

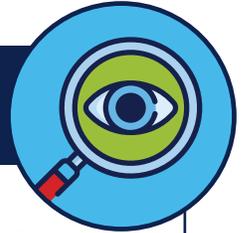


Price Transparency Myths

Separating Fact From Fiction

FICTION:

Asking insurers to disclose privately negotiated rates is a violation of free market principles.



FACT:

There is also no “free market principle” that allows a seller to hide prices from a customer until after a service has been provided.

Transparency of prices is considered an essential condition for markets to function. Keeping negotiated price information from consumers has no meaningful public benefit and even allows some providers to charge above-market prices, arguably harming consumers with higher out-of-pocket costs and making care more difficult to access.

FICTION:

These prices never make it to the patient. The negotiated rates and hospital list prices are not the price that the patient would pay.



FACT:

To compare options, patients need to know what their specific health plan pays for a given service.

Without information on estimated out-of-pocket costs, what a plan will pay a specific provider, and the average real price paid for other providers (or some other form of pricing anchor, such as a median in-network rate), patients simply cannot compare rates and decide if they are getting the best value before making a health care decision.

Companies and apps are being developed to help patients use this data and customize it for their own plans so decisions based on real prices can be made.



Price Transparency Myths

Separating Fact From Fiction

FICTION:

Revealing prices could increase health costs overall by revealing to providers that they could be charging patients more.



FACT:

Health care costs are high because patients pay through intermediaries and have no ability to shop based on price.

In every other market for services, when prices are known, businesses compete, in part, on price. Providers, not patients, benefit from a lack of transparency. When gas stations post their prices publicly, they don't raise their prices—if they do, they'll lose customers. They lower their prices.

FICTION:

There is minimal evidence that making prices more transparent for consumers will drive down health care costs.



FACT:

Price transparency efforts have already increased shopping and pushed prices down.

Kentucky's price transparency tool put more than \$1.9 million in cash benefits into the pockets of users in its first three years. New Hampshire consumers who used price information to shop saved a great deal, with average savings of 36 percent for medical imaging services, for example.

BOTTOM LINE:

Price transparency allows consumers to compare prices, which promotes competition and drives down costs for patients, and America still has a long way to go.