Transparency--
The Good, The Bad and The Ugly…

The Road Toward SMART Transparency

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2012-2014 Clients - Two Lessons Learned
1. Every System is unique.

2. Every System is dealing with the same issues.
So What’s New in Health Care Reform?  
Same old wine in a brand new bottle?
U.S. Health Care Organizational Chart
So What’s New in Health Care Reform?
You can always count on Americans to do the right thing…
…after they’ve exhausted all the other possibilities !!”

Winston Churchill
People do not change until the pain of staying the same…

… exceeds the pain of changing.

Anonymous
The Health Care Team

Medicine is a Team effort….

…..Why do we insist on playing Solo!
The Health Care Team

Medicine is a **Team** effort….

…..Why do we insist on playing **Silo**!
The Conundrum of Quality in Health Care

“Never, ever think outside the box”
Fundamental Requirements to be a Winner

Integrating the Components of Health Care Delivery

Processes

Clinical Integration

Financial Integration

Shared Infrastructure and Governance

IHI Triple Aim

- Population Health
- Experience of Care
- Per Capita Cost
Fundamental Requirements to be a Winner
Integrating the Components of Health Care Delivery

**X-** ABC System

- Processes
- Clinical Integration
- Financial Integration
- Shared Infrastructure and Governance

IHI Triple Aim

- Population Health
- Experience of Care
- Per Capita Cost
Clinical Integration
- Embracing data transparency
- Implementing best practices
- Excel at Pay for Performance

Financial Integration
- Enterprise-wide cost reduction
- Management of Risk

Shared Infrastructure and Governance
- An aligned, long term collaborative relationship
  - Thinking as a System
  - Board Involvement with Quality
  - Hospital-physician Integration
  - Medical Leadership Succession
Transparency… This Train’s Left the Station
The Good, the Bad, and the Ugly

The Good
The Bad
The Ugly
Transparency… This Train’s Left the Station
The Good, the Bad, and the Ugly

The Good

Huge gains in quality and satisfaction

The Bad

The Ugly

Quality, Experience
Transparency
The increasingly informed consumer will make health care decisions on the basis of VALUE
Value Based Purchasing

The increasingly informed consumer will make health care decisions on the basis of VALUE

\[
\text{VALUE} = \frac{\text{Outcomes} + \text{Pt Experience}}{\text{Cost}}
\]
The increasingly informed consumer will make health care decisions on the basis of VALUE

VALUE = Outcomes + Pt Experience

Cost

IHI Triple Aim
The increasingly informed consumer will make health care decisions on the basis of VALUE

\[
\text{VALUE} = \text{Outcomes} \times \text{Pt Experience} \times \text{Cost} 
\]

Opportunities for transparency
Read all about it !!

April 2005
This is Your Life!!
Data Transparency in Action
This is Your Life!!
Data Transparency in Action

Core Measures
State Reported Data
HCAHPS
Leapfrog

Healthgrades
Consumer Reports

Data Transparency
Pennsylvania
Coronary Artery Bypass Surgery
2011 - 2012

Released: November 2013
## Hospital Data

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- Indicates this hospital has submitted comments regarding the data. These comments are included on the PHC4 website at [www.phc4.org/reports/cabg/09/comments.htm](http://www.phc4.org/reports/cabg/09/comments.htm)

- Lower than expected
- Same as expected
- Higher than expected
- NR - Not rated (too few cases)
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○ Lower than expected  ○ Same as expected  ● Higher than expected  NR - Not rated (too few cases)
CABG Mortality in Pennsylvania

Results !!

