Creating High-Value Health Care Consumers: Toward Increased Transparency and Value

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More than ever, health care providers need to help purchasers make intelligent, value-based decisions. Providers are being asked to reduce the total cost of care, figure out what works and what doesn’t, and move quickly on innovations that add value. But without transparent cost and quality data that enable purchasers to identify high-value providers, a key incentive for creating a higher-value health care system is absent.

As it stands, even proactive consumers who take it upon themselves to seek cost and quality information are often frustrated. As we’ve seen in recent examples in the media, consumers who contact providers seeking information on the costs of specific procedures frequently cannot find answers, or find that price estimates given by different providers can vary by as much as a factor of 10.1

Under the current system, we often hear that transparency is inappropriate or even impossible. But providers who offer high-quality care at low cost would love greater transparency. A February 2012 report from Thomson Reuters indicates that if the 108 million Americans under age 65 who receive employer-sponsored insurance had access to information on price variations and factored that information into their decisions about 300 “shoppable” procedures (high-volume services that are planned for and scheduled in advance), the savings potential amounts to an estimated $36 billion.2 This report suggests that payers could encourage plan members to seek out high-value providers—and share their savings in the form of lower premiums for members. And health care consumers could make better, value-based decisions and, because they would be exposed more directly to health care costs, be satisfied that they have spent their health care dollars wisely.

The demand for greater transparency in health care is not new; a movement toward consumerism, rising health care costs, and the push for greater value have all contributed. The Healthcare Financial Management Association has been emphasizing the need for greater transparency for many years. Examples include our 2007 publication of the Patient Friendly Billing report 3 on building a more rational pricing system; our 2008 white paper 4 on payment reform that identified “simplification”—with a strong emphasis on greater price transparency—as one of the key principles for payment reform; and our ongoing work on the Value Project 5, which is urging health care organizations to do a better job of demonstrating and communicating the value of their services to consumers. Three members of the Value Project’s aligned integrated system cohort

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Cleveland Clinic, Geisinger Health System, and Scott & White) have negotiated “center-of-excellence” bundled payment arrangements with Walmart for heart, spine, and transplant surgeries. The arrangements enable Walmart to offer these services to its associates at no out-of-pocket cost, including travel to and from the center of excellence for the patient and a companion.

Although not a complete panacea for the current problems in the payment system, competitive and transparent pricing will do much to encourage health care provider organizations to reduce costs and maintain competitive prices. It will also give employers, payers, and consumers the information they need to make higher-value decisions and better understand and control the costs of managing population health.

There is no one-size-fits-all formula for creating this transparency, but organizations of all sizes can begin to take steps that bring the market closer to it. Providers must start by acknowledging the need for transparency and building support for change within their own organizations. They must develop realistic strategies for specific transparency goals, and identify barriers to change and move past them. And they must work with other industry stakeholders—including payers, employers, and consumers—to build consensus on the price and quality data that will enable patients to easily identify and select high-value providers. Health care leaders know how to improve patient care and forge relationships that will optimize outcomes for patients. In today’s health care environment, this knowledge must be extended to include providing consumers with the information they need to find high-quality, cost-effective care.

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References

Note: Authored commentaries in this IOM Series draw on the experience and expertise of field leaders to highlight health and health care innovations they feel have the potential, if engaged at scale, to foster transformative progress toward the continuously learning health system envisioned by the IOM. Statements are personal, and are not those of the IOM or the National Academies.

In this commentary, Joseph Fifer, President and Chief Executive Officer of the Healthcare Financial Management Association, discusses the imperative for increased transparency of cost and quality data in order to facilitate value-based decision making in the health care system. His discussion touches on several issues and lessons central to continuously improving care, including the potential gains from:

- Clear communication on cost and quality in the effort to identify high-value providers and ensure that health care dollars are spent wisely;
- Provider acknowledgement of and involvement in the demand for increased transparency within health care organizations; and
- Multisectoral collaboration among payers, employers, consumers, and providers to identify the data and metrics that would be most useful for patients in the identification of high-quality, cost-effective care.

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