



Pulling Back the Curtain

How Americans Use Health-Care Price Information

By David Schleifer

State and municipal governments that want to increase price transparency are uniquely positioned to do so.

State and municipal governments, private employers, and other purchasers of health care have long sought ways to control their health-care spending — including by asking insurance beneficiaries to pay higher deductibles, copayments, and coinsurance. These forms of cost sharing are designed to shift some costs to individuals and families, based in part on the assumption that it will force people to consider price in their health-care decision making.

However, the health-care system has generally not made it easy for people to find out how much their care will cost them out of pocket. In fact, non-disclosure agreements in contracts between health-care providers and insurers sometimes explicitly prevent public disclosures of price information. While many insurers, providers, employers, and state governments have been taking steps to improve price transparency, Catalyst for Payment Reform nonetheless gave most states grades of “F” on their efforts — or lack thereof — to make prices more transparent.¹

Price transparency need not be designed or evaluated solely based on the goal of facilitating price shopping for individuals and families.² Employers, regulators, and journalists may want to use price information to hold hospitals and other health-care providers accountable for high prices. Physicians may need price information in order

to have informed conversations with patients about the financial impact of a diagnosis or treatment plan. Individuals and families may simply want to know what their care is going to cost in order to avoid nasty surprises.

Public Agenda has conducted two national surveys focused on how Americans are trying to find and use health-care price information.³ Both surveys explored attitudes about and experiences with health-care prices among nationally representative samples of American adults.⁴ This article discusses findings from and implications of the second survey, results of which were released in 2017.⁵

SURVEY INFORMATION

Half of Americans have tried to find price information before getting care. But fewer have tried to compare prices.

Twenty percent of Americans have tried to compare prices across multiple providers before getting care. Approximately one in three Americans — 28 percent — have tried to find out a single provider’s price rather than comparing. (See Exhibit 1.)

Fifty-three percent of Americans who have tried to compare multiple providers’ prices before getting care say they saved money, while only 28 percent of those who have tried to check one provider’s price report saved money. (See Exhibit 2.)

Some health-care experts have expressed the concern that making price information transparent could actually lead people to choose higher-priced care, based on the assumption that people think price is a sign of quality in health care. But Public Agenda's research from both 2015 and 2017 has consistently shown that most Americans do not believe price and quality are associated in health care.⁶ For example, 70 percent of Americans say that higher prices are not typically a sign of better medical care. (See Exhibit 3.)

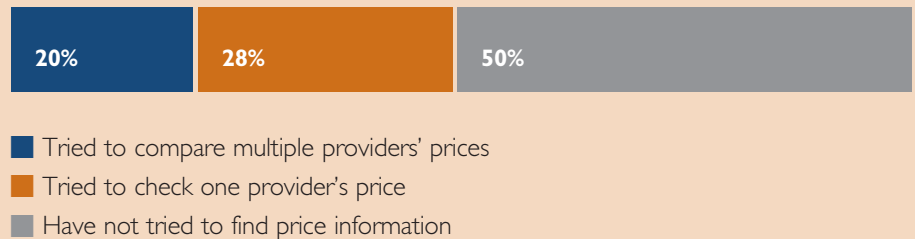
Americans turn to friends, relatives, and colleagues; insurance companies; doctors; and receptionists when they try to find price information. Other researchers have found that few people use online price information tools when those tools are offered to them by their insurers or employers.⁷ This has led some experts to assume that people are not interested in price information or do not care how much their health care costs.⁸ However, Public Agenda found that online tools are only one among many sources people use to try to find price information — which makes sense given the complexities of understanding health care costs and navigating the system. (See Exhibit 4.)

Seventy percent of Americans think it is a good idea for doctors and their staffs to discuss prices with patients before ordering or doing tests or procedures or referring them to specialists, but only 28 percent say a doctor or their staff has done so. (See Exhibit 5.)

Fifty-seven percent of Americans who have not tried to find price information before getting care indicate that they would like to know the prices of medical services in advance, but 51 percent indicate they are not sure how.

Exhibit 1: One in Five Have Compared Prices across Multiple Providers before Getting Care

National



Numbers do not add up to 100 percent due to rounding and the two percent of respondents who refused to answer the question, who are not represented in the chart.

Exhibit 2: Those Who Compare Prices Say They Save Money

National



■ People who have tried to compare multiple providers' prices
 ■ People who have tried to check one provider's price

Base: Have tried to find out price information at least once before getting care.

