

# Humanizing Price Transparency: How Boards Can Turn the Corner on a Major Patient Pain Point

By Ryan Donohue, NRC Health

**H**ealthcare has been through a lot: a global pandemic, the great resignation, and incredible financial constraints. As an industry, it feels like we have been on a nearly three-year brink. We need a break.

And when it comes to price transparency, we won't be getting one. The deafening call for clearer pricing is like the bully who is waiting for us at the final bell. It's not a new challenge; healthcare costs have always been mysterious, punishing, and begging for correction. COVID-19 served as a master distraction, but our industry can't hide from the tide of anger over inflation and lack of affordability of virtually everything. Plus, lack of price transparency hurts patient care. The anxiety over not knowing what they will owe is a dark thread along the care journey: it promotes inaction and deferment of care, clouds over the quality of care, tangles up decision making, and creates a beginning-to-end boogeyman for weary patients to contend.

This isn't lost on Washington. While COVID surged through hospitals and health systems, the federal government kept a focused eye on price transparency. In January 2021, the CMS Hospital Price Transparency Rule went into effect requiring hospitals and health systems to post their standard charges for the items and services they provide.<sup>1</sup> In July 2022, the Transparency in Coverage Rule also took effect requiring health plans and issuers of group or individual health insurance to begin posting pricing information for covered items and services.<sup>2</sup> Never has there been more attention pointed toward pricing. Is the attention driving action?

## Where We Stand on Current Efforts to Promote Price Transparency

In October, Turquoise Health released their first "Price Transparency Impact Report" tracking compliance with the Hospital Price Transparency Rule. Most hospitals (76 percent) have posted a machine-readable file and most included

negotiated rates (65 percent). The report showed routine procedures like CT scans and mammograms were the most "shopped for" procedures. Renowned healthcare commentator Paul Keckley observed: "These results are impressive: participation appears 'robust'...[assuring] deeper analytics potentially linking transparency to changes in price competition, insurance premiums, and outcomes will be forthcoming."<sup>3</sup>

But progress has been slow and healthcare leaders continue to drag their feet. Keckley cautiously notes two barriers remain in the way of more transparency: consumer behaviors (two out of three have never "shopped" for healthcare) and transparency alone may not bring prices down, they are high everywhere and consumers seem less sensitive to healthcare pricing in general. Without more drastic measures from Washington—price controls, for example—the transparency movement remains a slog.

## The High Stakes Blame Game

A chief contributor to slow progress is while nearly everyone agrees healthcare pricing should be more transparent almost no one agrees exactly how to bring this about, and who should go first. Insurers have drawn a bright line to healthcare pricing to convince members they are on their side, but most members lack an engaged relationship to their insurer and don't trust them. Hospitals and health systems have blamed insurers and other stakeholders (e.g., pharmaceuticals) for higher prices, but they seem uninterested in sharing their own pricing dynamics. The government is throwing its weight around but not moving any mountains. And most media seem content to stir the pot and run occasional price shock stories for clicks and views.

The stakeholder on the outside looking in? The patient. Look at price transparency through a powerful prism: the family budget. Since World

## Key Board Takeaways

- Price transparency needs new voices to accelerate and board members are a strong choice.
- Lack of price transparency is a community issue: nine in 10 consumers find it difficult to compare healthcare prices; something they desperately want to do.
- Lack of price transparency is a specter of inequality: poorer consumers and those with higher deductibles often search in vain for pricing information and support.
- Price transparency completes organizational and clinical quality: how can we say we are great at what we do if consumers cannot calculate value until weeks or months after receiving care?

War II, if other household expenses rose as much as healthcare, consumers would now pay \$55 for a dozen eggs, \$48 for a gallon of milk, and \$134 for a dozen oranges.<sup>4</sup> And we thought inflation was bad now. Consumers have noticed the healthcare squeeze because its prices are extraordinarily dangerous to their livelihood. Patients are generally helpless here. Shopping for care remains difficult so their only real cost lever is to reduce or avoid care. A heartbreaking strategy.

## The Role of the Board in Advancing Price Transparency

Someone needs to intercede on behalf of the patient. A group with understanding and experience in non-healthcare pricing and considerable influence inside a trusted healthcare organization: the board.

In my recent book *Patient No Longer: Why Healthcare Must Deliver the Care Experience that Consumers Want and Expect*, I argue that healthcare organizations must humanize the issue of price transparency and realize behind every bill is a person. When we focus on real people, this issue becomes incredibly clear: transparency is our fight to lead. According to NRC Health's Market Insights study, 97 percent of Americans want to know the prices for their tests, exams, and even a minor surgical

1 See [www.cms.gov/hospital-price-transparency](http://www.cms.gov/hospital-price-transparency).

2 See [www.cms.gov/healthplan-price-transparency](http://www.cms.gov/healthplan-price-transparency).

3 Paul Keckley, "Price Transparency in Healthcare: Will it Matter?," Keckley Report, October 24, 2022.

4 "5 Strong Price-transparency Lessons NRC Health Say Consumers Can Teach Hospitals," *Becker's Hospital Review*, June 15, 2021.

procedure. For major surgery, 91 percent still want to know the price.

Consumers hunger for pricing information so intensely it could change their future utilization patterns:

- Three in four would choose a provider who shares prices over one who doesn't
- Half would switch to a more affordable doctor—even if they knew little about them
- Half would switch to a more affordable hospital

Consumers single out doctors and hospitals in particular: 45 percent believe doctors and hospitals don't want to share their prices and 41 percent believe doctors and hospitals are waiting for the competition to share prices first. The onus is on those who provide healthcare to step up.

Healthcare boards should do two things soon. First, have a conversation about this topic that includes answering an honest question: do we know what we charge and why? Second, start considering a mechanism for sharing at least a few prices to start. Consumers are particularly interested in:

- Total cost of care, out-of-pocket costs, and costs covered by insurance for specific procedures
- A comparison of out-of-pocket costs for different care options (e.g., urgent care vs. ER care)
- The ability to contrast out-of-pocket costs for in-network and out-of-network providers

In healthcare, consumers want what they want everywhere else: the best possible service for an affordable price. If they could compare pricing, consumers would be better prepared and feel

more certain about their care. They could focus on other issues like healing and staying healthy.

Whoever joins the consumer in this fight will eventually come out on top. Every healthcare organization is struggling to reconnect with patients post-COVID and the board has a uniquely powerful path to advance this issue. Ultimately, the ability to pivot and reach today's consumers (and tomorrow's patients) lies in telling the truth. The future success of healthcare organizations relies on an old to-do but more price transparency in healthcare has the ability to give providers and patients a fresh start.

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