

# Health Care Costs and Transparency

The Berkman Klein Center  
Digital Health @ Harvard Law School



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President & CEO  
February 6, 2018

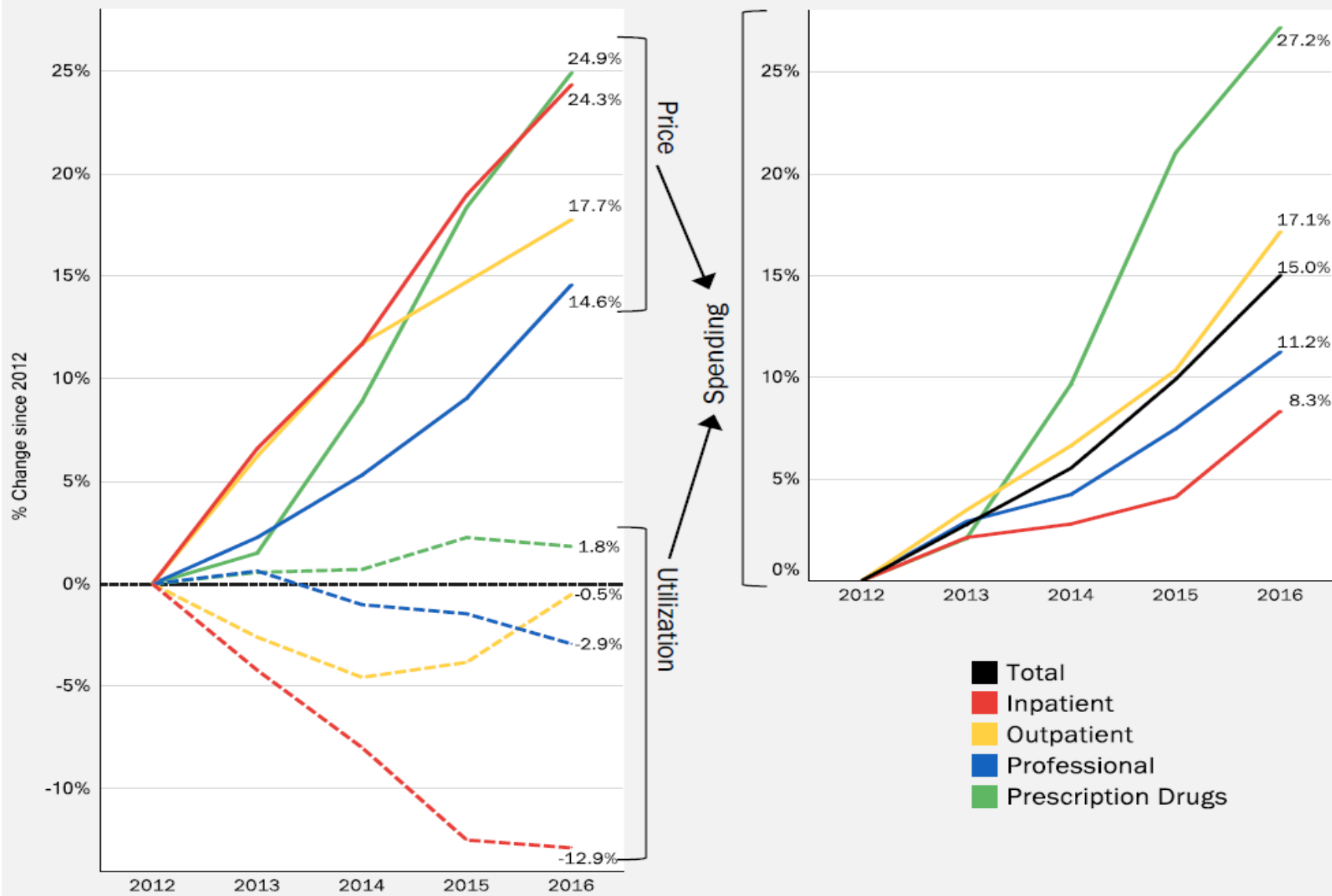


# Themes

- ▶ Scrutinize prices as the driver of health costs
  - Role of provider price disparities in market dysfunction
  - Examples of market dysfunction
- ▶ Transparency efforts in health care
  - Successes and failures
- ▶ Expansion of health data resources
  - All payer claims databases, among others

