

OUTSIDE **THE** LINES

"UN-WALLING" THE HEALTHCARE PRICING FORTRESS

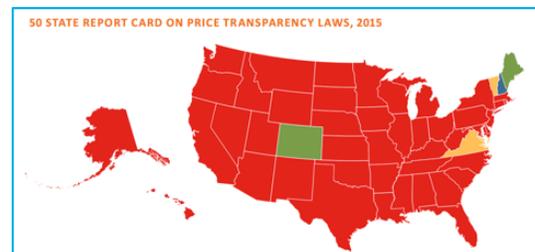
As we continue our Innovation Series, we move onto Part 4 featuring “do-it-yourself” consumer shopping tools and the disruptive innovation of price transparency in healthcare.

Four years ago, in a 2013 [JAMA article](#), Uwe Reinhardt PhD – a prominent, Princeton University scholar in health care economics – recommended that “in developing their next strategic 5-year plans, prudent planners among the providers of healthcare now must include the contingency of vastly disruptive innovations, such as those that promote price and cost transparency into their plans.” He predicted that “the hitherto tranquil life within the walled-off healthcare fortress, protected from the rigors of open price competition, may soon come to an end ... disrupted by innovators with a potent new weapon: modern electronic information technology.”

And so it is becoming true. The Hospital Financial Management Association (HFMA) [reported in February](#) that insurer price



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transparency tools are proliferating, with most health plans increasing the size and scope of their tools. According to [a survey](#) by America's Health Insurance Plans (AHIP) – representing 31 health plans and more than 140 million enrollees (or 76 percent of total national commercial enrollment in 2014) – nearly 40 percent of the plans had launched their price estimator tools more than three years ago, and nearly 50 percent offer multiple tools for members. While use of the tools among members is lagging – many people are not aware of them, or they consider the tools to be erroneous – for those health plans that evaluated their tools, they reported increased use of lower-cost providers (19%), member out-of-pocket savings (16%), and employer cost savings (16%).

Hospitals, too, are joining the transparency bandwagon. In some states, they have to. For example, as of January 2014, [Massachusetts passed](#) one of the first state laws in the nation requiring providers to furnish true prices to consumers. [Catalyst for Payment Reform](#) scores states – with most receiving an “F” – on the progress being made on price transparency laws. In July 2015, the [Oregon Association of Hospitals and Health Systems \(OAHHS\)](#) announced the passage of SB 900 to set-up a user-friendly website that displays median prices for the most common inpatient and outpatient hospital procedures.

Time will tell which transparency tool(s) will become the trusted standard for patients, consumers, providers, and the industry. It will take years for healthcare shopping and consumerism to shake out. In the meantime,

several tools – both from traditional sources and the newer, disruptive sources – are gaining traction:

- Medicare.gov (www.medicare.gov) including Hospital Compare, Physician Compare, Dialysis Facility Compare, Nursing Home Compare, and Home Health Compare.
- HealthCare Cost Institute (HCCI), powered by innovator Guroo (www.guroo.com/#!), and working in partnership with many payers including Aetna, Humana, UnitedHealthcare, and others.
- Disruptive Innovators like Healthcare Bluebook (www.healthcarebluebook.com), Fair Health (www.fairhealth.org), ClearHealthCosts (www.clearhealthcosts.com), and others.

Take a look at any of these – we would recommend Guroo and Healthcare Bluebook. Try them yourself when you need a colonoscopy, MRI, joint procedure, lab test, or any of a number of “shoppable” services. Let’s test these. As healthcare leaders, let’s be part of the movement that is underway, helping to shape it, bringing your expertise to the tools that are developing, adding relevant quality and other data into the discussion, and doing what other hospitals in Massachusetts, Oregon, and other states across the country are doing: taking the leap to advance transparency in your hospital, in your state, with your hospital association or others, and for the benefit of the people in your communities.

Always looking ahead,



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NEWS ALERT! WHAT'S HAPPENED THIS WEEK

We all saw the news of the [announcement last week](#) from HHS Secretary Sylvia Burwell that Medicare already has achieved its 2016 goal of making 30 percent of provider payments through value-based alternative payment models (APMs). This is part of the broader goal to shift 50 percent of Medicare provider payments into APMs and tying 90 percent of Medicare fee-for-service payments to quality and value by the end of 2018. If you want to “deep dive” on APMs, an analysis and [white paper](#) by the Kaiser Family Foundation is a good read. This, too, was just released and provides a primer on medical homes, ACOs, and bundled payments.

WHO WE'RE WATCHING

We just added the 52nd innovation packet to our ZIGZAG Healthcare online library. This one features Healthcare Bluebook, and other price transparency innovators are also available here (www.zigzaghealthcare.com). Healthcare Bluebook is a healthcare price transparency company that does for healthcare what Kelley Bluebook does for car buying. Started in Nashville in 2008, and recommended by *Consumer Reports*, it is increasingly the tool integrated into health plan, employer, ACO, TPA, and other organizations. It is also available for consumers to use directly, via the website or a downloadable app for smartphones or other mobile devices. According to Healthcare Bluebook, its clients save as much as 12% on their healthcare costs. The company's mission is to lead a revolution and create fairness in the healthcare marketplace.

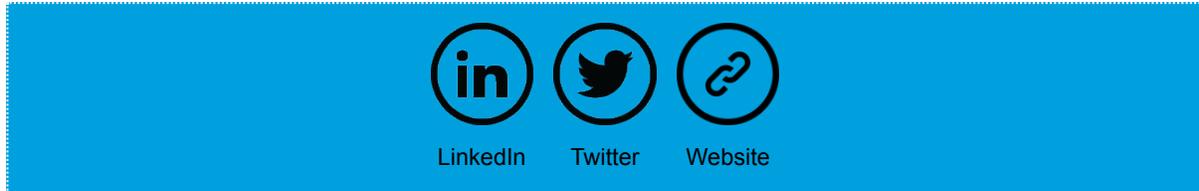
Contact [Kala Kascht](#) if you want to receive a sample copy one of the “DIY Consumers” price transparency innovator packets and see a demo of the complete ZIGZAG Healthcare website, a one-stop source focused exclusively on new ideas and innovations in healthcare.

WHAT'S TRENDING

Next week in Chicago, some 5,000 healthcare executives from across the country will convene for the annual [American College of Healthcare Executives ACHE 2016 Congress](#). We will be there,

presenting – two times Monday – on the topic of “Integrating Disruptive Innovation While Leading Your Core Mission.” Join us there.

Also, on April 21, we will be at the inaugural event of the [The Arizona Healthcare Innovation Forum](#), hosted by the Arizona Hospital & Healthcare Association (AzHHA). The event is from 8 am to 3:30 pm at the Black Canyon Conference Center in Arizona. If you like the healthcare innovation topic and want a day packed with content and introductions to Arizona-based (and other) innovators, this will be a “don’t-miss” event.



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