

(March 15, 2006) Hidden Health Care Prices Inflate Costs

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House Committee on Energy and Commerce Subcommittee on Health Hearing

Hidden Health Care Prices Inflate Costs, Hurt the Poor & Distort Markets, Subcommittee Hears

Family Doctor: "Let's have transparency in everything"

WASHINGTON - The House Health Subcommittee heard Wednesday of hidden price tags, broken markets and health care bills inflated by thousands of dollars, and it heard a plea for help from a Charlottesville, Virginia family doctor.

Manipulation is the problem and sunlight is the cure, according to Dr. David MacDonald. "Let's have transparency in everything."

"I started posting my prices in 1997," he said. The doctor said that plain talk and honest prices make a difference, especially to the uninsured. "I'm here today to ask this committee for help," he said.

MacDonald told the story of an uninsured construction worker who came to him in need of a hernia operation. "I called a local hospital and found out that the bill was going to be \$10,000-plus, ...actually \$15,000. So I called a very good surgeon I knew and we got the job done for \$1,800. The guy could easily pay \$1,800, but he couldn't fathom paying \$15,000."

MacDonald was among a panel of nine, including the former House Speaker Newt Gingrich, R-Ga., and two Illinois Democrats, U.S. Reps. Daniel Lipinski and Rahm Emanuel, who discussed transparency in health care pricing at a hearing.

"The current system is a hopeless mess," Gingrich said. "Outside of health care, we live in the world of Expedia, Travelocity, Craigslist and Consumer Reports. Health care is the only area of America's economy where the consumer and the provider have no idea what the goods and services they trade cost."

Another witness, National Center for Policy Analysis President John Goodman of Dallas, pointed to "a recent Harris Poll (that) found that consumers can guess the price of a new Honda Accord within \$300. But when asked to estimate the cost of a four-day stay in the hospital, those same consumers were off by \$8,100."

Consumers might be able to "shop for health care the way they shop for groceries," but not as long as the real costs

remain hidden beneath layers of bureaucracy and middlemen, Goodman said.

The full Energy and Commerce Committee chairman, U.S. Rep. Joe Barton, called it "a conspiracy of silence."

"I cannot think of another sector of our economy where consumers have less say," he added. "Instead of a marketplace, we have a system that prevents patients from seeing how much their health care services actually cost. The health care system hides prices and it blurs quality. At its most perverse, the system treats the poorest like they were the richest and charges them the very most."

"As we have seen in so many other areas, empowered consumers increased the level of quality while driving out inefficiencies and waste," said U.S. Rep. Nathan Deal, R-Ga., chairman of the Health Subcommittee. "And it is my hope that we can do the same thing for health care."

"This issue is not Democratic or Republican," said Lipinski, author of the Hospital Price Reporting and Disclosure Act, H.R. 3139. "When I'm home in Illinois talking to my constituents, they call this bill one thing - common sense. Because when it comes to health care, information is good for you."

Dr. MacDonald also told of routine lab tests that were projected to cost him \$400 to \$500. "Through other venues, we were able to get that same group of test for \$89."

Gingrich recommended every state adopt Florida's approach. Florida has two web sites - FloridaCompareCare.com and MyFloridaRx.com - that display hospital price, outcome data and prescription drug prices respectively. He said the South Florida Sun-Sentinel recently reported significant savings for consumers willing to shop. Thirty pills of Nexium fetched \$202 at one pharmacy while costing just \$131 two miles away.