

Network for Regional Healthcare Improvement  
SUMMIT ON REGIONAL HEALTHCARE TRANSFORMATION  
Workshops on Key Policy Issues in Regional Healthcare Transformation  
***OBTAINING AND USING DATA ON COST OF CARE***

**Fair comparisons of the price of services across providers should be reported in conjunction with information about the quality of the provider's services.** The price of a provider's services should be reported on a unit cost, episode and per capita basis including the prices paid to specialists and all involved providers. Costs of complications, readmissions, and health care acquired conditions should be reported in order to avoid rewarding a provider with a lower initial price but a higher total episode price and to inform consumers about the total payments/price going toward undesirable or unnecessary services and 'waste'.

**Providers' prices should be reported multiple ways.** The price of a provider's services should be reported so that consumers will know exactly how much a provider charges for a service. This price information should also be combined with benefit information so that a consumer will know how much they will pay out of pocket depending on their coverage. Additionally prices should be reported by population to understand the differences in cost related to morbidity. Prices should also be reported with risk adjustment and segmented by payer type in order to avoid rewarding providers who serve lower-acuity patients or penalizing those with sicker patients. Standardized pricing should be reported to better understand variation in resource use. Non-standardized pricing information should also be reported and annotated to reflect structural differences in the cost of different providers, eg the additional costs of medical education at a teaching hospital; additional costs of safety net hospitals and community clinics that have a high proportion of uninsured patients or patients on Medicaid; providers in urban v rural areas, etc. These differences should be made public so that consumers better understand these costs. Understanding who paid for what and who benefitted should also inform who should contribute to the costs of improvement.

None of these reporting options are mutually exclusive and have different value for different audiences. All strategies should be simultaneously pursued.

**Consumers should be encouraged to use quality, price and cost information in a way that encourages higher quality, lower cost care.** In addition to full transparency, strategies should include adjusting cost sharing requirements and other incentives so that consumers must pay more for using services from higher priced providers. Consumers should not be incented to use lower cost providers unless quality measures are available but may be incented to use higher quality providers absent cost information. This should occur regardless of structural differences among providers. Transparency of the costs of the structural differences- such as higher prices at a teaching hospital due to its educational mission- should inform choices, but higher cost sharing should still apply.

**Cost, price and quality information should all be publicly reported with both summary and detailed information to enable consumer choice.** Cost, price and quality information should be reported at the practice or physician group level and by facility and disaggregated whenever

possible. Consumers and purchasers need to know what a plan pays for a service by payer and provider. Aggregation should only be used when needed to make the measure accurate. In addition to cost and quality reporting, a value metric should be created that combines cost and quality information on a service for each provider so that consumers can more easily compare providers on value. A value measure should not replace detailed cost and quality measures. A summary value measure should be presented in an easy to understand way with accessible drill down information on price and quality so that consumers may prioritize the measures most important to them. Consumers understand and want information on the frequency and costs of adverse events and unnecessary services. Publicly reported information should include rates of infections and healthcare acquired conditions associated with a provider's service in addition to the provider's price for the service itself. Consumers want 'as much information as possible'.

**Cost, price and quality information must be effectively shared with providers as part of the public reporting process.** This information should first be privately reported to physicians to allow them to understand the information, trust its accuracy, and to facilitate improvement prior to public reporting. The information should be presented to providers as part of an effective provider engagement strategy that includes technical assistance and improvement support. Regional collaboratives could play a key role in provider engagement. Private reporting does not diminish the need for public reporting and should not delay public reporting for more than a year. Thought should be given to the most efficient and effective infrastructure for public reporting to avoid costs of developing multiple systems and to encourage alignment across reporting programs.

**Public reporting of price information must be done in a way that encourages providers to lower prices rather than raise them.** Changes in prices from year to year should be reported to monitor trends. Prices and utilization rates should be comparable on a regional and national basis and meaningful benchmarks should be developed to identify lowest cost/lowest price providers and demonstrate what is possible in terms of prices for particular services. This will be valuable for providers to understand opportunities for improvement, to the business community seeking to understand appropriateness of local prices, and consumers who may seek care outside of their community.

**Any barriers to lowering prices must be removed.** Any payment systems that limit a provider's ability to reduce costs and prices should be changed and any regulatory barriers removed. Any provisions in provider-payer contracts that do not allow release of price information should be prohibited. Changes to state laws may be required and should be considered to enable cost reporting and cost reduction.