What’s at Stake:
We would never agree to buy anything without knowing how much it is going to cost.

Prices in health care should work the same way. We should:
- Be able to plan ahead for how to pay and shop among providers.
- Make informed, value-driven decisions about our care.
- Know what our out-of-pocket costs will be, as well as what costs, markups, discounts, and payments others pay on our behalf

Price transparency is not an end in itself, but will deliver:
- Better information and choices for patients
- Greater accountability system-wide and restored trust between patients and providers
- Greater competition, and ultimately, lower costs

How Can We Get There? The Administration Can:

1. Establish requirements for system-wide, net price transparency. (HHS)
   - Patients have a right to their “Health information,” which should include net pricing information.
   - “Net price information”—a full picture of costs, markups, discounts, and payments.
   - “Information blocking”—keeping price information from patients should be illegal.
   - Only systemic, full net price transparency will bring systemic change.

2. Make Medicare transparent. (CMS)
   - Medicare insures nearly 60 million seniors and hugely influences pricing.
   - Medicare rates for each code, bundled and unbundled, should be public. Transparency and accountability should be basic expectations.
   - Medicare Advantage plans should be required to share net price information with patients.
   - Hospitals who receive Medicare dollars—public money—should be accountable to the public with net price transparency as a Condition of Participation.

3. Make employer plans transparent. (ERISA)
   - Employer plans should be required to provide net price information to employees and link to pricing information from other insurers.
   - “Reasonable compensation” rules can make contracts between employers and insurers/third-party administrators (TPAs) compliant only if net price information is delivered.
   - With these two above changes, insurers and TPAs will only be able to compete if they provide net price information.
Misperceptions and Facts:

Misperception: It doesn’t really matter to patients how much something costs insurers and other third-party payers who pick up most of the costs.
Facts: While it’s true that our current healthcare payment structure includes many middlemen, it still matters to patients what services cost.
- Consider uninsured or cash patients: it certainly matters to them.
- Many patients with insurance have high deductibles, so must pay the costs for their health care services until they spend a certain amount.
- The copay or cost-sharing that patients are responsible for is often a function of the total bill, meaning the sticker price does matter because it affects how much patients pay.

Misperception: Medicine is different: If you need something done, it has to be done, regardless of cost.
Facts: Sometimes, in an urgent situation, patients will not think about cost because their life or health is at risk: They will go to the closest emergency department or seek care in the most timely or convenient way. However, most healthcare services are “shoppable,” meaning patients have time to look around and plan for how and where to spend their dollars.

Misperception: Because most people have insurance, out-of-pocket health costs aren’t that big of a concern.
Facts: Most Americans have insurance, but in spite of this, health costs continue to be a top concern.
- In fact, Gallup recently reported that Americans had to borrow $88 billion to pay for health care bills last year, and sadly one in four people skipped a health care treatment, service, or screening because of costs.

Misperception: Price transparency is too complicated; it will take 10 years to figure it out.
Facts: We know this isn’t true: Hospitals are merging and purchasing doctors’ practices all the time. We know net pricing information is shared in these negotiations. Why can’t it be shared with the public?

Misperception: We can achieve price transparency simply by requiring hospitals to post average prices or out-of-pocket cost estimates for certain standard treatments, or we can just address “surprise billing.”
Facts: There are many recommendations to achieve price transparency, like requiring hospitals to post average prices or addressing surprise billing (out-of-network bills). But these proposals are small steps toward better pricing information and may not provide helpful or actionable information for patients. To achieve real, system-wide price transparency, patients need to have access to net prices—that is, the full picture of markups, discounts, and payments made on their behalf, not just their out-of-pocket costs. Only system-wide, net price transparency will bring systemic change to the way we pay for health care.