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Attaining Transparency in the Health Care System: How to Get There

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Previously, the American Health Policy Institute has looked at the questions of what is transparencyand why it is needed (available [here](#)) and what are the forms of resistance transparency faces in the health care marketplace (available [here](#)). This paper is a call to action. Faced with rising and unsustainable costs, varying quality, and the uncertainty surrounding the implementation and impact of the Affordable Care Act, this is an opportune time for large employers to fully embrace and pursue a more transparent health care market.

Before discussing the current state of the market, it is important to understand what employers must have in place to achieve a transparent marketplace. Key steps include:Data gathering and warehousing; measure development; and public reporting of results.

Step One: Get the Data

Data to support public reporting of health care cost and quality is the essential and necessary goal of transparency. Getting the data required comes from three main sources: administrative and claims data; clinical data; and patient-derived data. There are many sensitive issues surrounding access to key data sources, including HIPAA and patient confidentiality requirements, the cost of collecting and storing the data, and the reliability of the data once it has been gathered. These issues, as well as the sources themselves, are worth exploring further.

1. <u>Administrative and claims data</u>: Administrative and claims data is perhaps the most promising and easiest source of largely untapped information available at this time. All payers, including health plans, PBMs, government, and employers, collect vast amounts of claims and enrollment data as a key element in providing coverage to their various constituencies. Standard claims coding methodologies have existed for decades, making this data relatively uniform across providers and payers. While many valuable efforts to mine this data have and continue to be pursued today, there is still a significant amount of untapped potential to take full advantage of this readily available source of information. As will be discussed later, a first step in maximizing the value of claims and administrative data is for employers to assure they own and have control of their own data.

2. <u>Clinical data</u>: Clinical data derived from medical records is another key source of information that is needed to advance transparency. Some clinical data is currently collected to support public reporting, but the amount is limited. This primarily due to two concerns: the cost of collecting this data, and the critical need to protect patient confidentiality. Providers express legitimate concerns about the cost of gathering clinical data. This is in large part because medical record keeping system is still largely paper rather than electronically based. As a result, providers must manually extract information from paper files to gather required clinical data to support measures using this source of information. However, with the advance of electronic medical records, the ability to efficiently collect clinical data should dramatically improve.

Concerns over protecting patient privacy are often cited when the use of both clinical and claims data is advocated to advance transparency. However, these concerns, while politically sensitive, can be relatively easily addressed. First, the existing data privacy requirements under HIPAA are extremely comprehensive and offer a high degree of protection. Further, it is a well-established industry practice to gather the required data without including any information that allows specific patients to be identified.

3. <u>Patient derived data</u>: Patient derived data, such as consumer satisfaction and customer experience surveys, are another valuable source of information. Consumer reported measures might be the user-friendliest source of information that can be provided to the American public. They are easily communicated and are a proven method to help consumers make informed decisions based on their wide application in other industries. In order to advance measures based on consumer experience, two key issues will need to be addressed. The first is who will determine the survey content. Significant progress has been made on this topic pertaining to the development of standard patient satisfaction survey tools for hospitals and physicians. The second issue is who will conduct the surveys, and where the financing will come from to cover that expense.

Step Two: Identify the Measures

Robust and uniform measures must be developed to advance health care transparency. This too is a provocative topic. For example, many providers favor extensive and prolonged testing of measures before the results are publicly disclosed. Some only favor measures that are "perfect" and can produce a completely accurate result virtually 100% of the time. In addition, private measure developers may view their methodologies as proprietary, which ironically undermines the very concept of transparency.

Noteworthy efforts are underway to address measure development and dissemination. Many believe the most promising effort to develop a comprehensive set of national consensus measures is currently underway at the National Quality Forum (NQF). NQF is a private non-profit entity with all major stakeholder groups playing an active role in its governance. It has substantial public and private funding. However, while NQF is making valuable contributions towards advancing standard measures, some believe that its consensus-based approach to governance hinders the pace of that work.

