

PRICE TRANSPARENCY & PHYSICIAN QUALITY REPORT CARD 2017

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INTRODUCTION

For the past four years, Altarum's Center for Payment Innovation (formerly the Health Care Incentives Improvement Institute) and Catalyst for Payment Reform (CPR) have published separate state report cards on health care price transparency and physician quality transparency. The reports provided policymakers, consumer advocates, and other health care leaders comprehensive information on how readily consumers could find health care price and quality information in every state across the country. Further, they started a national dialogue on transparency and, in some cases, prompted lawmakers to introduce legislation. The reports have served as invaluable resources to patients, advocates, payers, and clinicians who value price and quality transparency and have used the reports not only to understand where there are transparency deficits across the country, but also to identify the high performing states whose transparency models can be emulated or adapted.

While rising health care costs and increasing financial burdens on consumers due to cost sharing have placed a growing emphasis on the need for price transparency, quality transparency hasn't gotten the same attention in recent years. Even in states that have fully implemented all payer claims databases, the use of those data is often limited to providing price information, not quality information. To provide consumers with a clear, meaningful picture of their health care choices, it is necessary not only to shine an equal spotlight on both, but also to provide the information together. With that concept in mind, we are pleased to announce that this year we have combined our price transparency and quality report cards and have assessed states' success—or room for improvement—in offering transparency on both fronts.

By combining the price and quality report cards, we are emphasizing to policymakers, providers, consumers—and anyone else who would benefit from the information in this report—the importance of making available both price and quality information. So often, price and quality are conflated in such a way that consumers, even those who question the correlation between price and quality, are led to believe incorrectly that higher health care prices are indicative of better quality care. We hope to continue to advance the point that consumers don't have to pay top dollar to get good quality. Per Dr. Judith Hibbard, “[P]resenting price information within quality tiers or presenting quality information within cost tiers...will show consumers that there is variation in both cost and quality and that higher quality and price are not necessarily linked.”

For this iteration of the report card, we give each state separate quality transparency and price transparency grades and display these grades side-by-side for comparison. We hope this approach highlights the need for improvement in both areas in many states, and shows how one state may excel in one area, but not the other.

At this point, there is no overlap among states that score high in price transparency tools and quality transparency tools. Our aim is to not detract from the good work that states have done in either area but, ultimately, to advise states to emphasize both areas equally so that consumers are able to make informed health care decisions on the basis of price AND quality.



COMPONENTS OF EFFECTIVE STATE PRICE TRANSPARENCY RESOURCES

States with high price transparency grades have rich data sources and supply meaningful price information on a wide range of procedures and services that is presented on an accessible, publicly available web site.

RICH DATA SOURCE

To procure health care price data, states can either compel providers and/or health plans to report prices, or mandate an all payer claims database (APCD). APCDs collect data from multiple sources, including private health insurers, Medicaid, children's health insurance, state employee health benefit programs, prescription drug plans, dental insurers, self-insured employer plans, and Medicare (if available to a state). APCDs are widely considered to be superior data sources because they include actual paid amounts—not charged amounts—which often are significantly lower due to contracted or negotiated rates between payers and providers. When there is no APCD, providers typically only turn over data on charged amounts to states or consumers, making the price information significantly less useful for comparisons.

A transparency law may also direct health care providers or insurers to divulge price information to consumers prior to a procedure or other service, which is the very minimum amount of information a consumer would expect in any other transaction. This does not meet high standards for transparency because providers and insurers usually differ in how they calculate and present pricing information, making it very difficult to comparison shop effectively; it also puts the onus on the consumer to seek out the information rather than making it available to the consumer proactively.

MEANINGFUL PRICE INFORMATION

For a consumer, a paid amount is a more consequential price than a charged amount (called “scope of prices” in our scoring). In addition, it is more meaningful to see the entire price for a health care event or episode than to see only a hospital or facility price, or only a physician price for a specific service (called “scope of provider” in our scoring). A transparency resource that collects and displays only one or the other isn't giving a health care consumer complete data to make an informed decision.