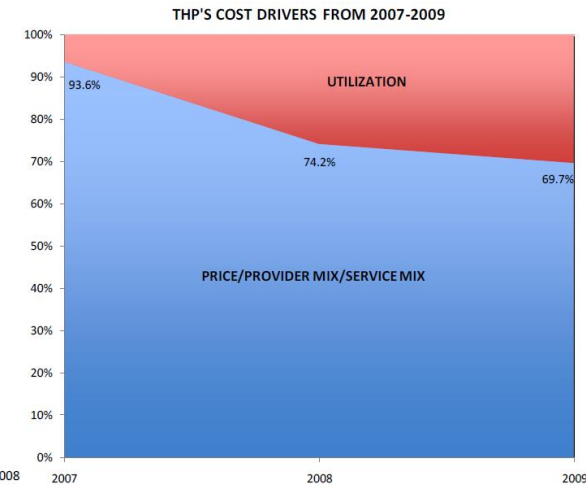
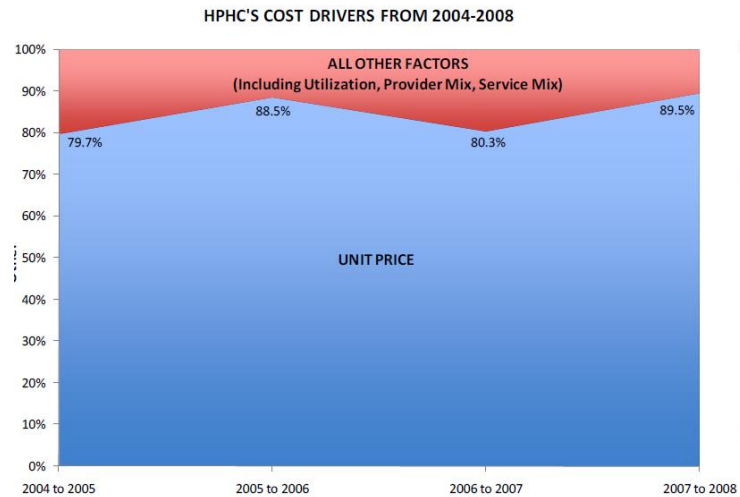
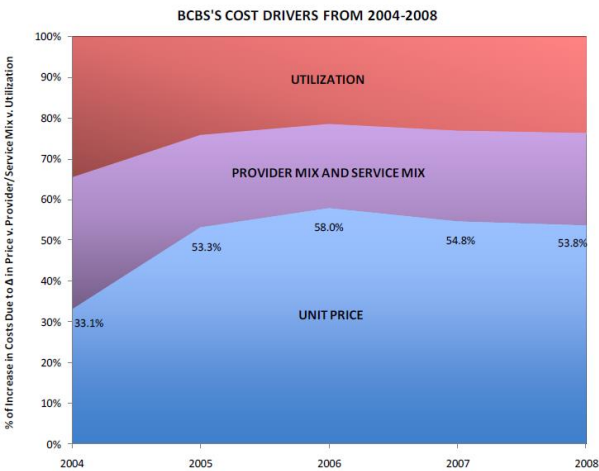


**Figure 3: Cumulative Change in Price, Utilization and Spending, 2012-2016**



Reference: HCCI 2016 Health Care Cost and Utilization Report  
<http://www.healthcostinstitute.org/report/2016-health-care-cost-utilization-report/>



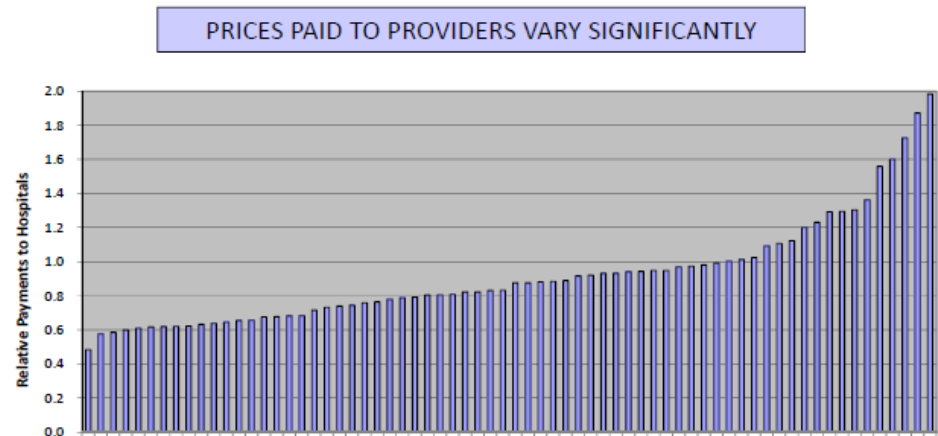


Source: Massachusetts Attorney General's Office  
<http://www.mass.gov/ago/docs/healthcare/2010-hcctd-full.pdf>



