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# GETTING FULL PICTURE OF HEALTH CARE COSTS CAN BE GUESSING GAME

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Jill Jank tries to be a wise consumer, whether it's her money or someone else's she's spending.

The Lincoln woman compares prices on groceries and clothes, and on bigger items she consults Consumer Reports.

She's even done her best to shop for health care — she's called around for prices on stress tests and found the

## Hospitals are required to post prices online, but the information is often confusing for patients

least expensive lab in town. When she needed an X-ray some years ago, she went to a less expensive location after being sent to a more costly one.

But Jank, 66, a registered dietitian,

says tallying costs really only works when patients know what they need ahead of time. Even now that she's on Medicare, it's difficult to pull together all the pieces needed to get a full picture on costs.

"There's got to be a better system," she said. "You just can't be a responsible citizen with this."

Plenty of folks agree, particularly at a time when health care costs con-

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tinue to rise, and a growing number of Americans have high-deductible plans that require them to pay a greater share of the first dollars toward their care.

As part of an ongoing push for greater price transparency, the federal government on Jan. 1 began requiring hospitals to post price lists on their websites.

It's not clear whether all of the state's hospitals have posted prices — there are no penalties for those that don't — but the Omaha metropolitan area's large health systems have met the mark. CHI Health and Methodist Health System, in fact, began offering online price tools in 2007.

Whether posting prices, at least as it's currently done, will encourage people to shop and drive significant savings, however, appears questionable.

Dr. Ateev Mehrotra, an associate professor at Harvard Medical School who studies how consumers use price information, said he and his colleagues haven't seen any substantive effect from making price information available. That's consistent with what others have found.

What's been more effective, he said, and where interest is growing, are changes in benefits that reward people for moving to lower-cost providers — such as tiering providers by cost,

the way drugs are tiered, or paying people cash rewards for choosing the lower-cost option.

Jana Danielson, Nebraska Medicine's executive director of revenue cycle, said the intent behind publicizing pricing is good in the long run. "Just right now, for patients, it can be confusing," she said.

### PROBLEM 1: THE LISTED PRICE ISN'T STRAIGHTFORWARD

For starters, the lists — even those that have been placed in more user-friendly price tools — include medical jargon and abbreviations not easily translated by most patients.

Nebraska Medicine's spreadsheet, for instance, lists a "Closed TX post hip arthro disloc w/o anes," for \$1,257, which essentially involves putting a dislocated hip back in place. Could patients guess that? Would they know whether they'd also need imaging or other care?

Mike Feagler, vice president of finance for the Nebraska Hospital Association, said patients can get a good idea of prices for simple procedures — say, a chest X-ray — from the information hospitals post, if they know what their physician wants.

But figuring out all of the pieces that go into a more complex procedure, such as a surgery, would prove too

much for most, said Feagler, who worked in a hospital finance department for 21 years.

Many variables can come into play. One patient may require more time in the operating room than another, even for the same surgery. Same goes for recovery time in the hospital. Two patients getting knee replacements may need different implants. And hospital price lists typically don't include professional fees for the surgeon or the anesthesiologist.

And of course, for most patients, any thought of shopping typically goes out the window in an emergency.

### PROBLEM NO. 2: THE LISTED PRICE ISN'T WHAT YOU ACTUALLY PAY

Health system officials

also caution that the prices listed aren't what patients actually will pay.

For patients with insurance, the actual price will be a discounted one, negotiated by their insurance company, said Dr. Debra Esser, chief medical officer for Blue Cross Blue Shield of Nebraska. Negotiated rates can vary by insurer and health system, even for the same procedure.

In an effort to get past that issue, President Donald Trump in late June signed an executive order that would require hospitals to publish the prices they negotiate with insurers, which traditionally have been confiden-

tial. Bipartisan legislation in the U.S. Senate would ban "gag clauses" that prevent parties to negotiations from disclosing that information.

Lee Handke, chief executive officer of the Nebraska Health Network, said posting negotiated prices might encourage health systems to be more competitive. But it also could have unintended consequences — a system with lower prices might decide it's time to negotiate higher rates.