Another valuable source of measures are health care provider organizations such as medical specialty societies. These efforts offer the benefit of having immediate credibility with providers when their measures are adopted and will likely continue to be a valuable source of measure development in the future. Proprietary efforts to develop measures are also underway. For example, some health plans have developed proprietary methods to measure and communicate the cost of various health care providers using their claims databases and provider contracts. While these are valuable efforts, they often lack transparency, as carriers are reticent to disclose either their methodologies or the contract terms they are using to score providers. As mentioned earlier, this concern has gone as far as to result in some plans requiring employers to enter into contract terms prohibiting them from disclosing health plan rating methodologies or contract terms with providers.

The health plan industry, through the National Committee for Quality Assurance (NCQA), has made valuable contributions towards advancing uniform measures at the carrier level. Their Healthcare Effectiveness Data and Information Set (HEDIS) is well developed and has been widely adopted, providing perhaps the most robust set of consensus quality measures for any industry segment of the health care supply chain. However, these efforts have focused primarily on measuring quality, and much work remains to develop a measurement agenda allowing employers and consumers to compare health plan costs, including what they actually pay providers with whom they have contracted.

Various health care coalitions have also played an important role in advancing the identification of consensus measures. They include The Leapfrog Group, an effort initiated by large employers about 15 years ago that has focused primarily on measuring and reporting hospital performance. The Consumer-Purchaser Disclosure Project has also had a favorable influence on advancing the identification of measures. This effort includes employer, consumer and labor organizations. Numerous local and regional coalitions, many with funding via grants, are also pursuing efforts to advance measure development and public reporting.

In spite of all these efforts, the gap between the measures that have been developed and implemented compared to what is ultimately needed for full transparency is significant.

Step Three: Report the Results

Once data has been gathered and standard measures have been adopted, a means to publicly report the results must be identified. Much like other aspects of health care transparency, while there has been substantial progress in reporting results to the public much work remains to be done. The most significant efforts to publicly report results have been advanced by health plans, government, and various national, local and regional coalitions. It is also noteworthy that a new market is emerging as vendors specifically focused on publicly reporting health care quality and cost have entered the market.

Health plan efforts to publicly report results tend to focus on the HEDIS data measurement set referenced earlier. While these efforts can produce valuable results, they do not go far enough in reporting either quality or cost across the entire supply chain. Further, without aggregating their data with other payers, a single health plan often does not have sufficient data to reliably report results for providers with whom they may have limited influence or data.

The government has increased its activity both at the federal level, as well as in many states. HHS and CMS have efforts underway to measure and report quality for hospitals, doctors, nursing homes, home health providers and dialysis facilities. HHS also recently released information cited earlier regarding how much hospital charges varied across the nation.

Coalition efforts to report results have had varied success. Perhaps the most notable is The Leapfrog Group's ongoing effort to report results on an array of standard hospital measures. Literally dozens of other regional and local efforts are underway with varied success. However, it is difficult for large national employers to leverage these local initiatives to produce a comprehensive set of national results.

That brings us to the relatively new market that is emerging among private vendors dedicated to providing employers and consumers with access to health care cost and quality information. Currently, these vendors tend to draw on various sources of readily available data and results. They imbed this information into web sites and other communication tools so that employers and consumers can access it when choosing plans or providers. As more and more employers move to consumer directed plans, the demand for the services of these entities is likely to grow. The key will be to what extent these vendors can fill the existing gaps in the marketplace.

What Employers Can Do To Advance Transparency

Employers must play a key role in taking advantage of what opportunities are already available, and to fill the significant transparency gaps that still exist.While there is a heightened awareness of the important of transparency, much work remains to be done. Employers and their beneficiaries may now have a greater sense of urgency to rapidly advance transparency than any other group. But awareness is insufficient to get the job done. Employers need specific steps that they can take to move the market ahead. The following is a list of the top ten actions employers can take to advance transparency:

1. **Create incentives for beneficiaries to shop and compare.**

    Until employees have more skin in the game, they will not fully embrace price transparency. A growing number of employers believe the best way to do that is by adopting consumer driven health plans and tiered or limited networks that give beneficiaries direct financial incentives to shop and compare alternatives. Employers who have been early adopters of consumer driven plans have often found that it is more effective to offer consumer driven design as the only option to employees. That is due to the tendency for sicker individuals who utilize more services to enroll in more traditional plans if they are still offered. As a result, those that consume most resources are not incented to shop and compare before choosing a provider or treatment alternative.A high deductible, consumer drivenhealth plan requires employees to shop health care to maximize their value. Engaging on price will also drive enhanced engagement on quality.

