

Chris Severn QFR Responses

Lowering Unaffordable Costs: Examining Transparency and Competition in Health Care

Attachment 1—Additional Questions for the Record The Honorable Dan Crenshaw

Mr. Severn, I often think of the patient provider relationship. Services are ordered with the patient's best interest in mind, but in a large marketplace, there are often different treatment options available with varying cost.

1. What opportunities exist to make existing health pricing data meaningful to patients and providers, particularly before a service is actually provided in the exam room or at the point-of-service, so that we can lower costs?

First and foremost, the existing health pricing data must be adapted into consumer-friendly service packages. Healthcare prices are currently represented by over 10,000 hyper-granular medical billing codes that were not designed for a consumer audience. As a result, there is no common language for providers to communicate cost information to patients, and technology innovators working to improve the patient financial experience similarly lack the same standard.

To address this need, former CMS Administrator Seema Verma and Niyum Gandhi, CFO and Treasurer at Mass General Brigham, formed Project Clarity¹, a multi-stakeholder collaborative with an ultimate goal to empower adopters of existing price transparency regulations (payers, providers, technical implementers, etc.) to produce pricing information that is consumer-friendly. This work is supported technically by Turquoise Health, CareJourney, the Healthcare Cost Institute and others.

In 2022, this group published its first draft set of 10 open-source, consumer friendly service packages. It is committed to publishing another 100 service package definitions in 2023 for public use. The group aims for these service packages to become the lingua franca of Good Faith Estimates required by the No Surprises Act in 2023 and beyond.

Secondly, as you note, patients should not solely shoulder the burden to shop for affordable care. These healthcare prices must make their way into the primary care physician's workflow at the point of care. Technology innovators are working to embed healthcare pricing data into electronic health record software. However, for this technology to reach full impact on lowering costs, it is up to providers, health insurers and the government to properly incentivize referring providers to route patients towards more affordable care.

2. Which health services or procedures provide the greatest immediate opportunity for price transparency?

Outpatient services are particularly fit for immediate price transparency disruption if they meet the following criteria:

- High volume
- Low clinical variation in quality (commodity services provided in multiple locations)
- Moderately expensive (a few hundred to single digit thousands): These services fall below an insured patient's deductible but are high priced enough to incentivize shopping

These services are typically ordered by primary care physicians or specialty care physicians during a patient consult. The following service categories meet these criteria:

- High cost imaging (MRI, CT, PET)
- Routine outpatient surgical (Colonoscopy and diagnostic gastrointestinal services, certain biopsies, low-complexity orthopedic and cardiac services)
- Physician-administered injectable drugs (Part B drugs)
- High cost labs and diagnostic studies (e.g., Holter monitors or sleep studies)

While lower priced services such as office visits and therapy consults do not pose an immediate opportunity for significant price savings, as there is less rate variability and more weight placed on provider quality, patient outcomes may improve as these prices become public. Kaiser Family Foundation polling shows that 24% of adults have delayed doctor's office visits due to cost². Often, these cost concerns come from lack of education that preventive visits and consults are frequently covered or have low cost share for the patient. Preventive care can catch serious illness sooner, reducing overall costs of care for severe episodes.

As pricing innovation evolves alongside consumer education, more complex and high-priced hospital services will also be impacted by price transparency data. First, the industry must innovate to package complex care into more predictable, consumer-friendly episodes.

¹ <https://projectclarity.health/>

² <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-march-2022/>