

Price Transparency: Healthcare's Big Bag of Tricks

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Healthcare bills continue to be confusing for everyone. If healthcare were personified as a magician, he would pull limited choices for care, high insurance premiums, and rising out-of-pocket costs from his expensive top hat. These costs and deductibles are rising faster than the wage and tax revenues, and as healthcare spending continues to increase, Americans are not seeing equal benefits in their health and wellness. Medical and pharmacy costs continue to skyrocket for individuals too, with more Americans having difficulty paying their bills. Studies show that nearly one in five of us has medical debt in collections. With the benefit of some form of insurance through your employer, you may find some costs relief, but this problem still applies to all of us as Americans. One thing is certain: the price you pay for medical procedures and pharmaceutical drugs is more important than ever, even though they remain allusive and deceptive.

What a Waste...

The United States spends more on healthcare than any other country, with costs approaching 18 percent of the gross domestic product (GDP). Prior studies estimated that approximately 30 percent of healthcare spending may be considered waste, and despite efforts to reduce overtreatment, improve care, and address overpayment, it is likely that substantial waste in U.S. healthcare spending remains. In fact, the National Institute of Health recently estimated the total waste in the United States' healthcare system to be as high as \$935 billion, about 25 percent of total spending. The two largest drivers of waste were cited as administrative complexity (\$265.6 billion) and pricing failure (\$240.5 billion), with the latter having the greatest impact on patients. If transparent prices were available to patients before receiving care, however, both of those wasteful cost drivers could be reduced.

Which leads me to one very important question: Do you know how much you're really paying for healthcare costs?

I'm Paying How Much?

A recent *USA Today* article cited numerous [studies](#) that show significant variation in hospital prices, across hospitals and even within hospitals, for the same procedure by the same physician. In some hospitals, you may even pay \$513 for a Tylenol tablet or more than \$1000 for a toothbrush.

From a simple blood test to a more complex procedure and surgery, I'm willing to bet you can't price out these items in the same way you'd price out a hotel room, or even a cup of coffee. It begs another question: why can't we obtain prices up front for our healthcare, in the same way we get prices on consumer goods and services? Patients deserve to know more about how much various services cost, and in any other consumer market, this is simply expected. Yet, studies by the U.S. government and Equifax have shown that over 90 percent of hospital bills contain errors to the detriment of patients.



What if you walked into one of your neighborhood coffee shops, selected a beverage without knowing the price or seeing a list of prices, and paid the barista \$2.59 for a cappuccino, and then went into a different, similarly vague neighborhood coffee shop and paid the barista \$5.89 for the same cappuccino? Or in another scenario, what if you booked a hotel room, but upon check-out, you were billed \$2000 for your stay instead of what you expected to pay, which not only included the price of the room, but also line items for the detergent to wash the sheets, the toiletries, the electricity, and the cable television?

These types of scenarios are all too real for many patients who get hit with balance bills after the fact, resulting in confusion as to the actual amount owed among patients and the fair cost for treatment.

Price Transparency...a Political Problem?

Many Americans do not share similar political beliefs or partisan views, but a recent Harvard Harris poll revealed that a whopping 88 percent of Americans [believe](#) the government should require hospitals and insurers to disclose prices. We can agree on one thing, it seems.

Healthcare price transparency delivers a gamut of benefits, starting with better-informed patients like you and me. If patients are obtaining health benefits from employers, then those entities can also help their members find the best value, with an improved ability to monitor the effectiveness of their partners.

It is evident that price transparency is necessary to fix America's dysfunctional healthcare system, but until we see more pressure on Capitol Hill, pushing local and federal legislation to make healthcare pricing more transparent, these issues will remain.

Pricing Solutions Add Value and Hope

While there is little price transparency in today's healthcare atmosphere, companies like Advanced Medical Pricing Solutions (AMPS) exists to ensure there is fair and equal pricing on every healthcare dollar spent. We have established that there is very little rhyme or reason given to what providers are charging patients. We work with so many organizations to help each member's healthcare dollars go further by ensuring a fair exchange of goods and services for each healthcare dollar spent. By working together as consumers, we can all improve our healthcare system.

About Advanced Medical Pricing Solutions (AMPS)

Advanced Medical Pricing Solutions (AMPS) provides market leading healthcare cost containment solutions serving self-funded employers, brokers, TPAs, health systems, health plans, and reinsurers. AMPS mission is to help clients attain their goals of reducing medical and pharmacy costs while keeping members satisfied with quality healthcare benefits. AMPS leverages its 15+ years of experience and data in auditing and pricing medical claims to deliver "fair for all" pricing. AMPS offers detailed analytics and transparency to provide clients with insights based on plan performance. Learn more at www.amps.com.

Resources

- *Commonwealth Fund*: [US Health Care from a Global Perspective 2019: Higher Spending, Worse Outcomes?](#)
- *National Institute of Health*: [Waste in the US Health Care System: Estimated Costs and Potential for Savings](#)
- *USA Today*: [BCBS Knee-Hip Surgery Rates Vary Widely](#)
- *Harvard-Harris Poll*: [Monthly CAPS May 2019](#)
- *Consumer Credit Reports*: [A Study of Medical and Non-medical Collections](#)