    Another alternative is to adopt centers of excellence for highly complicated and expensive procedures. Employers may also adopt more limited provider networks that also encourage beneficiaries to compare providers.

2. **Implement a cost transparency tool and educate beneficiaries on the importance of transparency.**

    A consumer driven health plan without a transparency tool is just a high deductible plan. As long as patients tend to believe their doctor or hospital is always best while not understanding how much health care quality and cost varies, it will be difficult to engage the consuming public to demand transparency. Employers should consider how they could help beneficiaries understand why transparency is important to them. Employers need to provide beneficiaries with the tools and motivation to shop and compare their health care delivery alternatives.

3. **Negotiate aggressively with vendors.**

Until employers take a hard line on the importance of transparency, vendors such as health plans, PBMs, providers and manufacturers will continue to resist and/or take modest steps to advance the concept. Employers should make transparency requirements as important as other financial terms in their contracts with carriers. They should refuse to sign non-disclosure agreements that prohibit them from sharing the negotiated prices paid to providers with their beneficiaries. They should also demand that health plans refuse to include similar terms when they negotiate contracts with providers.

4. **Get the data.**

Without data, results cannot be measured. And employers should take control of a very valuable data source – namely their claims and administrative data. Employers must insist that they own this data, not the health plan or their data-warehousing vendor. Employers should demand that their health plans pass not only the employer's specific data, but also the plan's "book of business" data to third party transparency and data warehousing vendors. Employers pay for the use of the plan's provider networks. They should get access to not only their own data but the data of all the providers in that network. In addition, HHS has recently begun attempting to expand government access to claims data to advance transparency through HIPAA. Employers should support that and other reasonable government efforts to gain expanded access to data that will advance transparency. Many health plans have already agreed to share data with third parties. However, there are still a number of key health plans holding out.

5. **Use the data.**

Once they have access to a comprehensive database, employers should aggressively explore how this data can be most effectively used to report the cost and quality of all elements of the health care supply chain. While administrative data cannot deliver everything that is needed to support full transparency, it is a very valuable tool that should be used to the greatest extent possible.

6. **Be squeaky clean on data privacy.**

Perhaps the greatest reputational risk that employers have as they pursue transparency is the risk of inadvertently disclosing patient data that is protected by HIPAA. For that reason, it is critical to make sure they are in full compliance with the law. However, provided the employer complies with all applicable data privacy laws, it should not let concerns of a vocal minority opposing any use of HIPAA protected data from using the information to the degree permitted by the law.

7. **Adopt standard measures where possible while filling the gaps as needed.**

Employer must seek to avoid enabling a "Measurement Tower of Babel" in which different measures and results are reported by various entities. This will only serve to confuse consumers and undermine their trust in any publicly reported cost and quality measures they see. Contracts with vendors should require that they use standard measurement sets to the degree possible. To fill the gaps where consensus measurement sets do not exist, employers should aggressively seek out instruments to address those needs. This is particularly true in measuring and comparing costs, where the market generally lags compared to the availability of quality measures.

8. **Report results in a format that main street America can understand.**

   Measures have limited value if consumers cannot understand and act on the results. Employers must find a way to share results so that any reasonable layperson can understand and act on what is being reported.

9. **Play politics.**

   There is intense resistance to full transparency throughout the health care supply chain as well as among some policymakers. To counter this, employers must make their voice heard, and they must promote policy actions that support and advance transparency.