# Understanding Provider Price Variation in MA

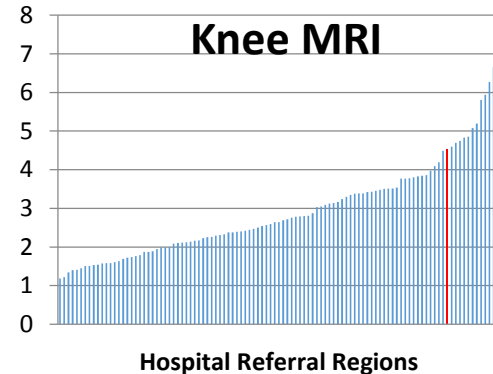
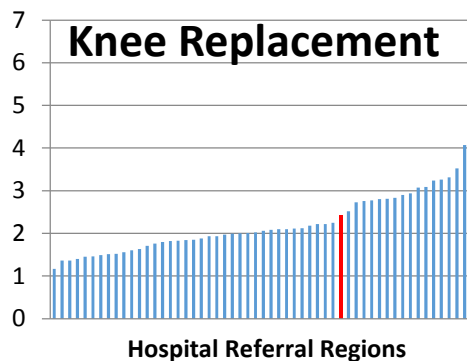
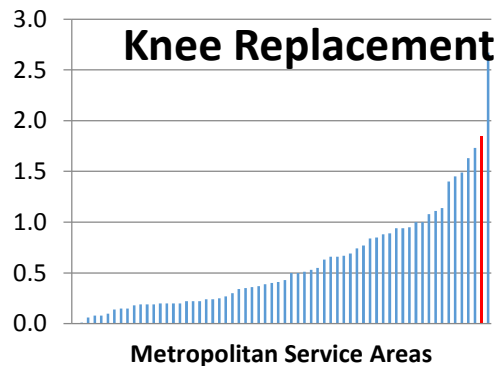
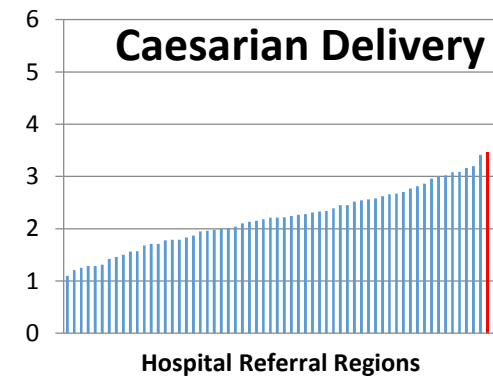
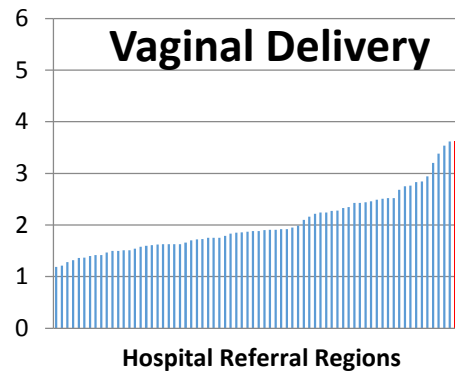
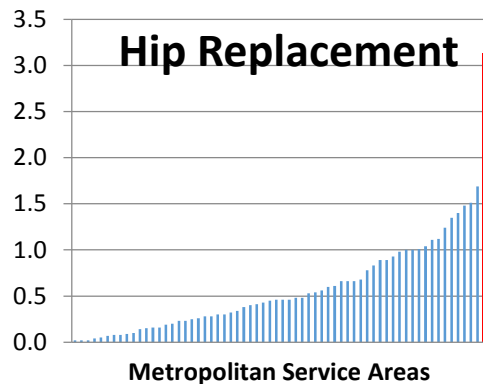
- ▶ The MA Attorney General's Office (AGO) first identified provider price variation in the MA market in 2010
  - High-priced hospitals paid 3-4x more than low-priced hospitals in 2008
- ▶ Provider price variation
  - Seen in both fee-for-service and global payments
  - Seen among both hospitals and physician groups
  - Not due to differences in quality or patient severity
  - Driven by market share
  - Hospitals persist as higher- or lower-priced year after year



Reference: AGO Presentation at MAHP 2011 Annual Conference. Adapted from AGO's *Examination of Health Care Cost Trends and Cost Drivers – Report for Annual Public Hearing* (June 2011).



# Extreme Variation – Boston Averages the 83<sup>rd</sup> Percentile Nationwide



Hip & knee replacement by MSA. Adapted from Blue Cross Blue Shield (January 2015) study using 2010-2013 data from Blue Health Intelligence.<sup>14</sup>

Vaginal & caesarian deliveries, knee replacement, knee MRI & colonoscopy (not shown) by HRR. Adapted from Health Care Pricing Project using 2008-2011 data from HCPI.<sup>15</sup>



# High Provider Price Variation in MA



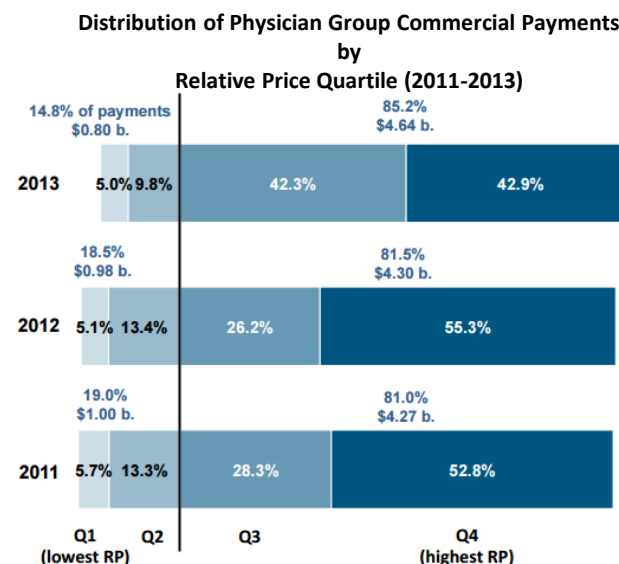
- ▶ Disparities grow as providers consolidate and volume shifts to higher cost providers



