



Shopping



Health Care

In the near future, it will be routine for patients to compare doctors and hospitals when planning, say, a surgery or birth of a child. Few doctors will give a standing ovation at the prospect of being compared with their peers the way *Consumer Reports* compares toasters or plasma-screen TVs, yet it is the inevitable future of health care.

A sample comparison of hospitals appears in *Better Care, Lower Cost: A Prescription for Value-Driven Healthcare*, a brochure published by the Department of Health and Human Services. Provided by the secretary of HHS, Michael O. Leavitt, the brochure advocates consumers seeking value by pursuing the correct balance of quality and cost.

The growing use of electronic health care records transforms our health care system into one fluid information system, allowing greater access to data on quality and price. Information once considered proprietary to health care organizations is now transparent and easily accessible to all. If consumers are to play a critical role in their own care, then health plan designers must seek incentives that will encourage consumers to seek this information and use it to obtain the greatest value.



Comparison tools promoting access to information on the quality and cost of health care are rapidly becoming available. Aetna claims to be the first health insurer to “open the black box” on doctor pricing and quality information. Blue Cross Blue Shield, Cigna, Kaiser Permanente, United HealthCare and several other health care organizations are initiating their own version of online comparison tools on cost and quality of doctors, hospitals or prescriptions. It is very likely that your local health systems provide limited price information on their websites.

Transparency is the concept that makes comparison possible. Though health care policy experts have been promoting transparency for several years, on August 22, 2006, it received a huge push when President Bush signed Executive Order 13410, “Promoting Quality and Efficient Healthcare in Federal Government Administered or Sponsored Healthcare Programs.” The Order directs federal agencies and their contractors to release information on the quality and price of medical care delivered by doctors and hospitals. In addition, the Order requires agencies to offer insurance options that reward consumers for choices based on quality and cost. The federal government provides one in four Americans with health insurance. Several governors have followed suit, including Virginia’s Governor Kaine, who signed Executive Order Number 42 in December 2006 to improve transparency and accountability in health care.

The executive orders contend that quality and cost can be improved by giving patients the power to make informed choices. A value-based decision considers both quality and cost. For example, if Dr. Jones performs 200 surgeries per year with favorable outcomes, while Dr. Smith performs only 25 per year with less-than-favorable outcomes, then most patients would want access to this type of information prior to selecting their surgeon.

The nation’s medical providers have not expressed enthusiasm at being viewed in the same competitive way that other goods and services are sold to

consumers. There may be opposition to this kind of transparency. Legitimately, facts and figures are not always helpful in a trusted patient-doctor relationship. Yet, according to Sara Rosenbaum, professor at George Washington University, “Presently, there appears to be no legal barriers preventing this type of information so long as the patient’s identity is protected.” Though there are several state and federal laws that prevent disclosure of private health information of individuals, there appears to be no restrictions on collecting this type of data and reporting on the cost and effectiveness of medical providers.

A significant percentage of Americans appear to be ready for this new access to information. For example, a recent study done by the Council for Affordable Health Insurance showed that 84% of Americans agreed that hospitals, doctors and pharmacies should publish their prices for all goods and services. Another recent study by McKinsey & Company revealed that 80% of patients say they do not have enough information on their doctors’ prices. And as recent as March 7, 2007, the Blue Cross Blue Shield Association stated that 81% of consumers would search for information on hospitals and doctors that could provide them treatment. Consumers clearly are looking to be informed on their choices.

Experts believe that today’s health care dilemma is that the patient is isolated from the economic tradeoffs of quality and cost through the use of third-party payers and insurance companies. For example, the traditional co-pay for prescription drugs isolates the consumer from the true cost of the drug, which could cost hundreds, if not thousands, of dollars when other, more cost-effective alternatives are available. The challenge is to bring into balance these tradeoffs, similar to what a consumer does with other purchases.

If patients are to play a critical role in their own health care, then employers, consumers, hospitals, physicians and insurance professionals need to work together. The goal is to provide all patients with convenient access to accurate and understandable information on the quality, cost and alternative health care treatments. **HIU**

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