

PRICE TRANSPARENCY

Certification of Health Care Digital Tools: Personalized, Timely Pricing Gives Consumers the Information They Need to Make Smart Choices

*ACHP proposes modern standards to simplify
the health care experience*

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THE ISSUE

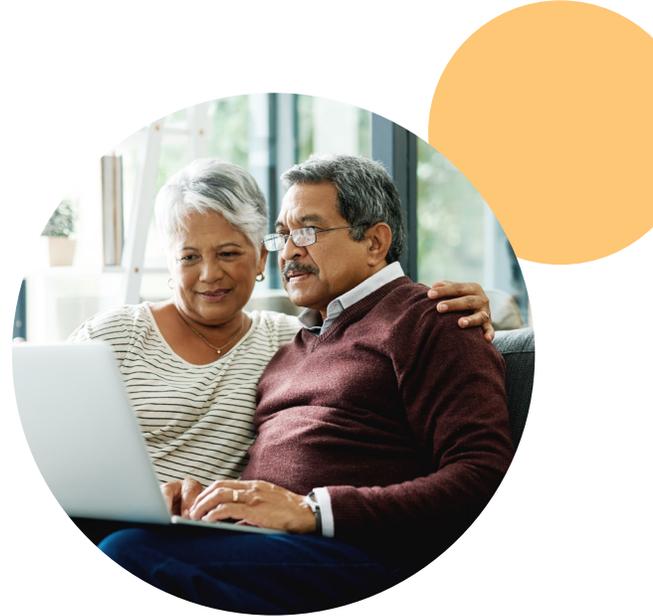
For most Americans, navigating the U.S. health care system is overly complex and prohibitively expensive. Overall costs continue to grow at a remarkable rate.



In response to this unsustainable situation, policymakers are pursuing strategies for making health care prices more predictable and visible. At the federal level, the Trump Administration is using the regulatory process to push health plans and hospitals to publicly display how much medical procedures cost. The move mirrors the direction that more than half of states in the U.S. have taken over the past several years and underscores the belief that price transparency can help keep costs in check.

Health care in the U.S. is at an inflection point, and health plans are in the best position to lead the transparency effort by helping consumers act on their purchasing power to select services and providers based on cost efficiency and quality considerations.

Consumers deserve not just a data dump of prices but useful, personalized cost and quality information to guide critical health care decisions.



THE RECOMMENDATION

At a time when health care price and quality tools are varied in their usefulness and utilization,

the Alliance of Community Health Plans (ACHP) recommends a baseline, minimum set of attributes setting the standard for price transparency tools.

In this issue brief, ACHP lays out a roadmap for certification of those tools that would enable better decision-making by consumers.

THE CASE FOR CERTIFICATION

Individuals and families are spending more of their own money on care without the most basic cost and quality information. Early analysis underscores the challenges in adoption of transparency tools.

According to a 2017 survey of patients published in the journal *Health Affairs*, 13 percent of respondents had searched for information about costs before they received care, and just about 3 percent had actually compared costs beforehand.

52% of respondents were aware of the price before they received care.

13% had searched for their expected out-of-pocket spending.

10% considered going to another provider.

3% had compared costs across providers.

SOURCE: <https://www.healthaffairs.org/doi/10.1377/hlthaff.2016.1471>

However, some health plans are making progress by providing members with digital tools that allow them to see what they will likely pay for medical services before a visit. To encourage consumers to use these tools, many health plans are investing in traditional outreach—financial incentives and renewed educational and marketing campaigns—to foster participation.

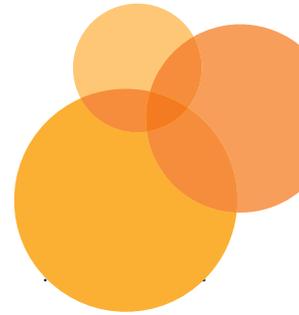
“These early innovators can serve to inform policymakers and the industry as it moves forward with greater transparency,”
– Ceci Connolly, ACHP President & CEO

ACHP has long championed the idea that more transparency in health care is better than less. To that end, ACHP proposes a new certification framework for price transparency tools that bestows a seal of approval from an independent body, providing assurances to consumers that the tools they are using meet and exceed core transparency principles.