# Harmful Effects of Provider Price Variation in MA

## ▣ Volume shifts to higher-priced providers

- Higher-priced hospitals have high and growing shares of inpatient stays, outpatient visits, and revenue<sup>2</sup>
- In 2014, 80.3% of commercial payments for acute hospitals went to higher-priced hospitals<sup>5</sup>
- Higher-priced AMCs consistently hold the major share of total hospital payments (2010-2014)<sup>4,5,21</sup>
- From 2011-2013, more than 80% of total physician group payments went to physician groups above the average relative price<sup>5</sup>
- Since 2009, three acute hospitals have closed or converted to other health care uses due to financial strain<sup>25,26,27,28</sup>



Reference: CHIA. Annual Report Series. Relative Price: Health Care Provider Price Variation in the Massachusetts Commercial Market (February 2016). Available at: <http://www.chiamass.gov/assets/docs/r/pubs/16/relative-price-chartbook-2014.pdf>.

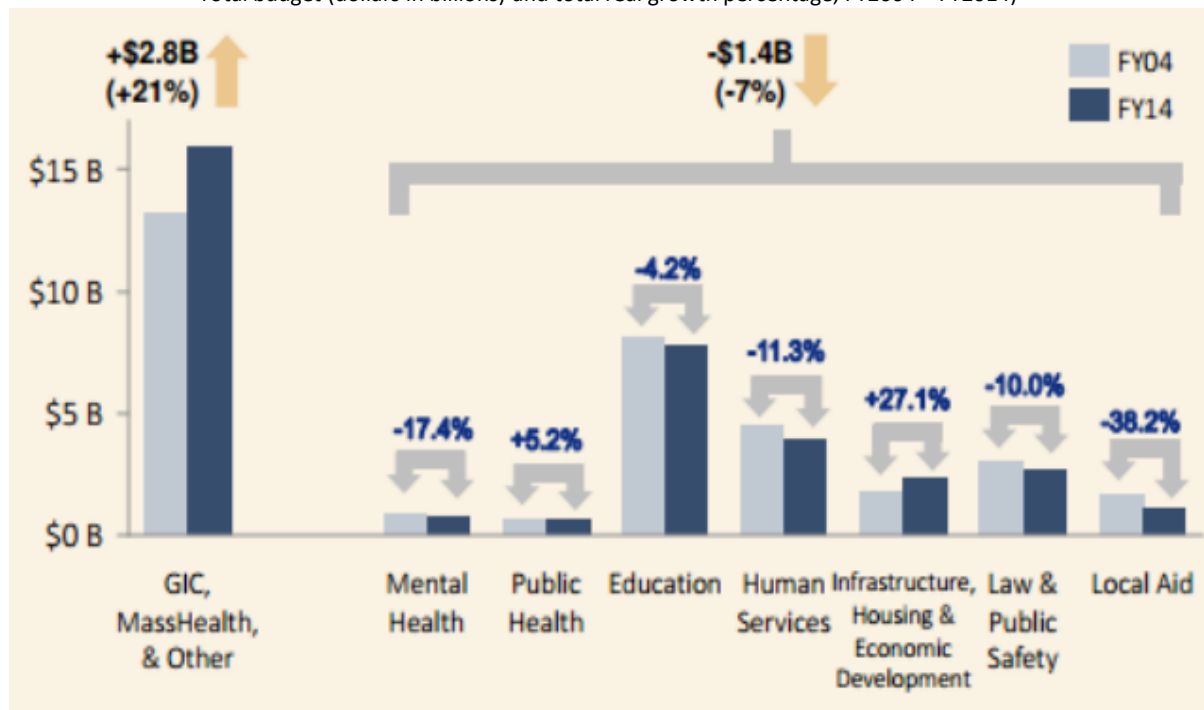


# Health Care Spending in MA is High

## ▶ Health care costs crowd out other priorities

State Budgets for Health Care Coverage and Other Priorities, FY2004-FY2014<sup>16</sup>

