



Price and Quality Transparency Are Essential to Quality Improving, Competitive, Consumer-Driven Health Care

Issue: More and more Americans are becoming active decision-makers in their own health care. To make informed decisions, Americans seeking health care services need readily available, reliable information about recommended treatments and treatment alternatives, their relative quality and safety, their costs, and any other information that may impact care decisions. Moreover, consumers need this information in a user-friendly format that will enable them to make meaningful comparisons. Despite the growing popularity of Internet-based tools to compare health care services and providers, Americans currently have very little if any access to information about the price or clinical effectiveness of the care they receive.

Position: The National Business Group on Health (the Business Group), representing over 240 large employers who provide coverage for 55 million Americans, believes that all health care providers and facilities should publicly disclose, in a user-friendly format, all relevant information about the relative price, quality, safety, and efficiency of health care as well as any other information that may impact care decisions, such as financial arrangements and clinical guidelines for treatment. Patients and their families should receive information that will help them make informed choices and meaningful comparisons when selecting a health plan, hospital, doctor, or when choosing among treatment options.

Why the Business Group Believes Full Transparency is Necessary

Transparency Promotes Accountability and Quality Improvement.

Since the 2001 Institute of Medicine Report, *Crossing the Quality Chasm*, more Americans have become aware of the serious quality and safety deficiencies in our health care system. Still, most Americans have little quality data to consult when they need care and they cannot assume that they are receiving good care. In the longest running program of its kind, the New York State Cardiac Surgery Reporting Initiative, which makes public annual provider-specific outcomes for heart surgery, public reporting of provider performance resulted in dramatic clinical quality improvement.

Transparency Helps to Identify and Reward Performance.

Increasingly, purchasers are providing additional payments to physicians, hospitals and other health care professionals identified as providing superior quality and more efficient care. More and better transparency of clinical and price information will make it easier to reward providers who provide the best care for the money.

Transparency Helps Consumers Make More Efficient, Appropriate Care Choices and Increases Patient Satisfaction.

John Wennberg's work on variations in health care indicated that giving consumers information on the relative cost and outcomes of treatment options results in higher patient satisfaction and more efficient and appropriate health care choices. Recent research on the Shared Decision-Making program showed that 23-40% of patients using the program, where they were actively involved in care decisions chose less invasive treatment options.

Transparency Will Promote Evidence-Based Medicine.

Purchasers, consumers, and providers need information comparing the relative effectiveness of alternative treatment options. Unfortunately today much of the needed information is not available. Research by the Agency for Health Care Research and Quality (AHRQ) is beginning to fill the void. Much more comparative effectiveness research is needed to provide objective information about the best treatment options for various health conditions that reflect the latest advances in medicine. More and better information about how well a health care intervention works will promote more rational adoption of innovations and disuse of existing, ineffective options.

Price Transparency Is a Fundamental Component of Consumer-Driven Care

As more Americans pay out-of-pocket for a greater percentage of their health care or through the various types of health care accounts, they are demanding more information about the relative prices of treatment options and providers to make economic decisions about their care. Tiered network models, which encourage consumers to think about spending when making health care decisions, also depend on price transparency. Price and quality information will help consumers make wiser decisions and get more value for their money.

Transparency Could Help Control Health Care Cost Increases

With public disclosure and transparency, consumers will likely be directed to providers of better quality, more efficient care, which could result in significant savings nationally. Price transparency will also help people become more aware of the true cost of their health care. This knowledge may encourage consumers to be more prudent in accessing health care unnecessarily. In addition, as people begin to understand the cost implications, they will likely become more focused on wellness and healthier lifestyles.

Transparency Is Critical to Increase Competition in Health Care

Finally, transparency of information will help to create a truly competitive health care marketplace. With key access to key information, purchasers and consumers can compare costs and quality, which can help drive improvement and competition based on excellence of care.