In-Hospital Mortality for Patients with CABG Surgery
(Without a Valve Procedure)

In-Hospital Mortality Rate (%)

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<tr>
<td>1995</td>
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<td>2000</td>
<td>2.39</td>
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<td>2002</td>
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<td>2003</td>
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<td>2006</td>
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<td>2007</td>
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<td>1.90</td>
</tr>
<tr>
<td>2009</td>
<td>1.54</td>
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The graph shows a decreasing trend in in-hospital mortality rates from 1994 to 2009.
41% reduction in mortality in first four years

Mortality higher in facilities with low volumes

- Reduction in hospitals doing CABG
- Reduction in physicians performing procedures
  - 27 surgeons ceased operations in NY
    Their combined mortality was 11.9%
    (NY state average 3.1%)

Chassin, Health Affairs, 2002
Wisconsin

QualityCounts
Report on the Safety of Hospital Care

Released January 2003
<table>
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<tr>
<th>Regional Hospitals</th>
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<th>Non-Surgery</th>
<th>Specific Types of Care</th>
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<table>
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<tr>
<th>Community Hospitals</th>
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* Hospital doesn’t provide this type of care
** Hospital didn’t provide enough of this care during the study period to get a rating
+ Heart bypass surgery is not included in this rating.

Data source: 1999-2000 Wisconsin Bureau of Health Information inpatient public-use data sets. Data severity adjusted using MEDSTAT Disease Staging 4.10™ and MEDSTAT Complications of Care 3.0™
That which is measured, tends to **improve**.
That which is measured **publicly**, tends to **improve faster**.

“What we concluded was that even when hospitals know their performance is not good, that's not sufficient motivation for them to do something. Making it public made a big difference in motivating them to improve.”

Judith Hibbard, Health Affairs 2003
Core Measures:

Heart Attack
Heart Failure
Pneumonia
Surgical Care Improvement

HCAHPS
CMS Core Measures – the Top Decile
Core Measures:

Heart Attack
Heart Failure
Pneumonia
Surgical Care Improvement
HCAHPS

Goal: 100% Compliance!!
Core Measures:

- Heart Attack
- Heart Failure
- Pneumonia
- Surgical Care Improvement
- HCAHPS

Goal: 100% Compliance!!

Standard of Care ??
The problem with 99% of the lawyers is that they give the rest a bad name.

Steven Wright
Overall Hospital Rating

Patient Experience - HCAHPs

Overall Hospital Rating

2009 2010 2011 2012 2013

- 25th
- 50th
- 75th
- 90th
Patient Experience - HCAHPs

Quietness of Hospital

Pain Management
If the other guy’s getting better, then you’d better be getting better faster than that other guy’s getting better…

…Or you’re getting worse.

Tom Peters
Transparency is the best thing that’s happened to quality since antibiotics...

...by decreasing variance and improving results
Exposure to and Use of Quality Information

Percent Who Saw and Acted Upon the Information
Choice of Hospitals

Kaiser Family Foundation, October 2008
Who Uses the Internet for Health Care?

- 59% of US Adults have looked online for health information in past year
- 30% have consulted online reviews or rankings
- 35% of Americans have gone on line to figure out a medical condition

Pew, Health On Line 2013
Of those 35% who went online:

- 35% never pursued medical attention
- 41% medical professional confirmed the diagnosis
- 18% say the medical professional did not agree

Pew, Health On Line 2013
Who Uses the Internet for Health Care?

### Education

<table>
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<tr>
<th>Education Categories</th>
<th>Usage Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs or medical treatments</td>
<td>24</td>
</tr>
<tr>
<td>Doctors or other health care providers</td>
<td>19</td>
</tr>
<tr>
<td>Hospitals or other medical facilities</td>
<td>27</td>
</tr>
</tbody>
</table>

### Income

<table>
<thead>
<tr>
<th>Income Categories</th>
<th>Usage Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs or medical treatments</td>
<td>20</td>
</tr>
<tr>
<td>Doctors or other health care providers</td>
<td>21</td>
</tr>
<tr>
<td>Hospitals or other medical facilities</td>
<td>25</td>
</tr>
</tbody>
</table>

