

**Action on health care pricing transparency needed to stem rising costs**

**BY JIM STERGIOS AND CHARLES CHIEPPO, OPINION CONTRIBUTORS — 04/12/19 10:35 AM EDT**[**13**](https://thehill.com/blogs/congress-blog/healthcare/438573-action-on-health-care-pricing-transparency-needed-to-stem#bottom-story-socials)

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A patient repeatedly tries to find out the price for a medical procedure. The hospital refuses, but eventually quotes the price as $5,500. But one health insurer’s website includes a page with price guidelines for various procedures. Seeing that the expected cost for the test he was to undergo was $550, the patient pulled off his identification bracelet and left the hospital.

What makes this story stand out is that the patient was U.S. Secretary of Health and Human Services Alex Azar. If even someone who’s so knowledgeable about the health care system struggles to gain access to price information, then discovers a hospital is charging 10 times the projected price for it, how can the rest of us hope to navigate the health care system?

Azar repeatedly came back to price transparency during a recent speech at Harvard Medical School. It’s easy to understand why. Pioneer Institute, a Boston-based public policy think tank at whose event the secretary spoke, has done a series of surveys on the topic. They demonstrate that even in [Massachusetts, where hospital price transparency is required by law](https://www.advisory.com/research/medical-group-strategy-council/practice-notes/2014/december/mass-price-transparency), it’s very difficult to get prices.  A survey of six metropolitan areas across the country yielded a similar result.

This lack of health care pricing [transparency](https://www.realclearhealth.com/articles/2019/03/29/more_accessible_healthcare_can_only_come_with_transparency_110894.html) drives high costs. If patients don’t know the cost of even routine, non-emergency procedures, hospitals can sometimes charge astronomical prices for them. Numerous studies covering [different](https://khn.org/news/buyer-beware-a-mammograms-price-can-vary-by-nearly-1000-study-finds/?utm_campaign=KHN+New+from+KHN&utm_source=hs_email&utm_medium=email&utm_content=22651759&_hsenc=p2ANqtz-_1Ic2tZtlrqSR5YsoqchvnI5Jqo4BHk_PNOIuCSR4o2gRRbtF1LEITn4YgUiNIdLamQoTFaRhOeMnslWh_BIP7VEkawQ&_hsmi=22651759#chart) [procedures](https://pioneerinstitute.org/featured/study-finds-patient-cost-for-mri-largely-unrelated-to-overall-price-or-insurer-contribution-at-14-ma-hospitals/) and [geographical](https://news.yale.edu/2015/12/15/hospital-prices-show-mind-boggling-variation-across-us-driving-health-care-costs) [areas](https://www.wsj.com/articles/what-does-knee-surgery-cost-few-know-and-thats-a-problem-1534865358?mod=article_inline), including the ones conducted by Pioneer, show that when consumers in Massachusetts and across the country finally do gain access to price information, prices can vary up to 1,000 percent for the same medical procedure in the same metropolitan area.

A recent [paper](https://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.20150124) in the American Economic Journal found that easy access to health care price information would significantly reduce prices by making it easier for patients to find more affordable options.

Lack of price transparency doesn’t just hurt patients. Small employers, who pay higher rates for health insurance than their large counterparts, are also harmed. The owner of a small accounting firm had long paid his employees’ health insurance costs. But he had to ask them to start contributing 25 percent when his bill went up by nearly half in a single year.

As an accountant, it struck him that he would get a bill with a number at the bottom, with little idea of what went into that number. “There’s no accountability, no transparency,” he said. “It’s a consumer-driven business where the consumer has no say.”

It’s long past time to address this problem. Congress should approve a Trump administration proposal that would [require](https://www.wsj.com/articles/trump-administration-weighs-publicizing-hospital-rates-negotiated-with-insurers-11551990505) insurers to disclose the prices they negotiate with health care providers. These [secret contracts](https://www.wsj.com/articles/behind-your-rising-health-care-bills-secret-hospital-deals-that-squelch-competition-1537281963) hide the real cost of care from consumers, and hospitals negotiate with insurers to get them to discourage patients from taking advantage of lower-cost providers. Making the contracts public would give patients an incentive to shop for better value, forcing providers to bring prices down if they want to remain competitive.

Elected officials aren’t the only ones who can take steps to promote price transparency and reduce health care costs. Consumers can express their support to the U.S. Department of Health and Human Services by [submitting comments in favor of a proposed rule](https://actnow.io/3qklbo0) that would not only require prices to be posted online in an easily searchable format in advance of care, but also give patients free, real-time access to their own medical records.

Patients should know what a medical procedure will cost before undergoing it, and small businesses shouldn’t be faced with health insurance bills that endanger their ability to grow and retain their employees. By promoting lower prices through competition, health care price transparency would go a long way toward ensuring that patients and employers know how much they’re paying and for what, and allowing small businesses to create more jobs.

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