To advance this effort, ACHP developed guidelines to help consumers evaluate which tools would be most useful to them. Certification would signal to consumers that the health plan’s publicly available information is accurate, timely and relevant to patients and family members trying to make informed decisions about their care.

ACHP'S CERTIFICATION FRAMEWORK

The ACHP framework is based on an appreciation for the innovative spirit of America's private sector. It allows for customization based on consumer needs. Certification should be provided by an unbiased third-party organization. At a minimum, price transparency tools should include the following:



➤ Search and find capabilities:

Individuals should be able to see out-of-pocket costs unique to their plan benefits, such as the status of deductibles and co-pays associated with the selected provider. Searching by billing code, descriptive term, provider name, geographic proximity and other typical filters applied by consumers to refine searches would be mandatory. Information should include industry or custom quality ratings and provider reviews. Estimates would be based on accurate information updated at least monthly, and would extend to out-of-network allowed amounts.

➤ Cost estimates must be provided for a variety of items and services:

This includes clinical encounters, medical procedures, tests, supplies, drugs, durable medical equipment and other fees. These estimates must be displayed and provided in ways that are easily understood by consumers.



➤ Personalized guidance:

Transparency tools must provide information that is based on an individual's actual medical benefits, history and costs.

The tool must provide plan-specific information to help people understand their options and implications of their choices, such as how certain venues of care may be more appropriate for an illness or injury. Information must consider consumer convenience, provider preferences around gender, language, certifications and other key details. These tools must also provide plan-specific information to inform consumers of provider and facility options, including virtual care, and must be able to provide accurate information for medical services that may be capped by the plan.

➤ Location, distance and convenience:

To be truly consumer-focused, price transparency tools need to factor in what is most convenient for members, such as comparisons that consider travel time, distance and sites of care. Transparency tools should be available at the time a person needs them, and easy to access online and on mobile devices.

➤ Meaningful patient engagement:

Health plans must employ communication, education and other engagement strategies to drive utilization. Health plans should also create programs that include premium refunds for smart choices and engage members as a community by socializing evidence-based choices. Health plan cost reductions may be returned to members as premium reductions, either directly or through employer rate reductions.

➤ **Complex patient help:** For more complex care needs, such as surgeries, tools must provide a typical treatment timeline, including information on time and cost for all related services and recovery.

➤ **Consumer input:** Health plans must survey their members about what's important and most useful for them. This could be done through focus groups, community panels or advisory groups that are comprised of individual plan members, community leaders and patient advocate representatives.

THE CASE FOR QUALITY

To understand the true value of health care services and products, consumers need quality information too. When pricing is wedded to quality ratings, consumers will have a far fuller picture of the care they can expect to receive.

The certification process should incorporate comparable quality data.

ACHP recommends that to maintain certification, health plan transparency tools must offer quality information within three years of introducing pricing tools.

Quality goals include:



Third-party oversight: Price transparency tools must have quality measures that are collected and provided by independent and impartial third parties. For instance, some states pair pricing information with results from the CMS Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey; others may prefer using CMS' Hospital Compare data.



