HJR 20: Transparency in Health Care Pricing
Components of High-Quality State Price Transparency Resources
Compiled by Rep. Kathy Kelker, HJR 20 Subcommittee Presiding Officer
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Catalyst for Payment Reform (CPR) is a small independent, nonprofit corporation whose mission is to help health care purchasers and employers to get better value for their health care dollar. One of CPR's functions is to research state attempts at providing transparency in healthcare pricing. CPR has developed standards for high quality transparent tools and rates existing transparency tools according to those standards.

Catalyst for Payment Reform (CPR) reviews the transparency resources that states are currently providing. This organization has concluded that effective health care price transparency relies on rich data sources and supplies meaningful price information on a wide range of procedures and services and is presented on an accessible, publicly available website. Most states *have* approached the subject of price transparency at the legislative level; there are only seven states that have no statutes addressing it. According to CPR, having a transparency website does not necessarily guarantee that consumers will benefit from using this source of information. In 37 states with transparency websites that were reviewed by CPR, transparency was not evident because of weaknesses in the design and implementation of their laws.

In its most recent State Report Card on State Transparency Laws (July 2016), Montana was rated F. The states in the table below received the highest ratings based on the CPR criteria.

REPORT CARD: HIGHER-PERFORMING STATES

STATE	RATING	COMMENTS ON STANDARDS	WEBSITE
Colorado	A	Collects data in an APCD, including full scope of providers, and paid amounts. Has an excellent website for consumers.	https://leg.colorado.gov/bills/sb17-065
Maine	A	Collects data in an APCD, including full scope of providers, and paid amounts. Has an excellent website for consumers.	http://www.comparemaine.org/?page=about
New Hampshire	A	Collects data in an APCD, including paid amounts. Has an excellent website for consumers.	https://nhhealthcost.nh.gov/

STATE	RATING	COMMENTS ON STANDARDS	WEBSITE
Virginia	C	Collects data in an APCD, including full scope of providers, and paid amounts. However, a poor website keeps Virginia from earning an even higher score.	http://www.vhi.org/healthcarepricing/
Vermont	C	Collects data in an APCD, including full scope of providers, and paid amounts. However, a poor website keeps Vermont from earning an even higher score.	http://www.healthvermont.gov/health-statistics-vital-records/health-care-systems-reporting/hospital-report-cards

CPR RATING CRITERIA

The following are the criteria used by CPR in rating state-mandated medical transparency tools:

Rich data source: To procure health care price data, states can either compel providers and/or health plans to report prices, or mandate an all-payer claims database (APCD). APCDs collect data from multiple sources including private health insurers, Medicaid, children's health insurance and state employee health benefit programs, prescription drug plans, dental insurers, self-insured employer plans, and Medicare (if available to a state). APCDs are widely considered to be superior data sources because they include actual paid amounts—not *charged* amounts—which often are significantly lower due to contracted or negotiated rates from providers. When there is no APCD, typically only charged amounts are available in the data turned over from providers to states or consumers, making the price information significantly less useful for comparisons. A transparency law may also direct health care providers or insurers to divulge price information to consumers prior to a procedure or other service, which is the very minimum amount of information a consumer would expect in any other transaction. This does not meet high standards for transparency because providers and insurers usually differ in how they calculate and present pricing information, making it very difficult to comparison shop.

Meaningful price information: For a consumer, a paid amount is a more consequential price than a charged amount. In addition, it is more meaningful to see the entire price for a health care event than to see only a hospital or facility price, or only a physician price for a specific service. A transparency resource that collects and displays only one or the other isn't giving a health care consumer real transparency or full enough data to make an informed decision.

Scope of procedures and services: A robust set of price data will include information on in-patient and out-patient procedures and services, instead of just one category, or only a limited list of procedures and services.

Accessible, mandated website: Having high-quality, comprehensive price information is vital, but it cannot serve health care consumers if that information is not easily obtainable or is not presented in a consumer-friendly format. Some transparency laws require only that a state prepare a report using collected price data, or that the data be turned over to consumers only upon request. On the other hand, good legally mandated transparency resources will make the collected data available on a website, and great ones will ensure that the website's content is current and online tools are easy to use. In addition, the website will be mandated in legislation, making it permanent and not subject to the varying priorities or funding of the agency publishing it.

OTHER CRITERIA TO CONSIDER

Neutrality of Information Source. Healthcare providers and facilities are free to publish anything they want concerning prices for services, but the data that appears on a state-mandated transparency tool should be data that can be verified by the state as an accurate depiction of what is paid for common health care services when payment is made directly rather than by a third party.
Links to Payers. An electronic transparency tool should have links to insurers licensed to sell health insurance within the state. Recipients of care should be able to use those links to look up their type of insurance plan to see relevant information about coverage, networks, deductibles, copayments and out-of-pocket costs. Links to state Medicaid and federal Medicare should also be included.
Broad Definition of Healthcare Providers. Information about actual paid amounts should be collected from a broad spectrum of medical, dental, mental health, optometric, hospitalization, and telemedicine health services.
Consumer vs. Recipient. Consumer of healthcare could be the patient and/or the payer of the actual amount (insurance company, government). To be clear, the transparency tool should be fashioned to meet the information needs of recipients of heath care, not necessarily the payers.
Allowance for Health Providers with Small Practices. Many health care providers have solo or small practices. Developing and maintaining a complex website may not be fiscally possible for them. State laws about medical pricing transparency should include separate rules for small practices to provide in their waiting rooms or in other ways that are convenient for recipients of care.
Clear Statement about Estimation of Prices. Because of the nature of health care, providers can only estimate the actual payment. If there are complications or additional health issues to be resolved, these may influence the actual amount paid. Recipients of care should be warned that estimates may change because of unpredictable conditions discovered during the provision of care.
Information on Charges for Services from Providers and Facilities. When recipients of care are considering a test, procedure. treatment or surgery, they need to know the amounts they will have to pay for various providers' services and for the facilities (e.g., hospital, clinic, surgery center) that will be used. The transparency tool should show paid amounts for providers and facilities, so the recipients of care can anticipate multiple charges that may occur.

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