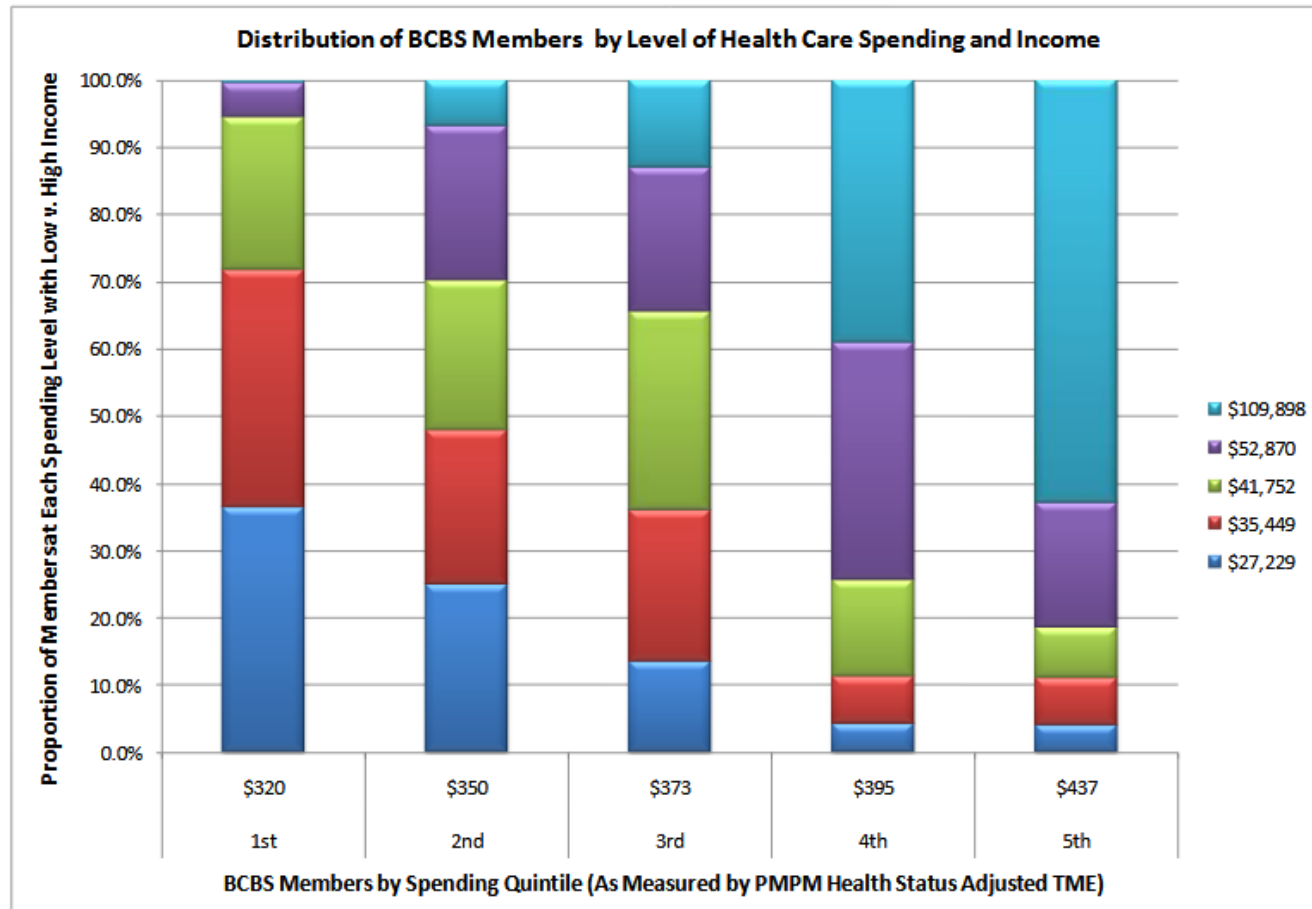
Total budget (dollars in billions) and total real growth percentage, FY2004 – FY2014)



Reference: L.A. Taylor. "Social Determinants of Health: Opportunities and Challenges." Presentation to MA Annual Cost Trends Hearing, October 18, 2016. Data source: Massachusetts Budget and Policy Center. Note: Figures adjusted for GDP growth.



# Health Insurance is Not Necessarily a Social Equalizer





# Transparency for Consumers

MyHealthCareOptions™  
A Health Care Resource Provided by the Commonwealth of Massachusetts Health Care Quality and Cost Council

For Physicians & Providers For Insurers & Employers

For Patients & Families About The Ratings Frequently Asked Questions Resources & Tools About Us Feedback

## Comparison of Providers

Start New Search  
Return to Search Results  
Bookmark

Choose a Topic

**Bypass Surgery**

Bypass surgery involves transplanting a blood vessel from your leg or chest to the heart to get around (or "bypass") a blockage in the heart's blood supply. (more)

Diagnostic classification: Coronary Bypass with cardiac catheterization (APR-DRO 165); Coronary Bypass only (APR-DRO 166)

Summarized Report View Detailed Report View Statewide Procedure Costs

**Quality of Care** (more)

	Beth Israel Deaconess Medical Center	Boston Medical Center	Brigham & Women's Hospital
Quality Rating	★★	★★	★★
Statistical Significance	Not different from State Average Quality	Not different from State Average Quality	Not different from State Average Quality

**Cost of Care** (more)

	Beth Israel Deaconess Medical Center	Boston Medical Center	Brigham & Women's Hospital
Cost Rating	\$\$	\$	\$\$
Statistical Significance	Not Different from Median State Cost	Below Median State Cost	Not Different from Median State Cost

Beth Israel Deaconess Medical Center Boston Medical Center Brigham & Women's Hospital

**Outpatient Diagnostic**

CT Scan MRI X-Ray

**Outpatient Radiation**

Radiation Treatment

**Respiratory**

COPD Pneumonia

**Women's Health**

Mammogram

Quality of Care - State Legend

Below State Average Quality  
Not Different from State Average Quality  
Above State Average Quality

Not enough information was reported.  
Click on the Show Details link for more information on this Provider.

