



Meaningful Measures to Bring Real Price Transparency in Health Care

Tom Coburn, MD, Cynthia Fisher, Marty Makary, MD,
Heather R. Higgins, Hadley Health Manning

May 22, 2019 | 3:30 pm. ET

OPERATOR: Good-day and welcome to the Independent Women's Voice press call. Today's call is being recorded. At this time, I would like to turn the conference over to Hadley Heath Manning, healthcare analyst and policy director at IWV. Please go ahead.

HADLEY HEATH MANNING: Hello, thank you for joining Independent Women's Voice press call regarding meaningful measures that can bring real price transparency in Healthcare. Independent Women's Voice fights for women and their loved ones by effectively expanding support among women independent millennials for policy solutions that aren't just well-intended, but actually enhance people's freedoms, choices and opportunities. IWV wants health care that is affordable, accessible and full of the choices people actually want delivered in a timely way. IWV has been educating Americans on why the most important policy change to allow this is price transparency, and has been driving comments to the Department of Health and Human Services on regulations that would make the marketplace for healthcare goods and services more transparent, affordable and fair for patients. The department is currently on track to receive over 1,000 comments by the end of the comment period, which is June 3rd. We at IWV are proud to say we are responsible for driving approximately 70% of those comments. And with that, I would like to turn things over to our first speaker who will be the CEO of Independent Women's Voice, Heather Higgins. Heather.

HEATHER HIGGINS: Thank you, Hadley, and thank you all for taking the time to join us on this very ultimately important subject.

Price transparency in healthcare is critical, but it's not an end in itself. It's a means to an end that we all want. A healthcare marketplace where patients are at the center, where patients have better and more choices, and care is affordable. Real system-wide price transparency will yield real system-wide accountability and restore trust between patients and providers. Ultimately it will also lead to greater value-driven competitions, lower costs and higher quality for patients.

When we consider the dysfunction in American healthcare today, so much is related to how we pay. Overall, the quality, timeliness and responsiveness of available healthcare services and treatments in the U.S. are quite good. It's the payment piece that is so complex, opaque and discouraging, and of course payment is related to access. One in four Americans skipped a healthcare treatment last year due to unaffordable costs. This is unacceptable.

We should be able to shop for healthcare services the way we shop for other goods and services. We should at least know what to expect to pay upfront for routine care, and in addition to our out-of-pocket cost, we should know what others, like our insurance companies and other third parties are paying on our behalf. This should include information about markups, discounts and payments made. We should be able to plan for an upcoming health expense and if we choose, we should be free to comparison-shop among providers.

Some skeptics say that price transparency, while a nice idea, won't make much of a difference because today so many patients are shielded from their own cost due to the role of third-party payers, like insurance companies and public programs. This is true to a degree, but we should consider how patients with high deductible plans, or no insurance plans at all, are affected by the same extreme price variation and opacity in today's dysfunctional market. In fact, our healthcare market will always be dysfunctional for everyone until price transparency is established.

Another critique of price transparency is that healthcare is different, that people can't shop while they're unconscious in the back of an ambulance. That's, of course, true. No one is going to shop around, or even consider cost under such circumstances. But most of healthcare isn't like that. Most healthcare, certainly upwards of 80%, and perhaps even more, is shoppable, meaning we do have time to plan ahead.

We realize that many people across the political spectrum express interest in the concept of price transparency, but certain recommendations, while laudable, do not go far enough. It is not enough to require hospitals to post charge master prices or average prices, and it is not enough to focus myopically on the issue of surprise billing which, while a serious problem, is just one consequence of our lack of transparency.

The administration can tackle this issue head-on with a set of meaningful measures to deliver real price transparency. These measures will fall into three categories that other speakers will address as we go into this call.

But we urge the administration to consider these proposed regulatory changes, which are under public comment period until June 3rd, as the most effective way to put patients back in the center of American healthcare. With the right information we trust patients to make the right choices about their healthcare and their healthcare dollars. Thank you.

HADLEY HEATH MANNING: Thank you Heather. Our next speaker will be Cynthia Fisher who is a life sciences entrepreneur and CEO and a passionate advocate for patients' rights. Cynthia.

CYNTHIA FISHER: Thank you Hadley and thank you Heather. Well said. The number one concern of both the American public and American employers, consumers, all citizens, is the runaway cost of healthcare. The runaway costs are not only just at the point of care where a patient receives the service, but collectively it is with respect to the runaway costs of plans and premiums.

Those premiums affect the employee, and the American worker, as their portion of not only their premium payment, but also much of wage depression is due to the runaway cost, nearly double-digit inflationary cost of the premiums themselves.

Payers, providers and layers of middlemen hold employers and consumers hostage today and blindfolded to know the real prices on their healthcare. On top of it, the patient—and even the employer—have no negotiating leverage. What deal would one go into where you have absolutely no negotiating leverage? In fact, patients and employers alike are expected to pay with a blank check.