SCOPE OF PROCEDURES AND SERVICES

A robust set of price data will include information on in-patient and out-patient procedures and services, instead of just one or the other, or only a limited list of procedures and services.



ACCESSIBLE, MANDATED WEBSITE

Having accurate and comprehensive price information is crucial, but consumers will not benefit if that information is not easily obtainable or is not presented in a consumer-friendly format. Some transparency laws require only that a state prepare a report using collected price data, or that the data be turned over to consumers only upon request. In contrast, good transparency resources will make the collected data available on a public website, and great ones will ensure that the website's content is current and online tools are intuitive and easy to use. In addition, websites mandated by legislation make them permanent and not subject to the varying priorities or funding of the agency publishing it.

SCORING METHODOLOGY FOR PRICE TRANSPARENCY¹

To evaluate state price transparency laws and their implementation, we distilled the best practices described above into scoring guidelines.

COMPONENTS OF HIGH-SCORING STATE QUALITY TRANSPARENCY RESOURCES

States that received high grades for quality transparency had the following components in common, combined into a publicly available resource.

INDEPENDENT AND IMPARTIAL

Research shows that health care consumers are skeptical of quality indicators that come from a source that has a financial or other interest in providing the information, and may view it as an advertising pitch instead of impartial education.² A best practice is to have quality measures collected and provided by objective, independent third parties.

FREELY AVAILABLE

Transparency tools—usually websites—can do the most good for the most people when they are publicly available, without requiring a membership or charge to gain access to them.

TIMELY DATA

Quality of care can improve or worsen over time and quality data that is too old may no longer be accurate. Transparency tools need to be populated with recent data, preferably from within the last two years.

DATA AVAILABLE ON MANY PHYSICIANS

One of the most compelling reasons to provide quality data on individual physicians is to equip consumers to choose physicians in an informed manner. However, if there are too few physicians included in the quality ratings to ensure the ratings are reliable, transparency tools can't deliver that value.

¹ View the full price transparency scoring methodology, here: http://www.hci3.org/wp-content/uploads/files/files/Report_PriceTransLaws_2014.pdf

² Best Practices in Public Reporting No. 2: Maximizing Consumer Understanding of Public Comparative Quality Reports: Effective Use of Explanatory Information. <https://archive.ahrq.gov/professionals/quality-patient-safety/quality-resources/tools/pubrptguide2/pubrptguide2.html>



MEANINGFUL QUALITY MEASURES

Health outcome measures—those that assess the impact of health care on health—are considered the most direct appraisals of health care quality.² These can be difficult to measure, and can be paired with process measures—assessments of the care providers delivered—and with patients’ own surveys of their experiences with care to create a more complete picture of quality. Quality transparency tools should incorporate various outcomes measures.

FINDABLE AND UNDERSTANDABLE FOR CONSUMERS

For quality information to be meaningful and actionable, a consumer needs to be able to find the information online and interpret it easily. Quality transparency websites should come up quickly in Internet searches, and the reporting should be geared to consumers who may have little health care knowledge or appetite for combing through and interpreting data.

SCORING METHODOLOGY FOR QUALITY TRANSPARENCY³

To evaluate state quality transparency resources and their implementation, we distill these best practices into our scoring rubric and apply it to each state.

GRADES

The states that scored high in the price transparency component of our report are those with robust price transparency laws in place with useful resources available for consumers. The most useful resources are websites that are consumer-friendly and free, with meaningful price information that is easy to navigate. With respect to physician quality, the states we awarded high scores have an excellent free website for consumers with current data on a high percentage of physicians in the state. These websites contain quality measures that are meaningful for consumers and offer access to information on a wide variety of topics.

PRICE TRANSPARENCY

For the second year in a row, we awarded New Hampshire an A for price transparency. New Hampshire’s comprehensive APCD displays paid amounts, and the state’s **consumer website** is an excellent resource providing consumers with price information for a variety of health care procedures.