We are 95% sure that the hospital performs better than state average quality.  
We are 95% sure that the hospital's cost is not different from the median state cost.  
We are 95% sure that the hospital's cost is below median state cost. The rating for a hospital with "Above Median State Cost" will be Three Dollar Sign (\$\$\$).  
We are 95% sure that the hospital's cost is not different from the median state cost. The rating for a hospital with "Not Different from Median State Cost" will be Two Dollar Sign (\$\$).  
We are 95% sure that the hospital's cost is below median state cost. The rating for a hospital with "Below Median State Cost" will be One Dollar Sign (\$).

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Diagnostic classification: Coronary Bypass with cardiac catheterization (APR-DRO 165); Coronary Bypass only (APR-DRO 166)

View Summarized Report Detailed Report View Statewide Procedure Costs

**Quality of Care** (more)

	Beth Israel Deaconess Medical Center	Boston Medical Center	Brigham & Women's Hospital	State Wide
Quality Rating	★★	★★	★★	
Statistical Significance	Not different from State Average Quality	Not different from State Average Quality	Not different from State Average Quality	
Death Rate (lower is better)	1.40	1.47	1.37	N/A

Data Provided by Massachusetts Data Analysis Center (Mass-DAC) [10/1/2007 - 9/30/2008]

**Cost of Care**

Note: Because the numbers shown below were rounded for this report, the values may appear inconsistent with the dollar sign ranking. For more information, click here (more)

	Beth Israel Deaconess Medical Center	Boston Medical Center	Brigham & Women's Hospital	State Wide
Cost Rating	\$\$	\$	\$\$	
Statistical Significance	Not Different from Median State Cost	Below Median State Cost	Not Different from Median State Cost	
High Cost	\$69,000	\$52,500	\$80,000	\$65,500
Median Cost	\$40,000	\$29,500	\$41,000	\$44,000
Low Cost	\$33,000	\$29,500	\$37,500	\$33,500

Data Provided by Health Care Quality and Cost Council (HCQCC) [7/1/2007 - 6/30/2008] with claims paid through 12/31/2008

**Number and Severity of Cases** (more)

	Beth Israel Deaconess Medical Center	Boston Medical Center	Brigham & Women's Hospital	State Wide
Number of Patients	216	96	306	1,575
Percent of patient whose severity of illness was major or extreme (higher is more experience with complex patients)	30%	41%	59%	37%

Data Provided by Division of Health Care Finance and Policy [10/1/2007 - 9/30/2008]

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Return to Search Results  
Bookmark

Choose a Topic

**Patient Experience**

Adult patients are asked about their hospital experience less than 2 months after their discharge. (more)

Summarized Report View Detailed Report View Statewide Procedure Costs

**Quality of Care - Patient Experience Legend**

★ Hospitals have a rate in the bottom 15%. Their rate is worse than 85% of all hospitals in the state.  
★★ Hospitals are below average, but not in bottom 15%. Their rate is above 15% but below 50% of all hospitals in the state.  
★★★ Hospitals perform better than average but are not in the top 15%. Their rate is above 50% but below 85% of all hospitals in the state.  
★★★★ Hospitals have a rate in the top 15%. Their rate is better than 85% of all hospitals in the state.  
N/A Not enough information was reported.  
See Details Click on the Show Details link for more information on this Provider.

Beth Israel Deaconess Medical Center Boston Medical Center Brigham & Women's Hospital

**Outpatient Diagnostic**

CT Scan MRI X-Ray

**Outpatient Radiation**

Radiation Treatment

**Respiratory**

COPD Pneumonia

**Women's Health**

Mammogram

Return to Search Results



# CompareCare: Cost Compare Site



**CompareCare**

A TRUSTED SERVICE OF THE COMMONWEALTH OF MASSACHUSETTS

Find the right healthcare  
options for you and  
your family



## Compare Treatment Costs

Save money on the medical treatment  
you need.



## Get Quality Care

Find quality ratings for health care  
providers.



## Ask Informed Questions

Ask the most important questions to  
get better care.



## Troubleshoot an Issue

Get help resolving common issues with  
health insurance and care.

Learn more about the Massachusetts health care system.

Source: Compare Care

<http://chiatrparency.com/cost>



# CompareCare: Cost Compare Site

? What treatment are you having?

Search by medical procedure or CPT code



[Why can't I find my procedure?](#) | [What is a CPT code?](#)

BROWSE BY TYPE



Colonoscopy and Endoscopy



Physical and Occupational Therapy



Radiology



Emergency Department Visits



Laboratory and Pathology Testing



Ambulance/Transportation Services



Behavioral Health Services



Maternity



Eye Exams



Office Visits

LET'S GET STARTED

? What treatment are you having?