Today patients are raising their voices, and as Hadley had mentioned, nearly 1,000 people have already replied to the HHS-proposed rule for price transparency. People are fed up with the healthcare system capitalizing on their misfortune.

This intentionally opaque, undiscoverable, discontinuous, and hidden healthcare price-gouging across the system, affects consumers' wages. It affects their wallet, their savings, they're facing debt, many having to put their medical expenses on credit cards, and now we are experiencing even garnished wages and liens against their property by the very hospital systems that were to nurture and provide healthcare.

As we look at this effect to the employer, it suppresses earnings of the employer. It suppresses the employee's wages, and it multiplicatively dampens our economy. Why? Because of the increased level of government spending. Nearly 20% of our GDP is now spent on healthcare. It dampens business growth, multiplicatively adds to the deficit and jeopardizes the U.S. economy.

We are at a moment in time where the administration has the tools and the desire to provide administrative action to address this critical issue and through price transparency and the creation of a true, trusted, free and competitive marketplace in healthcare. And we've looked to encourage these tools that this administration has, both with HRF, through the Cures Act, of the operability and information-blocking goals they have in place today, through the enforcement of HIPAA, and through the ERISA law, as employers fiduciary role to deliver the most cost-effective ability to utilize the employee's benefit of healthcare needs to be diminished to the best possible price. And that employer can honor the fiduciary role if, in fact, the employer can best shop for not only a health plan through full transparency, but provide transparency to the employee.

Over a hundred and sixty million people today are covered through an employer benefitted plan or through self-insured employers. And we can drastically reduce, we have this moment of time of opportunity for this administration, the Trump administration, to utilize bipartisan existing law simply by enforcing them and putting in place guidance to deliver substantial reduced costs to the entire healthcare system and to benefit the American public and employers alike. Thank you.

HADLEY HEATH MANNING: Thank you Cynthia. Our next speaker will be Dr. Marty Makary, who is a health policy professor at Johns Hopkins University. Dr. Makary.

DR. MARTY MAKARY: Thank you Hadley. There is a game in healthcare, and it's a very popular game among a lot of doctors' groups, providers and private equity companies. And that is to go out of network. If you can pull your services out of a hospital traditional bill you can sometimes get the benefits of getting reimbursed for a higher amount, the insurance companies may just pay the entire bill or a higher portion, or intimidating patients can result in patients finding the money to pay a higher rate. This game is so popular that surprise bills are now commonplace in some areas of healthcare. And they are really crushing American families.

I was disappointed to see several physician organizations, that is doctors, societies and trade groups, start to organize to oppose any work to address surprise billing. It was really disappointing.

Surprise bills, though, are just a symptom of the larger problem. We as doctors should not be assigned to the job of interpreting an EOB for a patient, that is an EOB—or Explanation of Benefits—it is a deal between a patient and their insurance company.

Doctors want to practice medicine. And we should be in the business of delivering high-quality care.

Honest pricing and transparency of real prices, not the charged master prices but the real prices, is one solution that allows competition to work, not by every single patient—and not every patient would use real price information—but some would, and they would act as proxy shoppers for the entire market.

And also, employers and other proxy shoppers to employee-sponsored health plans can use pricing information to identify value and respond and reward high value in the marketplace. Ultimately, we should have no secret prices in healthcare.

When you go to the a restaurant and you ask for the menu you don't get asked who's your employer and then get a menus that no one can disclose and then you find out you are paying four times more than the person sitting at the table next to you in the restaurant, but you can't see those prices. If that were the case you would say it's a dysfunctional marketplace. And that the secrecy of the pricing could lead to unfair business practices. Well, we could do better in healthcare.

As we've heard, a quarter of all patients are either avoiding us in medicine or don't trust us because of the predatory billing that can follow. So, I fully support efforts to bring real prices to the marketplace and allow competition to cut a lot of the waste in the system. Thank you.

HADLEY HEATH MANNING: Thank you Dr Makary. Our final speaker for today will be Dr. Tom Coburn, who is a former U.S. senator, congressman and physician. Dr. Coburn. Dr. Coburn if you are on mute you may want to...

DR. TOM COBURN: Thank you. Why do we need this? Because somewhere between 200 billion and 1.2 trillion dollars doesn't help anybody in the healthcare system now.

The latest from 2017 is 17.9% of our GDP is consumed by healthcare. And if in fact it is somewhere between 25 and 33% it doesn't help anybody.

The best way to get rid of that waste and that over-charging is to have transparency to know what you're going to pay before you pay it. And that will have you shopping for the best outcomes and the best prices.

And it won't take long once this happens that there will be an app in every city to say here's where the best price is and here's the best outcome. And then people will be able to make a choice with their insurance on where to go.

The second thing that I think is important is according to a Princeton study from last year, hospitalization prices in the United States are 60% higher than those in Europe. And, granted, a lot of Europe has government-run hospitals, but the fact is, we have excessive charges in the U.S. and we have excessive over-utilization in lots of things.