### Insurance

<table>
<thead>
<tr>
<th>Insurance Categories</th>
<th>Usage Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adults (n=3,014)</td>
<td>82%</td>
</tr>
<tr>
<td>Men (n=1,337)</td>
<td>79</td>
</tr>
<tr>
<td>Women (n=1,677)</td>
<td>86</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-29 (n=478)</td>
<td>64</td>
</tr>
<tr>
<td>30-49 (n=833)</td>
<td>83</td>
</tr>
<tr>
<td>50-64 (n=814)</td>
<td>86</td>
</tr>
<tr>
<td>65+ (n=810)</td>
<td>99</td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
</tr>
<tr>
<td>White, Non-Hispanic (n=1,864)</td>
<td>87</td>
</tr>
<tr>
<td>Black, Non-Hispanic (n=497)</td>
<td>81</td>
</tr>
<tr>
<td>Hispanic (n=427)</td>
<td>63</td>
</tr>
<tr>
<td>Annual household income</td>
<td></td>
</tr>
<tr>
<td>Less than $30,000/yr (n=876)</td>
<td>67</td>
</tr>
<tr>
<td>$30,000-$49,999 (n=523)</td>
<td>84</td>
</tr>
<tr>
<td>$50,000-$74,999 (n=371)</td>
<td>95</td>
</tr>
<tr>
<td>$75,000+ (n=680)</td>
<td>96</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
</tr>
<tr>
<td>No high school diploma (n=269)</td>
<td>67</td>
</tr>
<tr>
<td>High school grad (n=830)</td>
<td>78</td>
</tr>
<tr>
<td>Some college (n=778)</td>
<td>82</td>
</tr>
<tr>
<td>College + (n=1,115)</td>
<td>94</td>
</tr>
</tbody>
</table>

Pew, Health On Line 2013
Transparency is the best thing that’s happened to quality since antibiotics...
…by decreasing variance and improving results

As transparency matures, it will rewrite the book on: Who is your competitor?
Hospital Strategic Planning
Who is Your Competitor? The role of Transparency

Stage I
The “other guy”
Hospital Strategic Planning
Who is Your Competitor? The role of Transparency

Stage I
The “other guy”

Stage II
All hospitals in South Carolina

Increasing Transparency
Hospital Strategic Planning
Who is Your Competitor? The role of Transparency

Stage I
The “other guy”

Stage II
All hospitals in South Carolina

Stage III
The entire nation?
Hospital Strategic Planning
Who is Your Competitor? The role of Transparency

Stage I
The “other guy”

Stage II
All hospitals in South Carolina

Stage III
The entire nation?

Stage IV
Medical tourism??

Increasing Transparency
Step 1- Demographic need

Step 2- Financial feasibility

Step 3- Build it and they will come!
Strategic Planning- The Old Way
The Impact of Transparency

- Step 1- Demographic need
- Step 2- Financial feasibility
- Step 3- The need to excel in public data
  - Outcomes
  - Pt Experience
  - Cost
- Step 4- Only then, will they continue to come !!
Step 1 - Demographic need

Step 2 - Financial feasibility

Step 3 - The need to excel in public data
  ◦ Outcomes
  ◦ Pt Experience
  ◦ Cost

Step 4 - Only then, will they come!!
The Future of Transparency
And Health Care Too

Phase I

Quality, Price
Data
The Future of Transparency
And Health Care Too

Phase I
Quality, Price Data

Phase II
Redefining Competition
The Future of Transparency
And Health Care Too

Phase I
Quality, Price Data

Phase II
Redefining Competition

Phase III
The Way to do Business !!
The Future of Transparency
And Health Care Too

Phase I
Quality, Price Data

Phase II
Redefining Competition

Phase III
The Way to do Business !!

Accountable Care Organization
Steve’s Three Rules of Data

1. The data is significant, whether it is significant or not.

2. A low score almost always points to a real issue.

3. The biggest gain in performance improvement occurs when going from NO data to ANY data.

Involve ALL stakeholders in the performance improvement process.
Share the Data!

Decrease the Variance!

Data, not an Indictment!!

Data is NOT Diagnostic!!
Large variances **continue** to exist amongst physicians and hospitals.