Maine also continues to set a high standard by collecting data in an APCD that includes a full scope of providers and paid amounts. The state’s **price transparency website** has clear and easy to understand information on health care costs, and also allows consumers to select facilities for comparison purposes, earning Maine an A again this year.

³ View the complete quality transparency scoring methodology, here: <http://www.hci3.org/wp-content/uploads/2016/11/QualityReportCard2016.pdf>



Also scoring well again this year is Oregon. The [state's website](#), is a good resource for consumers, but could be improved if the state begins to collect practitioner prices in addition to facility prices and includes a greater number of services and procedures.

Joining the select group of high scoring states this year is Maryland, earning a B grade this year after receiving an F in last year's report card. Maryland has been collecting data in an APCD for many years, but only recently released the information on a consumer-friendly website (read more under our "Featured State" section).

Vermont and Virginia again earned C grades this year. While both states collect data in APCDs that include paid amounts and a full scope of providers, the nature of their consumer-facing websites—decidedly not consumer friendly—prevented them from earning higher scores.

Two states fell in the ranks in 2017. Colorado dropped from an A to a C because, while the state is in the process of revising its price and quality website, it is currently providing static comparative price and quality information (and underlying data) for specific facilities on an [interim website](#). As such, it is continuing to provide information to the public, albeit not in the consumer-friendly way that it did in prior years. Arkansas also fell from a D to an F, despite the fact that it implemented an APCD last year, because it has yet to release a consumer website with price or quality information.

Another state worth mentioning is New York. While the state will not implement its APCD until 2018, in 2017 the New York State Health Foundation released an excellent [consumer website](#). However, this website is not state-mandated which prevented New York from receiving a higher score.

PHYSICIAN QUALITY

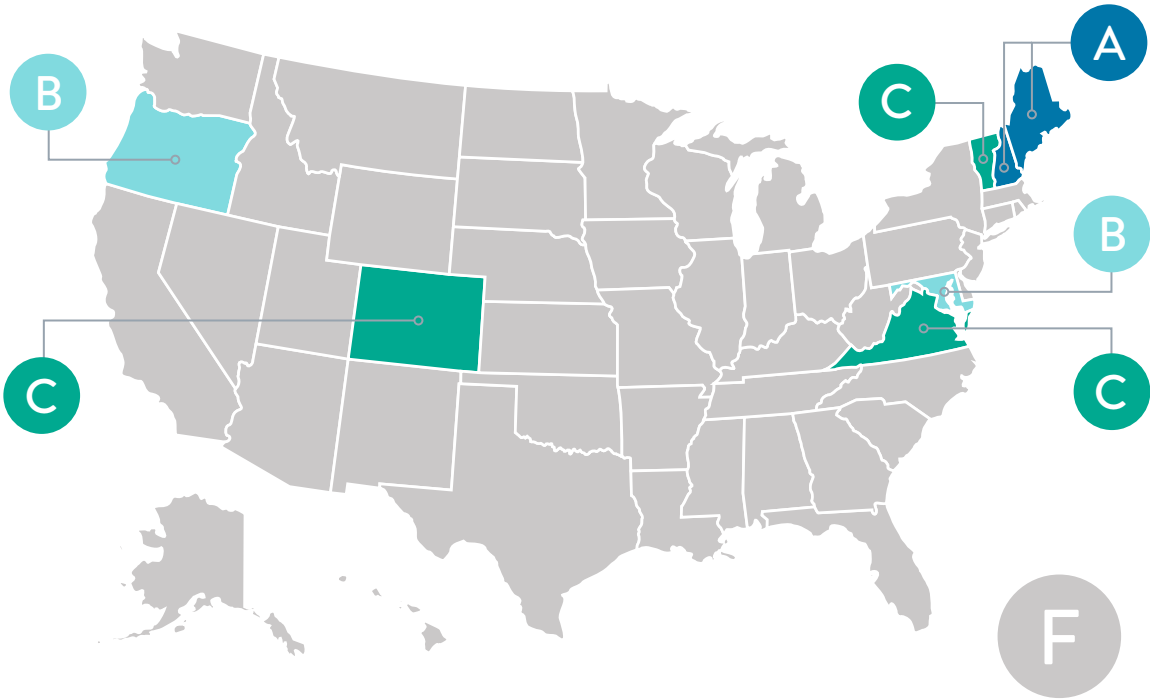
With respect to physician quality scores, California and Minnesota lead the pack with excellent physician quality websites that earned them both A grades again this year. Massachusetts, Ohio, and Wisconsin were at the middle of the pack again this year, with Massachusetts and Ohio again receiving D grades, while Wisconsin earned a C. All three states can improve upon their scores by increasing the number of physicians represented in their quality resources.