One thing that Walmart did on transplanted organs they went to a specialist for every one of their employees who was diagnosed needing an organ transplant. And what they found out was less than 40% of those people who were diagnosed needing an organ transplant didn't need an organ transplant but were lined up to get it.

So, the point is, we ought to be able to have transparent pricing, and then once we have transparent pricing so somebody can make a choice, the differentiation will come in the healthcare market for what's the best outcomes. I would make one final point—is why do we pay the worst doctors the same price that we pay the best doctors? And under our system we do that. And what we ought to do would be incentivizing excellence, not incentivizing payments that are excessive in terms of what is delivered.

Finally, the national health stats from 2010 said that the vast majority of encounters in healthcare are non-emergent, non-psychiatric. So, that means we have plenty of time to actually use the market to allow people to get a better value for what they are purchasing in the healthcare market.

HADLEY HEATH MANNING: Thank you Dr. Coburn. I'd like to thank all of our speakers on today's call.

We would also, on behalf of Independent Women's Voice, like to thank the White House and the current administration for considering the proposed regulatory changes which we believe will be the most effective way to establish price transparency and put patients back at the center of American healthcare.

At this point I would like to open the call up for questions. If there are people listening in that have a question for any of our speakers, now would be the time to ask your question.

OPERATOR: Okay. If you would like to ask a question please signal by pressing *1 on your telephone keypad. If you are using a speaking phone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press *1 to ask a question. We will take our first question from Selena Simmons-Duffin with NPR. Please go ahead.

SELENA SIMMONS-DUFFIN: Hi, thanks for taking my question. I'm just wondering if somebody can explain how it works to—how—like, the process by which showing the price of something lowers the price?

DR. MARTY MAKARY: The price to deliver a baby in the Boston area ranges from \$8,000 to \$40,000. Is the quality different at the \$8,000 and the \$40,000 hospital? No, it isn't. The doctors there don't even know they are a \$40,000 service. So, if employers could see those prices there would be more competition. The guy who looked at CABG surgery in the United States from Indiana University published the prices from calling 100 hospitals that do CABG. 50 could give him a price. The price ranged from \$44,000 to half-a-million dollars. He then correlated it with the Society of Thoracic Surgeons quality database and found no correlation between the quality and the price. And that's the sort of black box, I think, that allows the waste to run rampant. So those are my thoughts.

HADLEY HEATH MANNING: Do we have any more questions?

HEATHER HIGGINS: This is Heather Higgins. Can I just jump in on that one? If you look at goods and services where prices are discoverable by people, then the prices of those goods and services go down and the quality of them tends to go up. And that's true whether you look at your cell phone or you look at something like Lasik surgery where you actually have competition and people know what the price is. And so, prices are not just random numbers, they are information for people. It's the same reason that it is helpful to have an app so that you can decide at which hotel you want to stay. And you can see all the different prices and all the different quality ratings and you can make a more informed decision. And because all of those hotels know that their prices are being seen, along with everybody else who is competing with them, they can't excessively charge, because everyone else will see that and say why would I pay that for that service? So, giving people information is what enables markets to function and people to drive down costs and create better value.

OPERATOR: Once again, if you would like to ask a question please press *1. We'll pause for just a moment to allow everyone an opportunity to signal for questions. It appears there are no further questions at this time so I'd like to turn the conference back over to Hadley Heath Manning for any additional or closing remarks.

DR. TOM COBURN: Hadley, I'd like to make one comment if I can. This is Dr. Coburn. On a bronze plan under the Affordable Care Act the average deductible now is \$5900. So, that's essentially for all encounters, you're carrying the weight of it. So, in Tulsa, you can get an MRI for \$2700 at one of the main hospitals, if you are an outpatient, and you can get it at \$500 at one of the free-standing MRI clinics. Exactly the same equipment, read by exactly the same radiologist, and that's a 500% difference, a 400% difference, pardon me. Four to 500% difference. The fact is, when people know that, they don't use the MRI at the hospital, they use the one in the outpatient setting. And so that's just one example of the excessive costs associated with hospital-based testing. And once people know that, they're not going to utilize that.

HADLEY HEATH MANNING: Thank you Dr. Coburn.

In closing, I would like to mention to everyone on the call that if you do have a follow-up question later, you can email us at press@IWV.org. There will be a transcript and audio file of today's call available on IWV.org.

That audio replay will be available until Thursday, May 30th. And to access the replay, please call 888-203-1112 and you'll need to enter the passcode 9658258. So, again, if you would like to access the audio replay of today's call that will be available until Thursday, May 30th, 2019, call 888-203-1112 and enter the passcode 9658258. And follow-up questions can be directed to press@IWV.org. Again, I'd like to thank all of our speakers today on this call for their time and attention to this very important matter. This concludes today's call.

OPERATOR: Thank you for your participation. You may now disconnect.