



# Board Briefing

## Peering Through the Looking Glass: Healthcare Transparency

May 2007

### Key References

GAO: Consumer-Directed Health Plans-Small But Growing Enrollment

<http://www.gao.gov/new.items/d06514.pdf>

AHIP: January 2007 Census Shows 4.5 Million People Covered by HSAs

[http://www.ahipresearch.org/PDFs/FINAL%20AHIP\\_HSAReport.pdf](http://www.ahipresearch.org/PDFs/FINAL%20AHIP_HSAReport.pdf)

Health Care Price Transparency and Price Competition

[http://www.nhpf.org/pdfs\\_bp/BP\\_PriceTransparency\\_03-28-07.pdf](http://www.nhpf.org/pdfs_bp/BP_PriceTransparency_03-28-07.pdf)

Hospitals Check Their Charts

<http://www.washingtonpost.com/wp-dyn/content/article/2007/04/19/AR2007041902735.html>

Bargaining Down That CT Scan is Suddenly Possible

<http://www.nytimes.com/2007/02/27/health/27cons.html?ex=1178683200&en=d3689f6115144e23&ei=5070>

### Additional Resources

Vimo

<http://www.vimo.com/>

My Medical Control

<http://www.mymedicalcontrol.com/>

Health Markets

<http://www.healthmarkets.com/>

RateMDs

<http://ratemds.com/>

Stop Hospital Infections

<http://www.consumersunion.org/campaigns/stophospitalinfections/learn.html>

ProHealth-“High Cost of Health Care”

<http://www.prohealthcare.org/MediaCenter/highCost04.pdf>

## Overview

*“But, oh, Kitty! now we come to the passage. You can just see a little PEEP of the passage in Looking-glass House, if you leave the door of the drawing-room wide open: and it’s very like our passage as far as you can see, only you know it may be quite different on beyond.”* From **Through the Looking Glass**, by Lewis Carroll, 1872

Moments after Alice uttered the words above, she stepped through the looking glass into a surreal world where words took on different meanings and nothing was quite as it seemed. With the advent of Consumer Driven Health Care (CDHC), many health care providers wonder if the future of healthcare will hold similar surprises. While the CDHC movement is still in its infancy, most analysts believe its impact will be profound, changing the dynamics of the health care system in ways that are hard to imagine.

CDHC is most often associated with high deductible insurance plans that are tied to tax-advantaged savings accounts called HRAs (health reimbursement accounts) or HSAs (health savings accounts). These plans are intended to shift some of the responsibility for rising health care costs to consumers who, proponents believe, will make more rational decisions about the cost and benefits of proposed treatments because they’ll have more “skin in the game.” But even those enrolled in traditional insurance plans are incentivized to make wiser purchasing decisions due to the onset of higher deductibles, larger co-payments, and rising premiums.



## Information, Please

Everyone agrees that consumers cannot make sound health care decisions without concrete information about the price and quality of proposed services. Most hospitals know about web sites like HospitalCompare or HealthGrades, or those run by state hospital associations or major insurers, which try to fill the information gap. But the private market is also stepping up to the plate, offering innovative solutions that are just beginning to come to the forefront. Here are a few examples:

- **Vimo** – This well-funded startup firm run by seasoned Internet entrepreneurs allows consumers to compare the price of a specific procedure from hospital to hospital. Consumers can also rate their doctors, compare HSA plans, and get online insurance quotes.

(Over)

Alegent Health – click on “My Cost” Tab

<http://www.alegent.com/>

Running a Hospital- blog written by Beth Israel Hospital CEO, Paul Levy

<http://runningahospital.blogspot.com/2007/01/do-i-get-paid-too-much.html>

QHR is a Family of Brands that has provided consulting, management and education resources to hospitals and health systems for three decades. The QHR Learning Institute helps clients achieve their business goals by improving the leadership and management capabilities of their board and staff.

For More Information:

<http://www.qhr.com>

- **My Medical Control** – Consumers can forward their medical bills to mymedicalcontrol, and after determining if the price charged by the provider is “right” or not, company representatives may call to negotiate a better price. A recent story in the New York Times featured a case where the company was able to save its customer \$200 from his original \$900 bill.
- **HealthMarkets** – This insurance company offers high deductible health plans to individuals and small employers. It offers a sophisticated web-based tool to its customers that allows them to see prices and quality ratings for the 400,000+ doctors in its network. Enrollees can make comparisons and find out how much they will have to pay out of pocket
- **RateMDs** – The company allows patients to rate their doctors and dentists and read other users’ comments about their experiences with providers. Its website has ratings for over 91,000 doctors, and recently added 1840 new ratings in a single day.
- **Stop Hospital Infections** – Consumers Union, the company that publishes *Consumer Reports* magazine, has mounted a campaign that urges consumers to take active roles to “end hospital secrecy and save lives.” Over 1000 people have posted stories about hospital infections that affected them or their loved ones.

(Please see sidebar for references and additional resources)

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## Actions to Consider



Consumers will exert new pressure on the health care system by demanding specific information about treatment options, prices, and outcomes. Accustomed to the customization offered by companies operating in the retail world, increasingly sophisticated consumers will make informed decisions about providers by tapping into a wide variety of easily accessible resources to identify solutions that meet their own individual requirements for care.

Hospitals need to be prepared for the fact that information about their pricing structure and quality ratings will no longer be cloaked, but instead will be transparent to patients as well as to competitors. In many cases, hospitals will not be able to control the means for obtaining the data, nor verify its accuracy.

Hospitals are responding to these challenges in many ways. **ProHealth** used pricing comparisons to gain competitive advantage, positioning itself as a market leader by promoting its price structure to local employers. **Alegent Health** created a customized page on its website that allows its patients to determine their expected out-of-pocket costs based upon the procedures they undergo and the insurance coverage they hold. The CEO of **Beth Israel Medical Center** set up a blog where he openly discusses topics ranging from his salary to the hospital's quality results.