, which vary depending on the member's plan design.

An example of a tool that does offer patients information on their specific OOP costs comes from Geisinger Health System in Pennsylvania. [Geisinger's MyEstimate®](#) product offers estimates of patient-specific OOP costs for common ambulatory diagnostic services. By verifying the patient's insurance coverage in advance, the tool can factor in the plan's negotiated rates with the provider, along with the specific provisions for deductibles, coinsurance, copayments, and OOP maximums. The tool also provides information on any pre-authorization or primary care physician referral requirements. Geisinger Health System also provides access to comparative quality information by linking to reports published by The Joint Commission, the Pennsylvania Health Care Cost Containment Council, Pennsylvania Healthcare Alliance, and Geisinger Health Plan.<sup>4</sup>

<sup>4</sup> Geisinger's MyEstimate®: Examples of Price Transparency Tools. Healthcare Financial Management Association. Available at <http://www.hfma.org/Content.aspx?id=22297>.

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**Sharing Explanation of Benefits Online**

In addition to providing cost information before services are provided, health plans can help members better understand the costs of care by revamping how they deliver the Explanation of Benefits (EOB) that is provided to members after they receive services. For each service, the EOB indicates the provider's charge, the plan's contracted "allowed amount" for that service, the amount the plan reimbursed the provider, and any non-covered charges.

One idea is to use the EOB to educate members about prices after the fact so as to make them more price conscious in the future. To that end, plans offer secure Web-based portals where members log in to see not only their personal health records, but also a list of all charges associated with the medical services they have received. In addition to sending the EOB in the mail, plans send notifications to members whenever a new EOB is ready for review online. The portal can also show the current status of any individual or family deductibles under the plan.

**6.N.3. Benefits of This Intervention**

By promoting price and quality transparency, health plans have the potential to support more cost-effective use of health care services by both patients and providers. Several studies have documented the impact of these programs. For example:

- Whaley and colleagues evaluated the impact of a Web-based price transparency tool that gave insured employees and their spouses and dependents access to estimated OOP costs for various procedures and office visits. Conducted between 2010 and 2013 with 18 self-insured employers, the study found that use of the tool was associated with lower total claims payments for common medical services, with the reductions being largest for advanced imaging services and smallest for office visits.<sup>5</sup>
- Wu and colleagues assessed the impact of a program in which insurers provided price information for elective advanced imaging procedures. They found that patients who could review information on price differences among MRI facilities and were able to choose different providers selected lower-priced providers. The study evaluated patients having at least one outpatient magnetic resonance imaging (MRI) scan in 2010 or 2012, comparing those enrolled in health plans that offered the program to enrollees of plans in similar geographic regions that did not. Providing cost information led to a \$220 reduction in costs per test (18.7

<sup>5</sup> Whaley C, Schneider Chafen J, Pinkard S, et al. Association between availability of health service prices and payments for these services. JAMA 2014;312(16):1670-6. Available at <http://jama.jamanetwork.com/article.aspx?articleid=1917438>.

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percent) and to reduced use of hospital-based facilities (from 53 percent in 2010 to 45 percent in 2012). The average cost of an MRI fell by \$95 in places where prices were available, while it increased by \$124 in areas where they were not.<sup>6</sup>

**State Laws on Price Transparency**

The National Conference of State Legislatures tracks State laws related to price transparency along with other initiatives that promote greater price transparency: [Transparency and Disclosure of Health Costs and Provider Payments: State Actions](#).

The site provides access to the following:

- A summary of State legislation on pricing transparency and the disclosure of information on health costs.
- Examples of State websites that provide information on the price of health services.

<sup>6</sup> Wu SJ, Sylwestrzak G, Shah C, DeVries A. Price transparency for MRIs increased use of less costly providers and triggered provider competition. *Health Aff* 2014 Aug;33(8):1391-8.