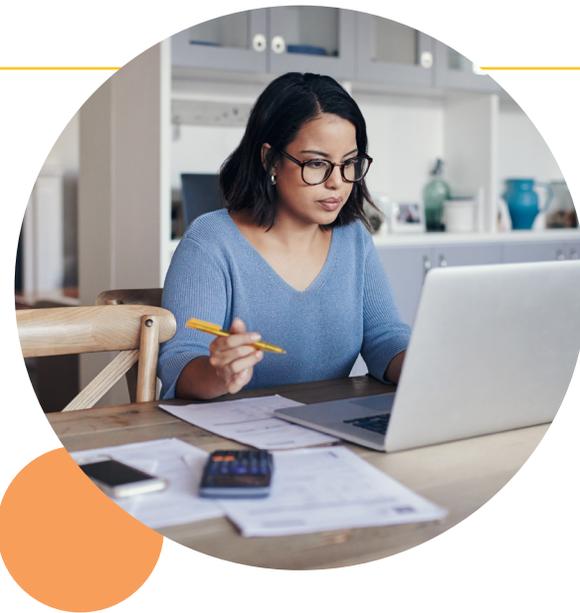
Current quality data: Transparency tools need to be populated with recent data. Quality information should be updated regularly and should align with the reporting periods of the chosen quality measures program.



Easy to understand: Quality measurement needs to be easily understood by consumers and should look to online comparison websites, such as Yelp and TripAdvisor, as potential templates.

CLOSING THOUGHT

It's clear that the U.S. health sector lags behind every other industry when it comes to offering consumers choices that are based on cost and quality, but the gap is not insurmountable. **By giving patients and their families authoritative, independently-certified sources of price and quality information that they deserve, shopping for medical services could come to resemble the everyday retail experience.**



ABOUT ACHP

The Alliance of Community Health Plans (ACHP) represents the nation's top-performing nonprofit health plans to improve affordability and outcomes in the health care system. ACHP member companies are provider-aligned health organizations that provide high-quality coverage and care to tens of millions of Americans. They are leading the industry in practical, proven reforms around primary care delivery, value-based payment and data-driven systems improvement.

Want to know more?

Please reach out to Matt DoBias, Associate Director of External Affairs at mdobias@achp.org.



THE NARRATIVE

Using consumer behavior to change how we shop for care

There's no single winning formula to get price information in the hands of consumers. But there are some early lessons to draw on.

"Build it and they will come doesn't work," said Nate Foco, senior director of market and sales intelligence at Michigan-based **Priority Health**. Foco should know. A little more than five years ago, Priority Health started down the path to develop what would become their much-praised Cost Estimator tool.

"We wanted to champion transparency for a long time," Foco said, adding that the idea was born, in part, by growing numbers of Priority Health members who

As deductibles and members' cost share continue to rise, so does the value of transparency solutions.

were in high-deductible health plans. "Our members have more liability on their own, and that is what we aimed to address with this tool."

As deductibles and members' cost share continue to rise, so does the value of transparency solutions.

Anyone who has ever tried to shop for a medical procedure will tell you the frustration they have felt at every turn. In one focus group, Foco said, a participant

became visibly upset when presented the scope in variation across medical procedures. "People don't want to believe that there's that much variation in prices," he said. But even a routine search in Priority Health's Cost Estimator will show price differences of hundreds if not thousands of dollars for the same procedures.

Priority Health took that frustration to heart. As the organization thought through what it wanted to offer its members, it borrowed from the school of behavioral economics. Priority Health developed a system that is easily accessible, highly visible and streamlined, so that members can quickly get real-time estimates of their personal out-of-pocket cost for hundreds of procedures and

thousands of drugs. There are also built-in financial rewards for using the tool, incentivizing individuals who simply search for a procedure and learn more about it. Members who select procedures that are priced below the fair market price can earn back hundreds of dollars, depending on multiple factors.

In addition to the rewards program, Priority Health is borrowing a page or two out of the consumer retail handbook with behavior and event-triggered price shopping invitations and personalized "Next Best Action" prompts.

The results are impressive. In a recent one-month span, Cost Estimator saw 7,361 unique visitors, an increase of 50 percent from the previous year. The tool logs more than 150,000 visits each year, with about 14 percent of Priority Health members using it annually. Overall, Cost Estimator has tallied \$11 million in shared savings and paid out roughly \$2.6 million in rewards to members.

► **Priority Health**
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