

## Price Transparency: Ensuring Access to Meaningful Data

**LEAD**  
*the* **WAY**

*Building a People-Centered Health System*



Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. We are building a People-Centered Health System to put the people we serve at the center of every behavior, action and decision. This brings to life our commitment to be a compassionate, transforming and healing presence in our communities. We advocate for public policies that support better health, better care and lower costs to ensure affordable, high quality, people-centered care for all.

Delivering people-centered care requires consumers have access to meaningful information about the price and quality of their care in order to foster personal engagement that promotes self-management and shared decision-making.

Consumer cost-sharing is on the rise. As patients assume greater financial liability for their health care costs, the urgency for transparency also rises. It is critically important that patients understand the basic components of their insurance plan coverage to be well-informed consumers. Trinity Health is committed to working with consumers, health plans and policymakers on developing the best solutions for achieving price transparency goals.

Everyone plays a role in helping consumers navigate the care delivery system, including patients themselves, family members, health plans, hospitals and physicians. Consumers need an understanding of in-network providers, including physicians, hospitals and outpatient centers. They also need an understanding that the price of patient care can vary, including out-of-pocket costs; and that out-of-network cost sharing is higher. Health plans best know the plan benefits for individual patients, and, therefore, must take a leadership role in providing information on the available network of providers and the patient out-of-pocket costs.

The following key components should drive policymaking on price transparency:

- Developing a consistent, standard formula for how price is calculated, and the way in which health plans and providers exchange price data.
- Ensuring the accuracy and reliability of this data by allowing providers the ability to review, correct and appeal the information.
- Making this data available via an easy-to-utilize tool that will give patients better access to their potential out-of-pocket costs.

### Solving the Price Transparency Challenge

Understanding health care terminology around price poses significant challenges for consumers. If you ask a group of people to define what "price" is, it is likely you will get a variety of answers. Below are definitions to help frame understanding on this issue and inform policymaking on price transparency:

- **Charge:** The dollar amount assigned to specific medical services before negotiating any discounts from payers. The charge is different from the price. Very few patients pay the charge regardless of their insurance status; and, therefore, this data is not meaningful to consumers.
- **Price:** The negotiated and contracted amount to be paid to providers by payers (also called the "allowed amount"). A patient's out-of-pocket liability for health care services is based on this allowed amount. Note that the price for a given service varies by insurance plan as these are separately negotiated by plan/employer.
- **Out-of-Pocket:** Portion of the price for medical services and treatment for which the patient is responsible. This includes copayments, coinsurance, and deductibles.
- **Cost:** The definition depends on the cost being referenced: To the provider, cost is the expense incurred to provide health care to patients. To the employer, cost is the expense related to providing health benefits. To the insurance plan, cost is the price paid to the provider. To the patient, cost is the out-of-pocket fees.

The above definition of price should guide policymaking on transparency so that data is meaningful to patients. Since these amounts will differ by insured status and insurer, transparent postings could include one payer, or an average of all payers, or an average within major payer categories.

# Price Transparency

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## What Can Policymakers Do?

### Ensure Price Transparency Efforts are Realistic and Meaningful

Transparency is important to ensuring that consumers are well informed in order to make the most appropriate decisions about coverage options related to when and where they seek care. It is critical that the patient be aware of their out-of-pocket liability before services are provided so patients have a clear understanding of their in- and out-of-network costs in order to make more informed decisions. With real-time insurance verification and access to information on the patient's premium and co-pay obligations, providers can play an important role in assisting consumers at the time of service.

#### *Policy Recommendations:*

- Providing up-front price estimates to those inquiring is reasonable; however, hospitals cannot be accountable for prices estimates for out-of-network physicians and other independent providers.
- Require that health plans are providing consistent, standard, accurate and reliable information about plan options; including, covered benefits, prescription drug formularies, provider networks, and out-of-pocket patient liabilities.
- Ensure a standard formula for how price is calculated and exchanged between providers and health plans.
- Ensure this data from health plans is updated regularly—at least yearly—via a transparent platform. To provide meaningful data to patients, the public posting should be based upon paid amounts not charges. It could include a bundle of the most common – perhaps the top 25-50 inpatient and top 100 outpatient – procedures as a reasonable starting point. Providers, however, must have the ability to review, correct and appeal this information.

### Advance Additionally Important Transparency Efforts

For true transparency on the value of care provided, patients need an understanding of not only price but of quality of care. Providers, however, are often stymied by an ever-increasing number of quality reporting requirements, many of which are overlapping, conflicting and fail to focus on real opportunities to improve care. Additionally, all-payer claims databases (APCDs) hold the potential to advance health care transformation and population health by supporting efficient decision-making in the delivery of clinically integrated care.

#### *Policy Recommendations:*

- Ensure quality measurement and the transparent reporting of it is consistent across payers, and focuses on a small number of outcome-based metrics that emphasize patient-reported and patient-generated data that is meaningful to patients.
- Further develop state APCDs and implement a federal pilot program through the Department of Labor (DOL) to collect health care claims data in cooperation with state APCDs.

## Our Commitment to Transparency

Trinity Health is committed to helping patients navigate the complicated health care delivery and payment system. Our hospitals already post helpful policies online, including financial assistance and charity care policies. Providing patients with a deeper understanding of their out-of-pocket costs is important. Therefore, we are also making investments in new technology, such as online price estimators, that will aid patients in better understanding their financial responsibility.

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**Mission:** We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

**Core Values:** Reverence • Commitment to Those Who Are Poor • Justice • Stewardship • Integrity