Variance **can** and **do** lead to differences in management, treatment, and **outcomes** for the patient.
The great majority of “outlying” physicians are good, caring physicians who have developed a particular style of practice which can be improved!
Clinical outcomes
- Core measures
- Infection control
- Hospital-acquired conditions
- Readmissions
- HEDIS measures

Patient experience
- HCAHPS
- Healthgrades

Improves overall results
Decreases variance
Question for the Leadership Team

Does your organization…

… **embrace** data transparency ?
Transparency… This Train’s Left the Station
The Good, the Bad, and the Ugly

The Good

Huge improvement in quality and experience

The Bad

The Ugly

Quality, Experience
Transparency
Lesson Learned on Transparency
Quality and Patient Experience Transparency

The Problem with Transparency is that it Works!
Transparency… This Train’s Left the Station
The Good, the Bad, and the Ugly

The Good
Huge improvement in quality and experience

The Bad
Tremendous resource drain on system

The Ugly

Quality, Experience
Transparency
The Cost of Transparency

- Hospital and physician group FTEs
  - Data abstraction, collection and reporting
  - Clinical reviews by staff
  - The increasing role of the physician in performance improvement

- Hospital and physician capital costs
  - IT Systems

- The law of diminishing returns:
  - The high cost of marginal improvement
A Question of Degree
Quality and Patient Experience Transparency

Benefits

NO transparency → TOTAL transparency

Transparency
A Question of Degree
Quality and Patient Experience Transparency

Benefits

Quality, Experience
Transparency

NO transparency

TOTAL transparency

Transparency
A Question of Degree
Quality and Patient Experience Transparency

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO transparency</td>
<td>TOTAL transparency</td>
</tr>
</tbody>
</table>

Limitation: Resources

Quality, Experience Transparency
The Good

Huge improvement in quality and experience

The Bad

Tremendous resource drain on system

The Ugly

Unintended consequences of price transparency

Price Transparency
A Game Changer for 2014
The Rise of High Deductible Plans

Health Insurance Exchanges

Employer Cost Shifting

Higher Deductibles/Co Pays

Patient pays more out of pocket
A Game Changer for 2014
The Rise of High Deductible Plans

Health Insurance Exchanges  
Employer Cost Shifting

Higher Deductibles/ Co Pays

Patient pays more out of pocket

Consumer Demand for Price Transparency
Average Single Premium Deductible

Kaiser HRET, 2013
Steve has a URI symptoms and feels bad! Steve has great insurance but a $3,000 deductible. What does he do?

<table>
<thead>
<tr>
<th>Treatment Options</th>
<th>Approximate*:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Department</td>
<td>$ 500</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>150</td>
</tr>
<tr>
<td>PCP visit</td>
<td>120</td>
</tr>
<tr>
<td>Local Pharmacy</td>
<td>80</td>
</tr>
<tr>
<td>Self Treat.. rest, OTC meds…</td>
<td>10</td>
</tr>
</tbody>
</table>

* The actual cost may not be known until the evaluation is completed.
The Perfect Storm for Price Transparency

The Perfect Storm for Price Transparency

High Deductibles

Health Literacy

Defined Contribution Plans
There will be a demand for price transparency by the consumer more than ever before
From the Standpoint of the Consumer

There will be a demand for price transparency by the consumer more than ever before.

If you oppose price transparency.... What are you hiding ??
The Challenges of Price Transparency

- The very process that made transparency successful for quality and patient experience may be detrimental for price

- One needs to strike a balance between how much the consumer needs to know about price
The very process that made transparency successful for quality and patient experience may be detrimental for price.

One needs to strike a balance between how much the consumer needs to know about price.
For outcomes and patient experience:

Transparency has:

**IMPROVED** the performance of all participants

*Decreased* the variance amongst participants
The Special Challenges of Price Transparency

For price:

Transparency may:

- **LOWER** the price for all participants
- **Decrease** the variance amongst participants
A Question of Degree
Quality and Patient Experience Transparency

Quality, Experience Transparency

Limitation: Resources

Benefits

NO transparency  TOTAL transparency

Transparency
A Question of Degree
Price Transparency

Benefits

NO transparency
optimal
TOTAL transparency

Price Transparency
Price Transparency and MRI’s

- MRI Market Overview
  - Huge variation in price, factor of 10 within market
  - Hospitals charging the most to cover increased overhead

- Study: Patients informed of price differences and offered option of selecting a different provider

- Results:
  - 18.7% cost reduction per test - $220
  - Decreased use in hospital facilities 53% to 45%
  - Price variation reduced 30%
  - Patients select lower priced facilities when informed about available alternatives.