But Feagler, with the Nebraska Hospital Association, said making negotiated prices available still wouldn't get to what patients really want to know.

"As a patient, what I want to know is what I'm paying out of pocket," Feagler said. "I'm not worried about what the insurance company is paying the hospital."

But, Handke said, the prices as currently posted help raise awareness about the true costs of health care services, including the impact on health care spending as a whole. Many people, particularly those with insurance, never see the full tally.

"I think that information starts to be empowering," he said.

### PROBLEM NO. 3: HISTORICALLY, PEOPLE DON'T USE PRICE TOOLS, ALTHOUGH THAT MAY BE CHANGING

Historically, use of various price tools hasn't been particularly high. But there

are some indications that that may be changing.

A 2018 study by United HealthCare indicated that more than one-third of Americans had used the Internet or mobile apps during the preceding year to comparison-shop for health care, up from 14% in 2012.

Katherine Bisek, the insurer's vice president for strategic initiatives, said people who used their tools paid 36% less than nonusers, according to the insurer's analysis of claims data from 2016.

Insurance companies recommend that members contact them or use their tools, which take into account the specifics of their insurance plans, to figure costs. Even nonmembers typically can get basic information. Users of United HealthCare's public website — [uhc.com/transparency](http://uhc.com/transparency) — can see average costs for various treatments

and procedures, for instance; they have to log in to get out-of-pocket expenses.

Blue Cross' Esser said millennials are more in tune with apps and tools. While they're younger and healthier now, she said, she anticipates that they'll use them more as they get older.

"They're willing to go where they can get a good deal," she said.

The hospital association's Care Compare tool — [nhacarecompare.com](http://nhacarecompare.com) — allows prospective patients to select and compare prices among several hospitals. It now includes inpatient data. A pending upgrade will add outpatient information and improve ease of use.

#### HOW A HOSPITAL SYSTEM'S FINANCIAL COUNSELORS CAN HELP

Because of the complexity of the posted information, hospital finance officials

advise patients to contact a financial counselor within their institutions to get an estimate. CHI Health, Methodist and Nebraska Medicine automatically provide estimates for many pre-scheduled services.

"We do everything we can to make the process for our patients as seamless as possible," said Jeff Francis, Methodist's chief financial officer. "Because it can be unsettling for people talking about finances when they're also worried about their physical well-being. The more we can make it easier for them, the more they can focus on getting well after the procedure."

Counselors typically provide a range and a midpoint, based on the patient's insurance. They also factor in how much of a patient's insurance deductible has been met, if it's available from the insurer.

"We may not know all of their out-of-pocket expenses at the time," said Nebraska Medicine's Danielson. "So there's always a disclaimer. But generally, we're pretty close, which is nice."

Danielson said Nebraska Medicine has counselors in many locations, including most clinics. In those that don't, patients can reach a counselor by video link. Since an upgrade this spring, patients also can get estimates by logging in to the health system's patient portal.

"We're going to meet them where they're at, as much as possible," she said.

Jank, the Lincoln resident, said she has no answers. She just wants the process to be easier.

"I'd love to have prices posted if they were practical to use them," she said.

#### OTHER COST-SAVING TOOLS

Hospitals may also offer self-pay options at a discount for people without insurance and for procedures, such as cosmetic ones, that aren't covered by insurance.

In December, CHI began offering a program called MDSave that allows people to purchase vouchers for medical procedures. Prices are up to 60% off what the health system would bill insurance. Officials said the initiative started with discussions about what the health system could do to help people access — and afford — the care they need and to provide more transparent pricing.

Jeanette Wojtalewicz, CHI Health's senior vice president and chief financial officer, said the program has had a significant number of takers — more than 1,400 as of last week. The health system since has added locations — it's now available at 14 CHI Health hospitals in Nebraska and Iowa — and services, including maternity delivery bundles.

Wojtalewicz and others say they expect more moves toward transparency to come.

Mike Feagler, vice president of finance for the Nebraska Hospital Association, said quality data also needs to be included.

Some insurance sites also include doctor ratings.

"Being cheaper doesn't necessarily mean better," Feagler said.