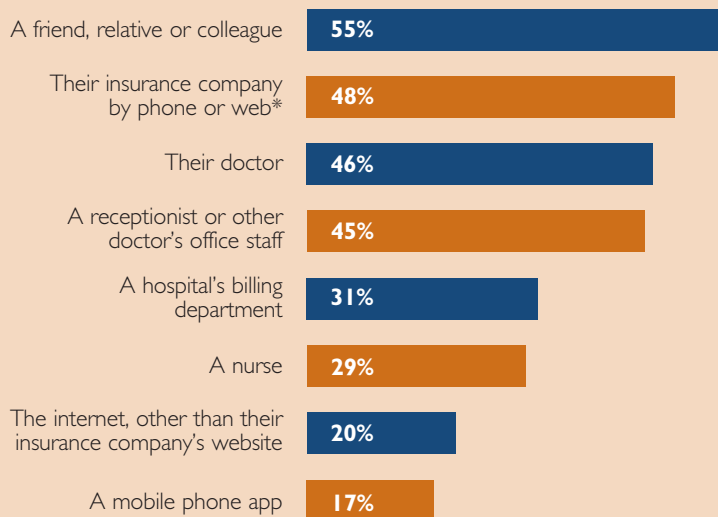
Exhibit 3: Most Americans Do Not Think Saving Money on Health Care Means Skimping on Quality

National



Numbers do not add up to 100 percent due to rounding. Less than one percent of respondents refused to answer the question, and are not represented in the chart.

Exhibit 4: Websites Are Not the Most Commonly Used Source of Price Information

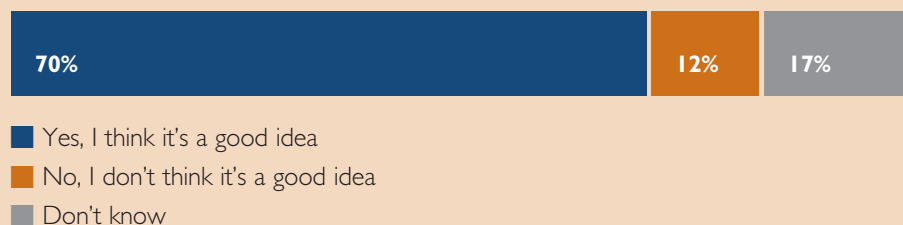


Base: Have tried to find out price information at least once before getting care.

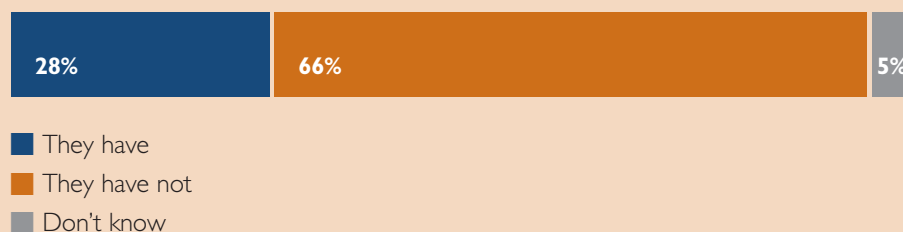
*Base: Have tried to find out price information at least once before getting care and currently or ever insured.

Exhibit 5: Most Favor Doctors and their Staff Discussing Prices with Patients

Percent who say it is a good idea for doctors and their staffs to discuss prices with patients before ordering or doing tests, procedures or referrals, or that they don't know.



Percent who say a doctor or their staff has or has not brought up in conversation with them the price of a test, procedure or referral, or that they don't know.



Numbers do not add up to 100 percent due to rounding. Less than one percent of respondents refused to answer the question, and are not represented in the chart.

Price variation awareness among Americans is limited. Researchers and journalists have demonstrated that the prices of medical services can vary considerably across providers.⁹ However, the public isn't particularly aware of this variation. Forty-four percent of Americans say some doctors charge more than others for the same services, but 56 percent either believe doctors charge roughly the same prices for the same services (37 percent) or don't know (19 percent). Similarly, 54 percent of Americans either believe hospitals charge roughly the same prices for the same services (32 percent) or they don't know (23 percent). (See Exhibit 6.)

Sixty-three percent of Americans say there is not enough information available about the cost of medical services. However, 23 percent say there is enough information. Nearly 13 percent do not know.

Eighty percent of Americans say it is important for their state governments to provide people with information that allows them to compare prices before getting care.

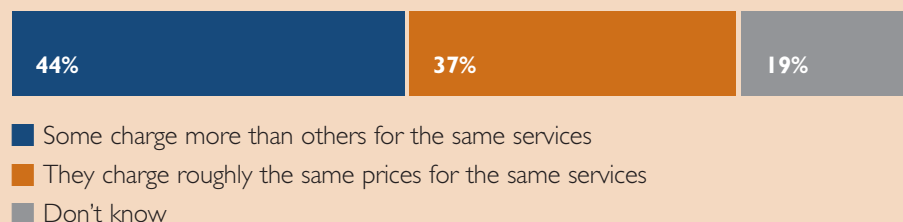
IMPLICATIONS

Pricetransparencyisnotamagicbullet that will make health care affordable. And simply putting information on a website is not necessarily going to lead people to shop around for lower-priced care. Butpricetransparencycanbeoneof many approaches to getting health-care spending under control.

