

Making health services prices available linked to lower total claims payments

October 21 2014

Searching a health service pricing website before using the service was associated with lower payments for clinical services such as advanced imaging and laboratory tests, according to a study in the October 22/29 issue of *JAMA*.

Recent changes in the [health care](#) insurance market have resulted in commercially insured patients bearing a greater proportion of their [health care costs](#). As patients have an increasing responsibility to pay for their care, they will likely demand access to prices charged for that care. Several state-administered initiatives have increased price transparency by reporting hospital charges or average reimbursement rates. Pricing information made available to patients reflects actual out-of-pocket costs for each individual patient by accounting for billed charge discounts, health benefit design, and deductibles, according to background information in the article.

Neeraj Sood, Ph.D., of the University of Southern California, Los Angeles, Christopher Whaley, B.A., of the University of California, Berkeley, and colleagues examined the association between the availability of health service prices to patients and the total claims payments (the total amount paid by patient and insurer) for these services ([laboratory tests](#), [advanced imaging](#) services and clinician office visits). Payments for clinical services provided were compared between patients who searched a pricing website before using the service with patients who had not researched prior to receiving this service. The study included medical claims from 2010-2013 of 502,949 patients who were

insured in the United States by 18 employers who provided a price transparency platform to their employees.

The researchers found that patients who searched the platform 14 days before receiving care had lower claim payments than those who did not. Adjusted payments were approximately 14 percent lower for laboratory tests, 13 percent lower for advanced imaging, and 1 percent lower for clinician office visits, with the relative differences translating into lower absolute dollar payments of \$3.45 for laboratory tests, \$124.74 for advanced imaging, and \$1.18 for clinician office visits.

In the period before either group had access to the price transparency platform, payments for searchers were about 4 percent higher for laboratory tests and 6 percent higher for advanced imaging but were 0.26 percent lower for clinician office visits than for nonsearchers.

The authors write that tools such as this price transparency platform may affect use of care. "For example, knowing that some prices are very high, some patients may forego care. Conversely, cost savings from price shopping might enable patients to increase use, which may lead to improved adherence to recommended treatments but also to overuse of services. For this reason, our study cannot determine whether the price transparency technology reduces overall health care spending. Future research should extend this analysis to services beyond the three used in this study. It should also examine how use is affected to better understand the broader effect of price transparency on [health care spending](#) and population health."

"The findings reported by Whaley et al indicate that price transparency works as economists would expect it would," writes Uwe E. Reinhardt, Ph.D., of Princeton University, Princeton, N.J., in an accompanying editorial.

"However, one important caveat on [price transparency](#) must be registered. As Brand et al of the Federal Trade Commission properly have noted, greater transparency about prices and quality in health care are not helpful if the relevant market for health care is monopolized. Transparency can promote savings and encourage better quality only if there are enough competing entities that provide health care in a market. It is a point that is sometimes overlooked but is an essential ingredient for [patients](#) to benefit from knowing the price and quality of the health care services they purchase."

More information: [DOI: 10.1001/jama.2014.13373](https://doi.org/10.1001/jama.2014.13373)
[DOI: 10.1001/jama.2014.14276](https://doi.org/10.1001/jama.2014.14276)

Provided by The JAMA Network Journals

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