
Transparency in Pricing May Lower Claim Payments



According to a new study published in JAMA, searching a health service pricing website before using the service results in lower payments for clinical services such as laboratory tests and imaging.

Due to changes in the healthcare insurance market, more and more insured patients now have to bear a greater proportion of their healthcare costs. That is why they are more likely to demand access to improved prices for the health services they may require.

Keeping this in mind, several state-administered initiatives have worked toward improving price transparency by making pricing information available to patients so that they can be aware of any out-of-pocket costs they may incur. Thus, patients now have access to information regarding hospital charges, average reimbursement rates, billed charge discounts, deductibles and so on.

Neeraj Sood, PhD, of the University of Southern California, Los Angeles, along with Christopher Whaley, BA, of the University of California, Berkeley, and their colleagues examined the association between the availability of health service prices to patients and the total claims payments for these services.

Payments made by patients who searched a pricing website before using the service were compared with those who used the service without doing any prior research. Medical claims from 2010 to 2013 for 502,949 patients were included in the study. These patients were insured in the United States by eighteen employers. All patients had access to a price transparency platform provided by their employers.

The study showed that patients who searched the platform fourteen days prior to receiving care had lower claim payments as compared to those who did not. Adjusted payments were 14 percent lower for laboratory tests, 13 percent lower for advanced imaging and one percent lower for clinician office visits. The relative differences translated into lower cost of \$3.45 for laboratory tests, \$124.74 for advanced imaging and \$1.18 for office visits.

Before patients had access to price transparency platforms, payments for those who searched pricing websites were approximately four percent higher for laboratory tests and six percent higher for advanced imaging. However, prices for clinician office visits were 0.26 percent lower as compared to non-searchers.

According to the study authors, "Knowing that some prices are very high, some patients may forego care. Conversely, cost savings from price shopping might enable patients to increase use, which may lead to improved adherence to recommended treatments but also to overuse of services. For this reason, our study cannot determine whether the price transparency technology reduces overall healthcare spending. Future research should extend this analysis to services beyond the three used in this study. It should also examine how use is affected to better understand the broader effect of price transparency on health care spending and population health."

In an accompanying editorial, Uwe E. Reinhardt, PhD, of Princeton University (Princeton, NJ, USA), pointed out that greater transparency about prices and quality in healthcare may not be that helpful if the relevant market is monopolised. Transparency is only useful in markets where there is significant competition. This is an important point that should not be overlooked when evaluating the impact of price transparency on payments and quality of healthcare.

Source: JAMA

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