

# OUTSIDE THE LINES

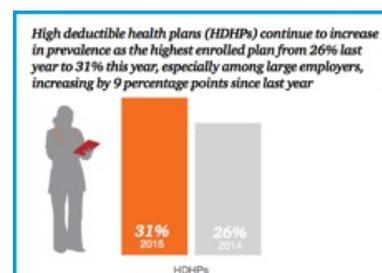
## HEALTHCARE PRICE TRANSPARENCY: WE HAVE PASSED GO!

High-deductible health plans (HDHPs) – [defined by the IRS](#) for calendar year 2015 – require consumers to pay out-of-pocket for care until reaching their deductible amount of \$1,300 (usually more) per year for individuals, and \$2,600 (usually more) per year for families. These plans are growing rapidly. Among employer-offered health plans, [they increased by 26% in 2014 and 31% in 2015](#). Enter the savvy consumer - - millions of people asking about, looking for, and making healthcare decisions based on price. This is “healthcare consumerism” with a hard-dollar impact on people’s pocketbooks, payers’ projections, and hospitals’ and physicians’ bottom lines. While still building, and still largely confusing for most Americans, the price transparency trend – along with the many shopping / comparison tools now available – received a good housekeeping seal of approval from JAMA (The Journal of the American Medical Association) in a [study published in October 2014](#).

Comparing two control groups of consumers covered by large self-insured employers, the study concluded that the “use of price transparency information was associated with lower total claims payments for common medical services.” Others are also validating



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the movement. For example, [Forbes reported](#) in June 2015, “The rapid change in insurance from wholesale to retail and the popularity of high deductible plans have helped speed up health consumerism. In turn there’s been increased demand for price transparency, efficiency of access, or solutions that will save the patient money.”

Many transparency tools have been introduced by the health plans themselves, [as reported by Americans’ Health Insurance Plans \(AHIP\)](#). While many others have been started and launched by entrepreneurs and other innovators. It’s interesting what you find as you play around with these tools. For example, some [unexpected prices](#):

- For a total knee replacement ranged from \$24,485 to \$42,380
- For a hip replacement surgery that ranged from \$18,000 to \$79,000
- For an MRI for a knee problem that ranged from \$1,700 to \$2,700
- For a walk-in urgent care visit in Texas that ranged from \$75 to \$375
- For a walk-in primary care visit in New York that ranged \$75 and \$351 in New York

It’s a mad, mad world out there. Price transparency tools are already in the industry. We are passed “Go” on this. Real tools are ready and being used by consumers, and they will continue to evolve. Healthcare executives – healthcare provider organizations – let’s be part of this movement – helping to shape it, guide it, and make it work for our patients, communities, and business goals.

Always looking ahead,



Kim Athmann King, MBA, FACHE

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## NEWS ALERT! WHAT'S HAPPENED THIS WEEK

On September 22, California announced the launch of its new “price compare” website – [www.cahealthcarecompare.org](http://www.cahealthcarecompare.org). According to Insurance Commissioner Dave Jones, “consumer advocates and researchers hailed the online tool ... as the first step in prying more detailed prices from insurers, hospitals, and doctors so patients facing high deductibles can find the best deal.” The site was developed via a collaboration between the state Department of Insurance, UC San Francisco, and Consumes Union, the publisher of Consumer Reports. A \$3.9 million federal grant, available through the ACA, was used for funding.

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## WHO WE'RE WATCHING

Guroo is another price transparency tool making its mark in the industry. Produced by the Health Care Cost Institute (HCCI), Guroo.com was launched in February 2015 and represents a partnership between Aetna, Assurant Health, Humana, United Healthcare, and other healthcare payers who are invited to join the initiative. Guroo – along with other consumer shopping / price transparency innovators – are profiled in [ZIGZAG Healthcare](#), including a two-page executive summary, PowerPoint slide, video links, list of research sources, and other ready-to-use and helpful tools.

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## WHAT'S TRENDING

In addition to the HDHP trends driving the healthcare consumerism movement, there is another trend that has been brewing for some time, is morphing, and is creating another under-current of the consumerism and transparency movements. While still small, and perhaps only a blip on the screen, retainer-based doctors (sometimes referred to as concierge doctors or direct primary care doctors) have grown to about 6,000 nationally – up from only 750 doctors in 2010, 150 in 2005, and by 25% over the past few years – according to the American Academy of Private Physicians. The ACA allows direct primary care services to be offered through ACA insurance exchanges in conjunction with qualified HDHPs. Direct primary care advocates are also pushing for new legislation that would allow people to pay direct primary care membership fees through tax-advantaged health savings accounts (HSAs). Doctors are thinking. Consumers are comparing the pros and cons of different options. And we're following this trend.

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