Health Care Price Transparency Part II: Act 54 and Beyond

Overview of Auditor's Report

18 V.S.A. § 9413 requires health insurers with more than 200 covered lives in Vermont to establish an internet-based application to enable its members to compare the price of health care in Vermont by July 2016. The act specifies that office visits, emergency care, radiological services, and preventative care, such as mammography and colonoscopy be included in the application.

Key Findings of the Report

- Uninsured Vermonters must rely on publicly available information that does not provide health care price information specific to them and their families, and provides varying levels of quality information.
- The State makes available some price information, but in the form of provider charges rather than payment rates, and does not address out-of-pocket cost of care for consumers. However, it does highlight the significant price discrepancies in charges for medical services across the state: the most expensive listed charge for an appendectomy in Vermont is at Northeastern Vermont Regional Hospital, at $24,063, which is $8,867 more than the $15,196 charge at Copley Hospital, forty-one miles away. [1]
- Analysis of Blue Cross Blue Shield of Vermont (80% VT market share) price and transparency tool found that price information was available for 60% for each of the following services at medical facilities: radiology, mammography, and colonoscopy. However, cost is not available for comparison and BCBSVT quality measures do not communicate quality information in a comparative manner.[2] MVP Health (13% VT market share) declined to grant us access to their online transparency tools, so we cannot comment on their functionality.

Research Suggests that Price Transparency Can Have Broad Impacts

1. In a national study, consumer awareness of comparative laboratory provider prices led to a 3.4 percent overall reduction in price per test, suggesting that relatively low usage rates could result in lower system-wide healthcare costs.[3] When providers are pressured to lower their prices because some consumers are making decisions based on price information, all health care consumers benefit. Such market-level effects are important to note as a frequent criticism of health care transparency contends that they cannot have an impact because only a small proportion of enrolled consumers use such tools.

2. Another study found that improvements in the presentation of information, so that it is quickly and easily interpreted, resulted in an increase from 19 to 76 percent in the proportion of consumers who could recognize the best providers.[4]

3. When the California Public Employee's Retirement System (CalPERS) began to steer patients to lower priced hospitals for knee and hip replacements, higher priced hospitals saw a drop in volume. In response, CalPERS negotiated lower prices in order to increase procedure volumes for those hospitals.[5]

Full report, Health Care Price Transparency Part II: Act 54 and Beyond, available at: http://auditor.vermont.gov/reports/other/reviews

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1 See: Vermont Department of Health Hospital Report Card Website

2 SAO review of resources and tools available on the BlueCross BlueShield of Vermont Member website.

3 Wu, Sylwestrzak, Shah, DeVries, "Price Transparency for MRIs Increased Use of Less Costly Providers And Triggered Provider Competition" Health Affairs , August 2014.

4 U.S. Government Accountability Office, Health Care Price Transparency: Meaningful Price Information is Difficult for Consumer to Obtain Prior to Receiving Care, 2011.

5 White, Ginsburg, et al. "Healthcare Price Transparency: Policy Approaches and Estimated Impacts on Spending," May 2014.

Table 1 **Blue Cross Blue Shield – Search Results** **for Conditions or Procedures with Price Information**	
Search Term	Percentage of Providers or Facilities with Price Information from Random Sample
Mental Health*	80%
Colonoscopy**	60%
Dermatology*	60%
Osteoarthritis*	60%
Radiological Services**	60%
Mammogram/Mammography**	60%
High Blood Pressure*	55%
Migraines/Headaches*	50%
Neurological Disorders*	40%
Diabetes*	40%
Respiratory*	30%

Random sample of higher number: 10 physicians or 10% of results
*These search terms are broad categories, and we include any sampled search result with related price information for providers as relevant price information.
**Indicates SAO search was limited to facilities.

Table 2 **Blue Cross Blue Shield - Search Results for** **Conditions or Procedures with Quality Information**	
Search Term	Percentage of Providers or Facilities with Quality Information from Random Sample
Diabetes	90%
Osteoarthritis	70%
High Blood Pressure	50%
Dermatology	60%
Migraines/Headaches	60%
Colonoscopy*	50%
Neurological Disorders	50%
Radiological Services*	50%
Mammography*	50%
Respiratory	40%
Mental Health	0%

Random sample of higher number: 10 physicians or 10% of results
* SAO narrowed search to facilities.

For further discussion of Table 1 and Table 2, please see pages 9 – 16 of the full report.