In fact, a major contributing factor to high quality transparency scores is having quality tools that represent a high percentage of physicians, and failing to meet this metric caused a number of states to drop in score in 2017. To a large extent, the drop is artificial, and due to an overestimation of physicians covered under their respective quality reporting programs last year. But as a result of the correction in the numerators, Maine, Washington, and Oregon all received lower grades this year.

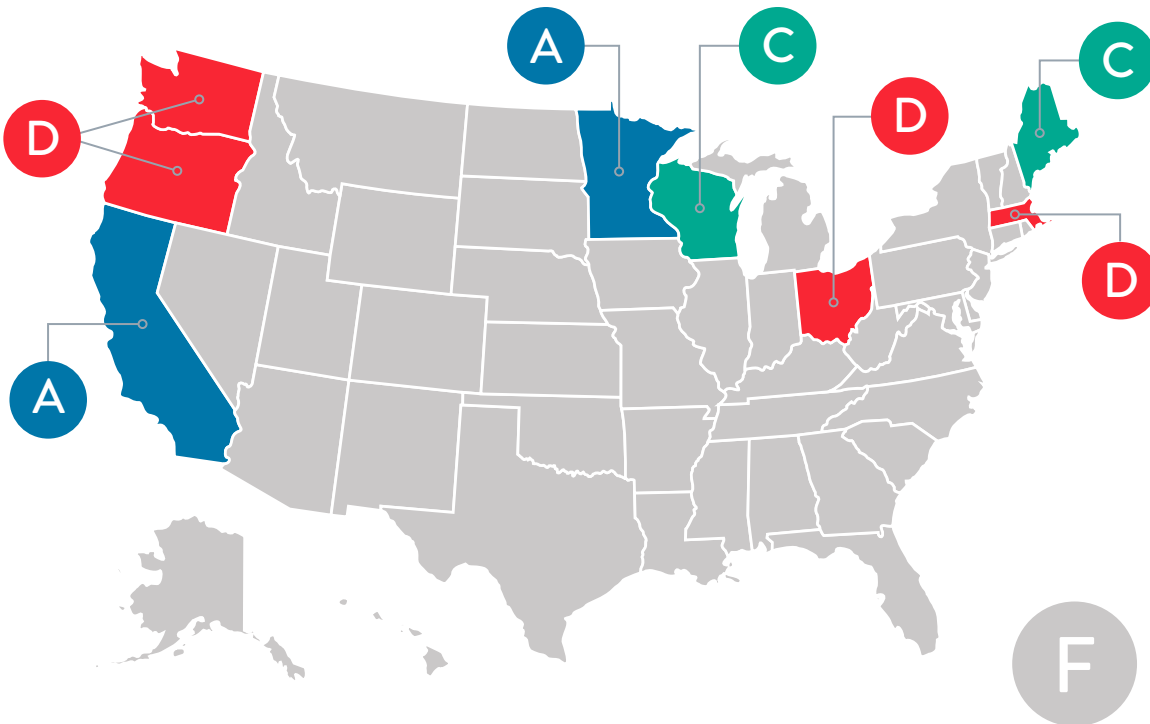
Overall, 2017 found a majority of states failing to improve in both price transparency and access to physician quality information. High-scoring states continue to be few and far between, A states again are lonely at the top. However, examples of states like Maryland making a leap forward can provide inspiration to other states that are continuing to work to provide their residents with the information they continue to ask for, and we look forward to seeing improvement in the coming year.