Search by medical procedure or CPT code



[Why can't I find my procedure?](#) | [What is a CPT code?](#)

BROWSE BY TYPE

< Back



## Radiology

Use of various medical imaging techniques to diagnose and/or treat disease.

← What type of MRI (Magnetic Resonance Imaging)?

- Jaw
- Eye, face, or neck - Without contrast
- Eye, face, or neck - Without contrast, followed by with contrast
- Brain - Without contrast
- Brain - Without contrast, followed by with contrast
- Chest - Without contrast
- Chest - Without contrast, followed by with contrast
- Upper spine (neck) - Without contrast
- Mid spine - Without contrast
- Lower spine - Without contrast
- Upper spine (neck) - Without contrast, followed by with contrast
- Mid spine - Without contrast, followed by with contrast
- Lower spine - Without contrast, followed by with contrast
- Pelvis - Without contrast
- Pelvis - Without contrast, followed by with contrast
- Arm (non-joint) - Without contrast
- Arm (non-joint) - Without contrast, followed by with contrast
- Arm (joint) - Without contrast
- Arm (joint) - With contrast
- Arm (joint) - Without contrast, followed by with contrast
- Leg (non-joint) - Without contrast
- Leg (non-joint) - Without contrast, followed by with contrast
- Leg (joint) - With contrast
- Leg (joint) - Without contrast
- Leg (joint) - Without contrast, followed by with contrast
- Abdomen - Without contrast
- Abdomen - Without contrast, followed by with contrast
- Abdomen and pelvis (enterography) - Without contrast, followed by with contrast
- Breast - Bilateral

If you're not sure, talk to your doctor.

Source: Compare Care  
<http://chiatransparency.com/cost>



# CompareCare: Cost Compare Site



I'M LOOKING FOR CARE PROVIDERS

Within  from  of

FIND A PROVIDER BY NAME

MY INSURANCE COMPANY IS

(What if I'm not insured?)

COMPARE SELECTED

Provider	Type of provider ⓘ	Location	What might this procedure cost? ⓘ	Details
<input type="checkbox"/>	Clinic/center	01824	\$ 602.04	
<input type="checkbox"/>	Physician: Nuclear Medicine	02118	\$ 649.84	<input type="button" value="INFO"/>
<input type="checkbox"/>	Clinic/center	01701	\$ 680.75	
<input type="checkbox"/>	Physician: Radiology	02062	\$ 742.13	<input type="button" value="INFO"/>
<input type="checkbox"/>	Physician: Radiology	02446	\$ 822.00	
<input type="checkbox"/>	Physician: Radiology	02215	\$ 872.65	<input type="button" value="INFO"/>
<input type="checkbox"/>	Physician: Radiology	02215	\$ 938.61	<input type="button" value="INFO"/>
<input type="checkbox"/>	Physician: Radiology	02215	\$ 938.61	<input type="button" value="INFO"/>
<input type="checkbox"/>	Physician: Radiology	02215	\$ 938.61	<input type="button" value="INFO"/>
<input type="checkbox"/>	Physician: Radiology	02215	\$ 946.70	<input type="button" value="INFO"/>

Show more results ⓘ

Show on a map ⓘ

Cost data is sourced from the Massachusetts All-Payer Claims Database, FY 2015. The cost estimates listed on CompareCare are for the total cost of the health care service in 2015. To receive a more precise estimate, please contact your health insurance plan.

Source: Compare Care  
<http://chiatransparency.com/cost>



The screenshot shows the NHHealthCost.org website. At the top is a navigation bar with the NH HealthCost logo and links for Lab Work Price Check, NH Insurance Market Report, Statewide Rates Reports, Health Costs, Quality of Care, A Guide to Health Insurance, Employer Resources, and About. Below the navigation bar is a section titled "Compare Health Costs & Quality of Care in New Hampshire" with a row of five circular icons: a red star, a yellow 'H', a blue shield, a pink ambulance, and a yellow heart. A paragraph explains that the site was developed by the New Hampshire Insurance Department to improve price transparency. Below this is a 2x2 grid of feature boxes. The top-left box, "Know What You Might Pay", allows users to "COMPARE COSTS" by comparing health care costs in New Hampshire by insurance plan. The top-right box, "Know The Care You Can Expect to Receive", allows users to "COMPARE QUALITY" by seeing how different facilities in New Hampshire perform. The bottom-left box, "Guide to Health Insurance", allows users to "FIND ANSWERS" by empowering themselves with answers to questions they may not think to ask. The bottom-right box, "Employer Toolkit", allows users to "FIND RESOURCES" by analyzing and understanding NH health insurance information and downloading tools.

**NH HealthCost**

Lab Work Price Check NH Insurance Market Report Statewide Rates Reports

Health Costs Quality of Care A Guide to Health Insurance Employer Resources About

## Compare Health Costs & Quality of Care in New Hampshire

NH HealthCost was developed by the New Hampshire Insurance Department to improve the price transparency of health care services in New Hampshire.