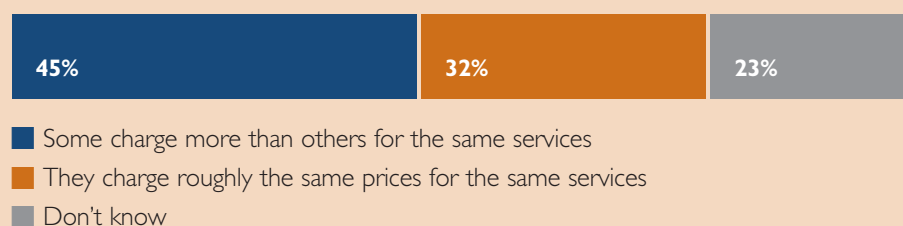
State and municipal governments that want to increase price transparency are uniquely positioned to do so. As employers, they can invest in efforts to make price information more easily

Exhibit 6: Awareness of Price Variation Is Limited

Percent who say they think the following about *doctors* in their insurance networks or in their areas.



Percent who say they think the following about *hospitals* in their insurance networks or in their areas.



Numbers do not add up to 100 percent due to rounding. Less than one percent of respondents refused to answer the question, and are not represented in the chart.

available to their insurance beneficiaries. Moreover, as employers, they can consider strategies like reference pricing, under which an employer or insurer chooses a maximum price they will pay for a given health-care service and provides incentives for beneficiaries to select facilities charging less than that — an approach which has been shown to bring down costs in California.¹⁰

As policymakers and regulators, state governments can consider policies that encourage price transparency. Some states have created all-payer claims databases that collect price and even quality data from a variety of insurers. These data can be used in many ways, including providing information to individuals, helping employers make smart health-care spending decisions, and exposing unreasonable price variation. Some states, like New Hampshire, have created their own public-facing price

information websites. Others have mandated that insurers or hospitals do so. Maryland and Massachusetts are both trying to raise public awareness of price variation.¹¹

CONCLUSIONS

Health-care costs are a growing burden on individuals as well as on states, municipalities, and private employers. Policymakers, insurers, and health-care providers are increasingly facing demands for price transparency — so people can understand the costs they face and so government entities that purchase and/or pay for insurance for their employees and other beneficiaries can ensure that they are getting value for the money they spend on health care. ■

Notes

1. Francois de Brantes, Suzne Debanco, Erin Butto, et al, "Price Transparency & Physician Quality Report Card 2017," Altarum Institute, 2017.

2. Ateev Mehrota, David Schleifer, Amy Shefrin, and Andrea M. Ducas, "Defining the Goals of Health Care Price Transparency: Not Just Shopping Around," NEJM Catalyst, June 26, 2018.
3. "How Much Will It Cost? How Americans Use Prices in Health Care," Public Agenda report, March 9, 2015 (publicagenda.org/pages/how-much-will-it-cost); and "Still Searching: How People Use Health Care Price Information in the United States," Public Agenda report (publicagenda.org/pages/still-searching).
4. This article summarizes findings from a nationally representative survey of 2,062 U.S. adults aged 18 and older.
5. Supported by grants from the Robert Wood Johnson Foundation and the New York State Health Foundation.
6. Kathryn A. Phillips, David Schleifer and Carolin Hagelskamp, "Most Americans Do Not Believe that There Is an Association Between Health Care Prices and Quality of Care," *Health Affairs* 35, no. 4, 2016.
7. Sunita Desai, Laura A. Hatfield, Andrew L. Hicks, et al, "Association Between Availability of a Price Transparency Tool and Outpatient Spending," *Journal of the American Medical Association* 315, no. 17 (2016).
8. Austin Frakt, "Price Transparency Is Nice. Just Don't Expect It to Cut Health Costs," *New York Times*, December 19, 2016.
9. See U.S. Government Accountability Office, "Geographic Variation in Spending for Certain High-Cost Procedures Driven by Inpatient Prices," Government Accountability Office.
10. "How Do Providers Respond to Reference Pricing?" National Institute for Health Care Management (nihcm.org/categories/how-do-providers-respond-to-reference-pricing).
11. See the All-Payer Claims Database Council's APCD Showcase (apcdshowcase.org/); the Maryland Health Care Commission's "Wear the Cost" project (wearthecost.org/); the New Hampshire Insurance Department's NH HealthCost price comparison website (nhhealthcost.nh.gov); and the National Conference of State Legislatures' database of state transparency policies (ncsl.org/research/health/transparency-and-disclosure-health-costs.aspx).

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