



## Health Care Quality and Price Transparency

Transforming health care: better health, better care  
and lower costs

### Background

*You wouldn't buy a car without knowing its price or level of quality, and you shouldn't make important decisions about your health without cost and quality information, either. House Bill 2572 would make health care price and quality information readily available to consumers, purchasers of health plans and policymakers, thereby supporting a competitive marketplace.*

A price and quality database is a community asset that requires broad participation to acquire enough data to be useful for intended purposes. Under HB 2572, state payers and commercial health insurance plans would be required to participate; self-insured employers are encouraged to participate. Key representatives would be at the table to help develop workable processes and maximize effective uses of the data.

As we have seen in other states (see Massachusetts image below), a price and quality database can serve the needs of consumers, purchasers, providers and policymakers.

### Issues

**Consumers and purchasers, such as employers, have no way to research health care price and quality.**

Quality of Care - Surgical Site Infections <small>(more)</small>				
	Beth Israel Deaconess Medical Center	Massachusetts General Hospital	Mount Auburn Hospital	Newton Wellesley Hospital
Summary Rating	✓	✓	✓	✓
Statistical Significance	Equal or Significantly Fewer than Predicted			
Quality of Care - Mortality <small>(more)</small>				
	Beth Israel Deaconess Medical Center	Massachusetts General Hospital	Mount Auburn Hospital	Newton Wellesley Hospital
Quality Rating	★★	★★	★★	★★
Statistical Significance	Not Different from State Average Quality			
Cost of Care <small>(more)</small>				
	Beth Israel Deaconess Medical Center	Massachusetts General Hospital	Mount Auburn Hospital	Newton Wellesley Hospital
Cost Rating	\$\$\$	\$\$\$	\$	\$
Statistical Significance	Above Median State Cost	Above Median State Cost	Below Median State Cost	Below Median State Cost

Today we have very limited data on both of these areas. Consumers, especially those with high-deductible plans, have no easy way to research which providers offer the best quality and price, and employers can't look at which plans offer the best value for their employees. The differences can be substantial. A recent Washington Health Alliance study showed a difference of more than 500 percent in amounts paid for common medical procedures performed throughout Washington — without a significant difference in quality. The Washington Health Alliance has worked on a voluntary basis with several insurance companies to gather and report price and quality information, but it has been unable to achieve statistically significant data statewide, which this legislation would make possible.

## The state is missing potential cost savings due to a lack of data.

We cannot manage what we cannot measure. Research shows that 30 percent of all Medicare spending could be avoided without any negative effect on health outcomes caused by, among other things, poor care coordination, overtreatment and inflated pricing. With objective, statewide, verifiable data, consumers and policymakers could identify price and access issues that, if addressed, could bring down the cost of care. In turn, people in the state could make better, data-backed purchasing decisions.

## Solution

**Develop a price and quality database**, which compiles data on the prices paid for common services and procedures from insurance claims. The database would serve as an impartial and secure source of data that would be used to benchmark and track Washington state's health system performance. It would also provide the price and quality data that consumers and purchasers need in a secure and easy-to-use way.

Many states have benefitted from developing this type of database, including Oregon, Utah, Colorado, Kansas, Minnesota, Tennessee, Maryland, Maine, Vermont, New Hampshire and Massachusetts. See an example from Vermont below.

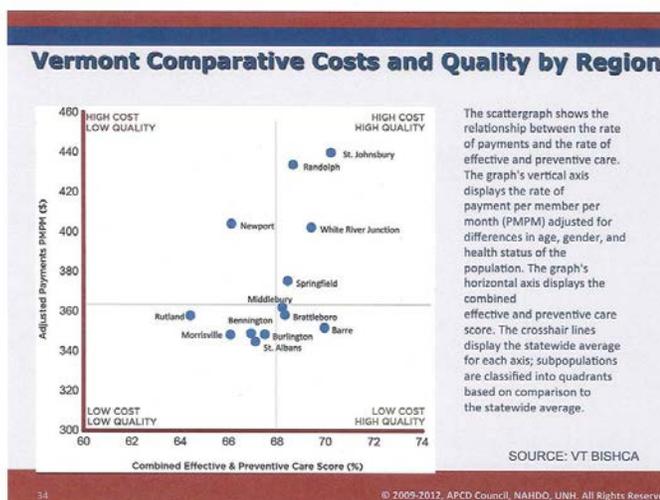
Washington is poised to learn from the experience of these other states and develop a price and quality database of its own. The state has secured a \$3.4 million grant to support a public-private collaboration with the purchaser-led Washington Health Alliance (formerly Puget Sound Health Alliance) to establish a framework for setting up a price and quality database.

## Implement a price and quality database

HB 2572 would establish the organizational structure, participation, processes, uses of the data and statewide performance measures.

The bill creates a statewide core set of quality metrics that are required of state agencies and voluntary for other purchasers, such as employers. Standardizing performance measures creates the basis for apples-to-apples quality ratings and reduces the administrative burden for providers because they will no longer have to report on multiple measures from different insurers.

We have seen that reporting data can prompt positive change. For instance, when hospitals in Washington began measuring pre-term elective deliveries, which unless clinically necessary have been found to be possibly damaging to the baby, the rate of avoidable pre-term deliveries declined.



Privacy and security are very important. The database will have multiple layers of physical, technical and administrative safeguards for the data. The data will never be used for marketing purposes, and public reports will never contain any patient-level detail.

**Offer a price and quality database so:**

**A consumer could** go online and search for the price charged and quality rating of different providers for different procedures. For example, in Massachusetts a consumer can compare the cost and quality of up to four different providers at time for a number of procedures, including hip replacements.

**A purchaser** could view the online database to verify benefit plans as well as provider network quality and value to both the purchaser and plan members. For example, in Vermont, businesses and other purchasers can access the state’s database to make sure the hospitals on the insurance plans they are purchasing for their employees are of good quality.

**Providers** could use the data to help guide where they refer patients. Hospitals and clinics could see where they stand in terms of cost and quality.

**State agencies and local public health districts** could analyze the data to identify and assess geographic variations in cost and access to care, and develop community-based solutions. For example, Utah uses its database to identify variations in care, as the image below shows. Community partners can then create a targeted strategy to increase the rate of breast cancer screenings.