### Know What You Might Pay

Compare health care costs in the state of New Hampshire by insurance plan.

**COMPARE COSTS**

### Know The Care You Can Expect to Receive

See how different facilities in New Hampshire perform.

**COMPARE QUALITY**

### Guide to Health Insurance

Empower yourself with answers to questions you may not think to ask

**FIND ANSWERS**

### Employer Toolkit

Analyze and understand NH health insurance information and download tools

**FIND RESOURCES**

Source: NHHealthCost  
<https://nhhealthcost.nh.gov/>



## Health Costs

Make the most of your insurance coverage by knowing how much health care services cost. The price you pay will vary depending on what health care provider you go to and what health insurance company you are enrolled with.

- Select your insurance company and plan type.
- Choose a category and then a service or procedure to see the cost.
- View the estimated total cost for facilities (🏥) and professionals (👨) in New Hampshire.
- Confirm that a provider is covered by your plan by contacting your health insurance company before seeking care.

Compare Costs for...

Medical Procedures

Dental Procedures

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Compare Costs for...

Medical Procedures

Dental Procedures

◀ Back

Medical Procedures

### 1 Select your insurance:

Insurance Carrier \* ⓘ

- ☐ Anthem - NH
- ☐ CIGNA
- ☐ Harvard Pilgrim HC
- ☐ Other Medical Insurance
- ☒ I do not have medical insurance

Continue

Source: NHHealthCost  
<https://nhhealthcost.nh.gov/>



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Compare Costs for...

Medical Procedures

Dental Procedures

◀ Back

Medical Procedures

2 I'm interested in the cost of:

Search by Medical Procedure Name

Ex: X-Ray, Biopsy

✕ Clear

Results will appear below category, scroll down to see results.

Show All Medical Procedures

▶ Radiology Services

▶ Outpatient Tests and Procedures

▶ Laboratory Services

▶ Physical Therapy

▶ Behavioral Health Care

▶ Chiropractic Care

▶ Office Visits

▶ Emergency Visits

▶ Ambulance Services

I'm interested in the cost of:

MRI - Brain (outpatient)

Show results in:

03062

Within 20 Miles

Actual driving distances may vary.

Submit

My Health Insurance:

Edit

I do not have medical insurance

Medical Procedures

Dental Procedures

## MRI - Brain (outpatient)

Medical Procedures

Procedure Code: 70553



This event consists of a number of health care services that often occur at the same time. The cost shown reflects the services provided bundled into one cost estimate.

Magnetic resonance imaging of the brain, without and then with contrast material. Procedure code 70553

Sort Results

Sort by Estimate of Total Cost

	Estimate of Total Cost	Uninsured Discount	What you Will Pay	Typical Patient Complexity
Highlight Selected				
Four Seasons Imaging	\$998	0%	\$998	MEDIUM
Steward Medical Group	\$1,965	0%	\$1,965	MEDIUM
St. Joseph Hospital	\$4,474	40%	\$2,685	MEDIUM
Catholic Medical Center	\$4,820	15%	\$4,097	HIGH
Southern NH Medical Center	\$4,944	68%	\$1,582	MEDIUM
Elliot Hospital	\$5,089	50%	\$2,545	HIGH
Dartmouth-Hitchcock Clinic	\$6,017	0%	\$6,017	MEDIUM
Parkland Medical Center	\$7,331	86%	\$1,026	MEDIUM

Source: NHHealthCost  
<https://nhhealthcost.nh.gov/>



# Transparency in Health Care



## Successes

- ▶ Enables engaged consumer to learn in advance about care and costs
- ▶ Can drive prices down through comparison shopping, or the threat of it
- ▶ Becoming more sophisticated and timely

## Failures

- ▶ Most consumers are unaware the information exists
- ▶ Largest portion of spending is for persons at no financial risk
- ▶ Available data limited in scope and use
- ▶ May cause price increases



# All Payer Claims Dataset

- ▶ An aggregation of data files – eligibility records, medical & pharmacy claims, provider information, insurance product details – compiled from multiple health benefits payers
- ▶ First statewide APCD in Maine in 2003
- ▶ About 20 states now have active APCDs
- ▶ Often a key part of a state's health information infrastructure
- ▶ Important privacy and security concerns



# Why an APCD?

- ▶ **Support performance improvement**
  - Transparent reporting of provider and payer results
  - Used by providers to drive better care
- ▶ **Rich information for public health & health policy**
  - How does spending differ by location? Patient mix?
  - What are the trends in disease prevalence? Treatment choices?
  - How do disease, treatments, outcomes, etc. vary by geography? By gender? By type of insurance coverage? By provider?
  - Which providers are better/worse in quality and cost?
  - Market oversight
- ▶ **Support for informed consumer choice**
  - Where should I be treated?
  - What will it cost?
- ▶ **Powerful data for researchers**
  - Policy research and clinical research



# Discussion