TRANSPARENCY SCORE



QUALITY SCORE





STATE	TRANSPARENCY SCORE	QUALITY SCORE
ALABAMA	F	F
ALASKA	F	F
ARIZONA	F	F
ARKANSAS	F	F
CALIFORNIA	F	A
COLORADO	C	F
CONNECTICUT	F	F
DELAWARE	F	F
FLORIDA	F	F
GEORGIA	F	F
HAWAII	F	F
IDAHO	F	F
ILLINOIS	F	F
INDIANA	F	F
IOWA	F	F
KANSAS	F	F
KENTUCKY	F	F
LOUISIANA	F	F
MAINE	A	C
MARYLAND	B	F
MASSACHUSETTS	F	D
MICHIGAN	F	F
MINNESOTA	F	A
MISSISSIPPI	F	F
MISSOURI	F	F
MONTANA	F	F
NEBRASKA	F	F
NEVADA	F	F
NEW HAMPSHIRE	A	F
NEW JERSEY	F	F
NEW MEXICO	F	F
NEW YORK	F	F
NORTH CAROLINA	F	F
NORTH DAKOTA	F	F
OHIO	F	D
OKLAHOMA	F	F
OREGON	B	D
PENNSYLVANIA	F	F
RHODE ISLAND	F	F
SOUTH CAROLINA	F	F
SOUTH DAKOTA	F	F
TENNESSEE	F	F
TEXAS	F	F
UTAH	F	F
VERMONT	C	F
VIRGINIA	C	F
WASHINGTON	F	D
WEST VIRGINIA	F	F
WISCONSIN	F	C
WYOMING	F	F



SUGGESTIONS FOR IMPROVEMENTS

Once again this year, most states continue to fail to provide effective price transparency and physician quality resources. Though there has been little progress apart from a few states, room to grow means that most states have ample opportunities to improve going forward.

PRICE TRANSPARENCY

There are varying levels of improvements that low-scoring and failing states can make. Some states that earned failing grades have taken no initiative to make health care prices transparent. These states must first commit to price transparency by enacting state laws supporting it. Other states are further along in their quest toward transparency and already collect data from providers. These states should aim to establish APCDs and provide information on paid amounts for all payers, including Medicare, Medicaid, and private insurers. Moving along the spectrum of development, a number of states have APCDs in place, but the information is not publicly accessible. These states should consider creating consumer-friendly websites so that the information they collect becomes actionable by state residents. Lastly, even states that did earn high scoring grades below an A can learn from New Hampshire and Maine by increasing the scope and quality of their resources.

PHYSICIAN QUALITY

“Scope of quality information” is an important factor in the physician quality scoring rubric. As a result, only states with quality transparency tools that meet our three key standards— independent and impartial, freely available to consumers, and display timely data—and have enough physicians with quality ratings, can earn a grade higher than F. However, the importance of including a comprehensive list of physicians in the quality tools cannot be understated. In order for quality transparency resources to be useful, consumers need to have access to ratings on a sufficient number of physicians.

FEATURED STATE: MARYLAND⁴

In the 2016 Report Card on State Price Transparency Laws, only seven states had a grade above F. But Maryland—the only state that has an all-payer rate setting system and who was an early adopter of all payer claims database legislation—wasn’t one of them, an observation that may seem odd to policymakers.

After all, for more than 20 years, Maryland has had access to comprehensive data on health care utilization and spending through its all payer claims database. And for more than 40 years Maryland has set hospital rates, so price variation doesn’t seem like it should be an issue. Yet in Maryland, like everywhere else in the United States, prices for health care DO vary greatly, and the impact of that price variation on consumers can be as significant as thousands of dollars of additional out-of-pocket expenses. Maryland is taking to heart the lessons and suggestions from the 2016 Report Card and, once again, is breaking new ground with its new price and quality transparency website WearTheCost.org.

⁴ Altarum provided analytic support to the Maryland Health Care Commission for the development of the Wear the Cost website.