Wu, Health Affairs, July 2014
The very process that made transparency successful for quality and patient experience may be detrimental for price.

- **One needs to strike a balance between how much the consumer needs to know about price.**
A Potential Danger
Price Transparency

Consumer advocacy

Disclosure of proprietary information
Striking a balance between: **Right to know** and **Need to know**.

What is **sufficient** for that consumer to know in order to make an informed, prudent decision?
Working Toward Consensus
What Does the Consumer Need?

How much does the consumer have to pay for the services rendered?
A tool for Smart Price Transparency---

For a given medical situation:
What is the total cost “out the door” ?*

*In a relatively time-sensitive, simple, standardized, comparable format
The consumer realizes that all health care costs cannot be anticipated up front… (example: plumber)

What are reasonable costs that can be compared?
I Want a Cheeseburger !!
I Want a Cheeseburger !!

Transparency at Work

Big Mac  BK Whopper  Wendy’s Double  Whataburger

I concede –
Health care is more complicated than cheeseburgers !!
<table>
<thead>
<tr>
<th>Burger</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Mac</td>
<td>$ 3.50</td>
</tr>
<tr>
<td>BK Whopper</td>
<td>$ 4.00</td>
</tr>
<tr>
<td>Wendy’s Double</td>
<td>$ 4.25</td>
</tr>
<tr>
<td>Whataburger</td>
<td>$ 3.79</td>
</tr>
</tbody>
</table>
I Want a Cheeseburger !!
Transparency at Work

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<th></th>
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<th>Wendy’s Double</th>
<th>Whataburger</th>
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</thead>
<tbody>
<tr>
<td>Price Transparency</td>
<td>$ 3.50</td>
<td>$ 4.00</td>
<td>$ 4.25</td>
<td>$ 3.79</td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calories</td>
<td>540</td>
<td>680</td>
<td>700</td>
<td>960</td>
</tr>
<tr>
<td>Outcomes Transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
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### Transparency at Work

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<table>
<thead>
<tr>
<th>Outcomes Transparency</th>
<th>Calories</th>
<th>Taste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calories</td>
<td>540</td>
<td>1+</td>
</tr>
<tr>
<td>BK Whopper</td>
<td>680</td>
<td>2+</td>
</tr>
<tr>
<td>Wendy’s Double</td>
<td>700</td>
<td>2+</td>
</tr>
<tr>
<td>Whataburger</td>
<td>960</td>
<td>4+</td>
</tr>
</tbody>
</table>
## Price Transparency

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## Outcomes Transparency

<p>| | | | | |</p>
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<tr>
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</tr>
<tr>
<td>Taste</td>
<td>1+</td>
<td>2+</td>
<td>2+</td>
<td>4+</td>
</tr>
<tr>
<td>Distance</td>
<td>2 miles</td>
<td>9 miles</td>
<td>4 miles</td>
<td>5 miles</td>
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I Want a Cheeseburger !!
Transparency at Work

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</tr>
</tbody>
</table>
I Want a Cheeseburger!!

Transparency at Work

Big Mac  BK Whopper  Wendy’s Double  Whataburger

What is irrelevant in my purchasing decision:
I Want a Cheeseburger!!
Transparency at Work

What is irrelevant in my purchasing decision:

How much did each pay for the cheese?
What is irrelevant in my purchasing decision:

How much did each pay for the cheese?

How much did the cheeseburger cost to make?
What is irrelevant in my purchasing decision:

How much did each pay for the cheese?

How much did the cheeseburger cost to make?

Some Committee awarded Big Mac “Cheeseburger of the Year”
A tool for **Smart** Price Transparency---

For a given medical situation:

What is the total cost “out the door” ?*

*In a relatively time-sensitive, simple, standardized, comparable format
Price Transparency in Health Care

HFMA 2014
Price Transparency-
In health care, readily available information on the price of healthcare services that, together with other information, helps define the value of those services and enables patients and other care purchasers to identify, compare, and choose providers that offer the desired level of value.
**Definitions**

**Charge** - The dollar amount a provider sets for services rendered before negotiating any discounts. The charge can be different from the amount paid.

