

Transparent pricing boosts business at outpatient surgical centers, study suggests

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In a small study of ambulatory surgical centers across the country, Johns Hopkins quality care researchers found that publicly listing the prices of common operations, such as uncomplicated labor and delivery and tonsillectomies, generally increased business, revenue and patient satisfaction.

A [report](#) of the findings, published in the April issue of *The American Surgeon*, suggests that hospitals and other [health care providers](#) may want to increase price [transparency](#) to boost their bottom lines, according to the investigators.

"There's a growing movement in the United States for transparent and fixed pricing for predictable services, and this study suggests that the market rewards such practices," says Martin Makary, M.D., M.P.H., a professor of surgery at the Johns Hopkins University School of Medicine and leader of the study.

Makary notes that previous studies have examined the effect price transparency has had on [patients' health care expenditures](#), but the new research is believed to be among the first to examine the impact on medical providers.

For the study, Makary and his team identified eight [ambulatory surgical centers](#) from a database held by the Free Market Medical Association, an association that lists 96 surgical centers, individual physicians and medical groups that promote the movement for health care transparency. All eight listed [prices](#) for surgical services on their websites.

The researchers then sent a data collection form to the eight centers between April and May 2016. Six of the centers returned completed forms.

The forms asked for patient demographics, details of price transparency initiation, and how patient volume, patient inquiries for services, [patient satisfaction](#) and center revenue changed one year

after making prices transparent.

Five of the six centers reported increases in patient volume and revenue after adopting price transparency. Specifically, they reported a midrange or median patient volume increase of 50 percent one year after implementing price transparency.

Four centers reported a 30 percent midrange revenue increase, while three centers experienced an average increase of seven new third-party administrator contracts. Three centers also reported a reduction in their administrative burden and five centers reported an increase in patient satisfaction and patient engagement after price transparency, as indicated by "yes" or "no" questions in the data collection form.

Makary cautions that his team's results do not categorically prove that the increased business outcomes and patient satisfaction are directly due in total or in part to price transparency policies. But the timing of the increases suggests the impact is positive, and officials at all six centers reported that they would recommend price transparency as a marketing strategy to other providers. Four of the centers reported a belief that price transparency increased both their annual revenue and the demand for their services.

Participants in the survey were also asked to name potential barriers to [price transparency](#). The leading barrier listed was discouragement from hospitals, other providers or insurance companies.

Provided by Johns Hopkins University School of Medicine

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