

Healthcare Transparency – Focus on Price and Clinical Performance Information

Summary of Position Paper Approved by ACP Board of Regents, September 2010

What is Healthcare Transparency?

The Institute of Medicine (IOM) defines healthcare transparency as making available to the public, in a reliable, and understandable manner, information on the health care system's quality, efficiency and consumer experience with care, which includes price and quality data, so as to influence the behavior of patients, providers, payers, and others to achieve better outcomes (quality and cost of care).

Price transparency includes:

- physicians, hospitals and other providers publicizing their usual charges for particular health care services, which may vary depending on their contracts and relationships with various payers;
- insurers making available to their subscribers the rates that they have negotiated with physicians and hospitals; and
- government agencies publicly reporting the average prices for common health care services.

Performance transparency broadly refers to making available to the public information related to clinical quality, resource use, and experience of care with individual physicians, hospitals and other providers. Other examples of healthcare performance information include the efficiency of health plans in administrating submitted claims or the percentage of the premium dollars collected that health plans spend for medical services compared to administrative costs and profit (medical loss ratio), or the effect of a particular procedure or product compared to an alternative (comparative effectiveness information), or the methodologies used by payers in making coverage and payment decisions.

Why is Healthcare Transparency Important to Healthcare Professionals and Patients?

Transparent healthcare information is useful for a wide range of stakeholders including patients/consumers, employers/purchasers, health plans, health care professionals, and policy makers. Research has found that transparency can help a patient and their families make informed choices when selecting a health plan, hospital, clinical practice, or choosing among alternative treatments, although there are questions about how well and how often patients make use of such information and how best to present such information to the public. In addition, increased healthcare transparency can allow for increased trust in the patient-physician relationship and health care systems. Transparency can also improve quality, safety and efficiency throughout the healthcare system due to competition and/or the availability of clinical benchmarks.

Recommendations from the Paper

ACP recommends the following:

Price Transparency:

- Any methodology used to publicly report price should be transparent, and contain adequate protections to ensure the reporting of reliable and valid price information.
- Price information provided to patients/consumers should be readily available, presented in a manner that is easily understood and reflective of its limitations.
- Formal governmental or private sector requirements for price transparency should minimize the administrative burden on the participating physicians or other healthcare professionals.
- Price should never be used as the sole criterion for choosing a physician or any other healthcare professional. Price should only be considered along with the explicit consideration of the quality of services delivered and/or the effectiveness of the intervention. The price charged for a specific procedure or service may also not be indicative of the total cost of care, how much the insurance company will pay, or the patient's out-of-pocket costs.

Performance Transparency:

- Evaluation of physician performance should be based on a number of important criteria including information being reliable and valid; transparent in its development; open to prior review and appeal by the physicians and other healthcare professionals referenced; minimally burdensome to the reporting physician and other healthcare professionals; and comprehensible and useful to its intended audience including a clear statement of its limitations.
- Physicians and other health care professionals need to have timely access to assessed performance information prior to public reporting.
- Standardized performance measures and data collection methodology should be agreed upon by relevant nationally recognized healthcare stakeholders.
- The most effective means of presenting performance information to patient/consumers and educating these information users on the meaning of performance differences among providers should be researched. ACP does not support web-based physician rating sites that rely on subjective and invalidated data.

For More Information

This issue brief is a summary of *Healthcare Transparency – Focus on Price and Clinical Performance Information*. The full paper is available at http://www.acponline.org/advocacy/where_we_stand/policy/transparency.pdf.