**Cost** - The definition of cost varies by the party incurring the expense:

- To the patient, cost is the amount payable out of pocket for healthcare services
- To the provider, cost is the expense (direct and indirect) incurred to deliver healthcare services to patients.
- To the insurer, cost is the amount payable to the provider (or reimbursable to the patient) for services rendered.
- To the employer, cost is the expense related to providing health benefits (premiums or claims paid)

**Price** - The total amount a provider expects to be paid by payers and patients for healthcare services
Principle 1. Price transparency should empower patients to make meaningful price comparisons prior to receiving care. It should also enable other care purchasers and referring clinicians to identify providers that offer the level of value sought by the care purchaser or the clinician and his or her patient.

Principle 2. Any form of price transparency should be easy to use and easy to communicate to stakeholders.

Principle 3. Price transparency information should be paired with other information that defines the value of services for the care purchaser.

Principle 4. Price transparency should ultimately provide patients with the information they need to understand the total price of their care and what is included in that price.

Principle 5. Price transparency will require the commitment and active participation of all stakeholders.

HFMA 2014
The lack of price transparency in health care threatens to erode public trust in our healthcare system, but this erosion can be stopped. Patients are assuming greater financial responsibility for their healthcare needs and in turn need the information that will allow them to make informed healthcare decisions.
On the Road to Smart Price Transparency
The Role of the Health Plan

Patient -> Health Plan -> Delivery System
- Hospitals
- Imaging/Lab
- Physicians
- Others
Health Plan Transparency Example
On the Road to Smart Price Transparency
Uninsured and Out of Network
You should always go to other people's funerals, otherwise, they won't come to yours.

Yogi Berra
I never said most of the things I said.

Yogi Berra
Transparency… This Train’s Left the Station
The Good, the Bad, and the Ugly

**The Good**  
Huge gains in quality and experience

**The Bad**  
Tremendous resource drain on system

**The Ugly**  
*Unintended* consequences of price transparency

Price Transparency
1. The price transparency train has already left the station. We cannot and should not stonewall the process. It has done well for quality and patient experience…But we need to be **Smart** about price transparency.

2. Specific definitions of cost to the consumer must be determined and standardized. Determine what consumer needs to know in order to make an **informed decision** and **provide** it.

3. **Smart transparency** requires a **Smart consumer**. It all starts with the consumer. The consumer needs to be better educated. Health literacy is more important than ever. Substantial work needs to be done in this area.

4. **Anticipate great pressure on pricing**– and possibly a price “war”. Hospitals and physicians must be increasingly involved in cost reduction for all medical services.
5. **Health plans must take the lead** to provide their patients consumer-friendly and timely access to their particular information. The burden to the individual health care providers should be minimized.

6. Hospitals and physicians must develop strategies of price transparency for the **uninsured** and **out of network**.

7. Successful Smart transparency requires **working together** as a delivery system. Since all health care sectors will be effected, ALL must participate.

8. Hopefully, market and consumer forces, working with a cooperative delivery system, will **MINIMIZE** the need for proscriptive legislation. But if we do not act, legislation **WILL** follow.
Just when you think everything’s OK…
You may find that...
I Love You, You're Perfect, Now Change

Now in its 8th Year at the Westside Theatre in New York!
Click here to learn more

"HILARIOUS! THE MOST ENTERTAINING SHOW ON OR OFF BROADWAY!"
-GANNETT NEWSPAPERS

"LIVELY AND FUNNY-IT'S A WINNER!"
-FOX TV

"IT'S FUNNY, IT'S WITTY!"
-THE NEW YORK TIMES

"IT'S 'SEINFELD' SET TO MUSIC!"
-STAR LEDGER

Come see why we are the toast of the town!
When you're finished changing, you're finished.

Ben Franklin
The Meaning of Commitment

The Goal is to have Bacon and Eggs for Breakfast

The chicken is motivated.
The pig is committed!!
To the world you may be just one person,
But to one person you may just be the world.

*Unknown*