Conceived of and launched by [the Maryland Health Care Commission](#), an independent state regulatory panel appointed by the Governor and confirmed by the Senate, WearTheCost.org presents a decidedly different approach to transparency.

The screenshot shows the 'Costs We Know' section of the WearTheCost.org website. It features a navigation bar with 'Home', 'Costs We Know', 'Learn More', and 'Blog'. Below the navigation bar is a large heading 'Costs We Know' and four columns, each representing a medical procedure with a representative image and a cost card. The cost cards are as follows:

Procedure	Average Total Cost
HIP REPLACEMENT	\$30,779
KNEE REPLACEMENT	\$29,059
HYSTERECTOMY	\$16,381
VAGINAL DELIVERY	\$10,841

WearTheCost.org provides Maryland consumers with the average total cost for four common episodes of care (hip replacement, knee replacement, vaginal delivery, hysterectomy) at many Maryland hospitals. The Commission will continue to expand the site by releasing price information on the management of certain conditions, in particular common chronic conditions, as well as common outpatient procedures and other inpatient procedures over the coming year. The goal is to release comparative information on medical groups and facilities for a broad range of episodes of care that affect consumers daily.

WearTheCost.org calculates two kinds of costs: 1) typical and expected costs, such as office visits, physician consultations, surgery, and physical therapy; and 2) costs associated with potentially avoidable complications, such as mistakes made in a clinical setting, a failure to follow clinical guidelines, or other system failures. Hospitals that have low total costs and low rates of potentially avoidable complications may offer the best value for Maryland consumers.

While the price and quality information listed on Maryland's website only covers four procedures at this point, the rich data source (APCD), the scope of prices (prices shown are paid amounts), the scope of procedures and services (all inpatient, outpatient and professional services for the four procedures), the scope of providers (average total costs for episodes of care), and the public availability of the site, earned the state an B grade for price transparency this year.

However, it is the presentation of the data that truly sets the website apart. Maryland took to heart best practices to make price and quality information accessible to consumers, including reducing the burden for consumers to process information, helping consumers by interpreting the data for them, and highlighting best options. Further, by creating a website that integrates or links quality and price information, Maryland helps consumers better understand the potential trade-off between the two and identify providers that may deliver the best overall value. This commitment to transparency and consumer engagement secured a grade of B for Maryland in price transparency this year, and the distinction of being the state that improved the most over last year.



CONCLUSION

While price and quality information are equally important, it is only when they are paired together that they can create the most meaningful information for consumers—information on the value of health care. For years, Altarum’s Center for Payment Innovation and Catalyst for Payment Reform have promoted the concept of a “value rating” in health care. This year, by combining our price transparency and quality report cards to provide a state-by-state, side-by-side comparison of price transparency and quality transparency grades, we have taken one more step toward that goal.

Including price transparency and physician quality scores on the same report highlights the fact that there are currently no states that score well in both areas. Maine and Oregon come closest, but both have room to improve. In order to facilitate a truly transparent health care environment, states must provide usable, actionable information on both price and quality to consumers. All fifty states have room to grow, and we look forward to 2018’s results in the hopes that more states will make the grade.



LINKS TO WEBSITES OF THOSE STATES THAT MADE THE GRADE ON PRICE OR QUALITY TRANSPARENCY

PRICE TRANSPARENCY RESOURCES	
COLORADO	civhc.org
MAINE	comparemaine.org
MARYLAND	wearthecost.org
NEW YORK	fairhealthconsumer.org
OREGON	oregonhospitalguide.org
VERMONT	gmcboard.vermont.gov
VIRGINIA	vhi.org/apcd

PHYSICIAN QUALITY RESOURCES	
CALIFORNIA	caqualityratings.org
MASSACHUSETTS	healthcarecompassma.org
MAINE	getbettermaine.org
MINNESOTA	mnhealthscores.org
OHIO	betterhealthpartnership.org
	yourhealthmatters.org
OREGON	q-corp.org
WASHINGTON	wchq.org/reporting/
WISCONSIN	myhealthwi.org



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