

(December 6, 2006) Lipinski's Hospital Price Disclosure Legislation

JENNIFER OPENSHAW Checkup lines Health-care pricing initiatives help consumer shop wisely By Jennifer Openshaw
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This update of a column originally published Nov. 8 corrects the name of Aetna spokeswoman Betsy Sell. LOS ANGELES (MarketWatch) -- In my last article I shared my concerns and experiences with the cost of health care and the growing need for consumers to become health-care shoppers. See previous Jennifer Openshaw.

As I dug deeper into the subject, I found a gold mine of important new initiatives, both from the private and public sectors, worth sharing. Through a combination of personal experience and national headlines, I had started to discover the wide disparity in the cost -- or at least the pricing -- of health-care products and services. Recent headlines ranging from the Wal-Mart \$4-per-month generic prescription pricing test to growing coverage of overseas surgery options helped make the case.

Yet in most instances, health-care pricing is largely hidden from consumers. And most consumers today, at least the fully-insured ones, have no real reason to care. But as employers back away from full health-care coverage, signs are rampant that we all will experience real exposure to the costs of health care.

Affordable health insurance, both for individuals and employers, will mean higher deductibles and thus higher out-of-pocket expenses. And is this a bad thing? Aside from those with expensive, chronic conditions, in a word, no. Don't get me wrong; I'm all for lower costs for consumers. But when the price of any good or service becomes more visible and more "experienced" by buyers, competition, improved technology and rational pricing behavior start to take hold. Witness what happened in the securities brokerage industry, starting first with deregulation in 1975, followed closely by the at-the-time-disruptive Charles Schwab discount brokerage service.

Buying and selling stocks now costs less than a tenth of what it once did. There is a growing groundswell of forces and visionary initiatives coming to play to support so-called consumer driven health care. I maintain that the time to become a "savvy shopper" is now, and happily, the resources necessary to make it happen are starting to appear.

At the federal level In my last article, I mentioned the Hospital Price Reporting and Disclosure Act (H.R. 3129) championed by U.S. Rep. Daniel Lipinski, D-Ill. In a nutshell, the bill would require hospitals nationwide to publish pricing and care-quality information. The bill is still in committee. An attempt to attach it to a health-technology bill last summer was shot down at the last minute at the request of the American Hospital Association.

In a lengthy conversation, Lipinski shared his own personal experience of a recent hospital stay from a broken hip that ultimately drove him to action -- being charged \$5 each for a "handful" of ointment salves when he asked for one. He sees slowly growing support for the idea of using price visibility to "bring down cost, improve quality and change the way hospitals provide care."

And an August executive order from President Bush now requires price and quality information disclosure to employees in the departments of Defense, Health and Human Services and Veterans Affairs. Another step in the right direction is the "Value Driven Health Care" Web site of health and human services: www.hhs.gov/transparency/federal.

The Florida prescription I mentioned the state of Florida, whose forward-thinking Agency for Health Care Administration has two Web sites for consumers to compare hospital prices and outcomes (FloridaCompareCare.gov) and prescription prices (MyFloridaRx.com). You can compare hospitals, doctors, and prescription providers by county, city and procedure. The stated goal is to "improve care and reduce costs by giving citizens like you the tools to compare outcomes and prices between health-care providers and medical services."

So I checked out the sites. Quickly I found that a knee replacement ranges from about \$40,000 to about \$70,000 with an average of \$46,210 -- within a single county. An angioplasty ranges from \$26,000 to \$89,000 with an average of \$52,923. Such discrepancies force you to delve further, even if your insurer is paying 80% of the bill. Prescription drug price ranges are also dramatic. The anti-inflammatory Naproxen ranges from \$22.49 to \$69.00 for 60 tablets (500mg). Lipitor, for which there is no generic alternative, ranges from \$117.50 at the local Winn-Dixie to \$186.50 at a local pharmacy. You get the idea.

Beyond our borders I also discovered another exciting and evolving alternative: health care outside of the U.S. Go to Mexico or Costa Rica or Thailand or India to save. How much? The figures are stunning. According to medical-tourism portal PlanetHospital (www.planethospital.com) I could get that knee replacement for between \$6,500 and \$6,939 in India, Belgium or Mexico. The angioplasty would cost \$3,650 to \$6,300 in India. Now I know some may be concerned about quality, and some warn of the lack of expertise for issues such as post-operative infection. But remember, most of these physicians are U.S. trained.

What you're saving is the cost of administration, malpractice coverage and the huge cost-of-living differential between the U.S. and these places. A few U.S. insurers are starting to buy into the idea, offering overseas alternatives as part of their portfolio and pricing. Interestingly, the idea of bundling health procedures into vacation packages is growing and the trend bears watching. Ahead of the pack: Aetna I can't say enough about a highly visionary initiative under way at health insurer Aetna to bring cost and quality of care to light for its subscribers.

The company's "Consumer Directed Strategy" initiative started in 2001 and achieved its first big headline in August 2005, when Aetna posted physician-care prices in the Cincinnati area. Now this past August, Aetna has rolled the program out in major cities in 11 states and the District of Columbia, covering some 2.9 million subscribers and 70,000 physicians. What's more, Aetna provides several tools to help subscribers calculate total health-care costs -- including insurance premiums and out-of-pocket costs. Subscribers can also model the total cost of a specific procedure in their area, and can easily track their own health-care and health-cost history. Aetna's agenda, according to spokeswoman Betsy Sell, is to help subscribers in the long-term "make more educated, informed health care decisions."

A win for Aetna, and a win for the consumer. About covering the chronically ill Lipinski is mindful of the needs of the chronically ill (he himself is a diabetic). He reminded me of the possibility of "adverse selection" driving only the healthy to high-deductible consumer plans, while the diminished pool of the unhealthy would be left holding the bag for costly insurance. But I believe that price rationality will help this group too.

As the government would save on Medicare costs, those savings could be put into subsidizing care for the truly unhealthy. Canada and many other developed countries don't have consumer-driven health care; in fact, quite the opposite, as prices are set by the government. But the effect is the same, and I submit that a consumer-driven scenario, with some government direction, might work even better.

Lipinski acknowledged there is concern about his bill on both sides of the aisle: too much change, too fast, and even the Democratic side is leery of making health care "too consumer driven" for fear of leaving the chronically ill behind.

Still, he believes the initiative is gaining support and will come to the forefront again next year. That possibility is more likely with the Democrats taking control of the U.S. House of Representatives in Tuesday's election. Lipinski suggests that all consumers should keep up with -- and support -- public legislation. "Let your Congressman know how you feel," he advises.

Aetna's Holt adds, "It's an aha moment" when subscribers see cost figures. She adds about the results of the Aetna initiative so far that no major change in health care or health insurance costs have come -- at least yet. "The groundswell isn't overwhelming, but we know its coming." I couldn't agree more.

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