



Rx: Health Care FYI #43

Subject: *Consumers have the right to know the cost and quality of health care*

From: *Rep. Tim Murphy (PA-18)*

The problem: Often consumer access to objective information to compare the cost and quality of health care is limited. Making available clear health care information helps to lower patient costs and improve the quality of care. Greater cost and quality information would allow patients to not only make informed choices, but also provides quality standards for hospitals and providers to pursue.

Executive Order:

On August 22, 2006, President Bush issued an Executive Order which for the first-time requires federal agencies to provide easy-to-use information about the quality and price of federal health care plans. The Executive Order:

- 1. Increases Transparency In Pricing.** Federal agencies will share information with beneficiaries (with the option of distributing this information to the public) about prices that federal health insurance plans paid to health care providers for procedures.
- 2. Increases Transparency In Quality.** Directs federal agencies to share with beneficiaries' information on the quality of services provided by doctors, hospitals, and other health care providers. Quality measurements will be established by multi-stakeholder entities including both private and federal sources.
- 3. Encourages Adoption Of Health Information Technology (IT) Standards.** Directs federal agencies to use improved health IT systems to facilitate the rapid exchange of health information. It also requires these systems to meet any interoperability standards for systems to talk to one another. These standards have yet to be established.
- 4. Provides Options That Promote Quality And Efficiency In Health Care.** Directs Federal agencies to develop and identify best practices, such as pay-for-performance measures, to increase the amount of high quality and efficient care.¹

Why is transparency necessary?

- Some hospitals and providers offer specialized care including cardiac, orthopedic, women's medicine or specific surgical procedures such as carotid stenting (opening an artery to prevent stroke). Without objective cost and quality information, patients often only rely on word of mouth or referrals in choosing a doctor or hospital.

¹ The White House. Fact Sheet. Health Care Transparency. Empowering Consumers to Save on Care. : Executive Order: Promoting Quality and Efficient Health Care in Federal Administered or Sponsored Health Care Programs. August 2006.

- Some hospitals and clinics have vast differences in experience of staff, services provided, cost and outcomes. Unlike other services purchased, consumers/patients are not aware of the differences when they are making important health care decisions.

Existing federal transparency efforts:

- Hospitalcompare.hhs.gov : Currently, the federal government only makes available a limited amount of consumer information for Medicare patients regarding the quality of hospitals on treatment for heart attack, surgical infection prevention and pneumonia on their website.
- Ambulatory Surgery Centers (ASCs): On August 21, 2006 the Centers for Medicare & Medicaid Services (CMS) made available Medicare payment information for 61 procedures performed at ASCs that do not require hospitalization.

Examples of transparency: Pennsylvania and Florida:

Pennsylvania:

- The Pennsylvania Health Care Cost Containment Council collects and reports public data about the cost and quality of health care including healthcare-acquired infections, surgeries and treatments at hospitals. Five other states gather data on healthcare-acquired infections, however, only Pennsylvania reports this information to the public. Allegheny General Hospital in Pennsylvania reduced the rate of central line-acquired infections from nineteen to almost zero within 90 days by educating and training healthcare staff on infection control. Hospital savings over 3 years were estimated at over \$2 million and 47 lives were saved.

Florida:

- Floridacomparecare.com -Allows consumers to research prices for various medical procedures for all hospitals on the internet. For example, two Florida medical centers charge dramatically different rates for the same cranial tap procedure (\$917 vs. \$5,132). Further, there are major differences in the numbers of procedures performed each year at the two centers (1,232 vs. 40 respectively).²

Recommendations:

- Require CMS to release all non-identifiable Medicare provider claims data to patient safety organizations in order to help provide consumer-friendly information on health care costs and quality.
- Make available federal cost and quality measures to businesses, unions and individuals to use as benchmarks to negotiate lower health insurance costs.
- Employers should require objective quality and cost information to allow their employees to make informed decisions regarding their health care.
- Allow owners of Health Savings Accounts to access objective health care cost and quality information to compare prices as well as value.

² Gingrich, Newt. Sticker Shock Could Help with Healthcare Costs. The Hill. March 8, 2006.