10. **Play well with others.**

    Acting alone, even the nation's largest employers do not have access to sufficient data or market influence to achieve full transparency. By acting together to promote policy actions, create data warehouses, and identify vendors who can support their needs, employers will make significantly more progress towards the elusive goal of a fully transparent health care market.

In order to advance each of these ten actions, employers may elect to pursue a number of initiatives both individually and in collaboration with other large employers. Collaborative actions are called for in many cases in order to create economies of scale and sufficient market influence. The following table lists actions that may be pursued.

Actions to Advance Transparency		
	Actions by Individual Employers	Collective Actions by Employers
1. Create incentives for beneficiaries to shop	• Adopt consumer directed benefit designs such as CDHPs and referenced based pricing models. • Offer pre-tax accounts to beneficiaries. • Create benefit designs to encourage use of high performance provider networks and Centers of Excellence.	• Promote availability of consumer driven group and individual designs in public and private exchanges. • Promote Medicare and Medicaid reform that advances consumerism, (*e.g.* Blue Button Initiative). • Encourage the media, government agencies and health plans to promote public awareness of the importance of comparing providers and treatments. • Conduct regional or national pilot projects such as referenced based pricing models
2. Implement a transparency tool and educate beneficiaries on the importance of transparency	• Contract with health plans and/or a specialty vendor to implement a transparency tool. • Develop a communication campaign on the importance of comparing providers, plans, formularies and treatments.	• Collect and disseminate best practices among employers. • Develop aggressive specifications and contract with a transparency vendor that is willing to meet them to create a turnkey solution for all members.
3. Negotiate aggressively with vendors	• Require health plans to disclose negotiated provider rates. • Require health plans to acknowledge that the employer owns their claims and other administrative data. • Prohibit health plans from entering into agreements with vendors that forbid them from disclosing what they are paying. • Require PBMs to meet HR Policy Association transparency requirements.	• Develop model vendor contract language for use by individual employers. • Create a program to certify/acknowledge vendors who will agree to key contract terms and other requirements that support transparency.
4. Get the data	• Assure ownership of administrative claims data and create a data warehouse – medical and pharmacy.	• Monitor and publish which vendors/plans will or will not share data with employers. • Create a multi-employer claims/administrative data warehouse that is owned and controlled by employers.

Actions to Advance Transparency		
	Actions by Individual Employers	Collective Actions by Employers
5. Use the data	• Analyze data for development of benefit design, provider networks, plan selection and providing information to beneficiaries comparing providers, plans and treatments.	• Develop methodologies that enable employers to compare and assess the merits of all available pathways (self-insured group, consumer driven health plans, private and public exchanges) • Use multi-employer data warehouse to generate and publish vendor performance measures. • Use data to compare how health care provider quality and cost varies across geographic regions. • Collect and publish information on how the individual market, private exchanges and public exchanges are performing compared to traditional group plans.
6. Be squeaky clean on data privacy	• Assure that all contracts and data warehousing activities are fully compliant with all data privacy requirements.	• Develop model vendor contract language that complies with all data privacy requirements.
7. Adopt standard measures where possible while filling gaps as needed	• Require health plans and other vendors to adopt uniform measures such as those used by HHS/CMS, HEDIS and NQF endorsed measures. • Add other measures to fill key gaps, including measures comparing vendors' costs.	• Develop an inventory of recommended consensus measures for use by employers. • Develop an inventory of sources of other measures to fill gaps where consensus-based measures do not yet exist.
8. Report results in user friendly formats	• Require health plans and other vendors to create and publish performance information that can be understood by beneficiaries. • Seek input from beneficiaries on usefulness of publish information.	• Gather and disseminate best practices to employers.

Actions to Advance Transparency		
	Actions by Individual Employers	Collective Actions by Employers

9. Play politics	• Actively advocate for vastly expanded transparency with public policy makers with whom the employer has influence.	• Advocate for improved employer access to Medicare claims data.
		• Promote full disclosure on the cost and coverage options offered through public exchanges.
		• Promote rapid expansion of public reporting for Medicare, Medicaid and public exchanges.
		• Publish studies on how the individual market and public exchange coverage options are evolving as ACA is implemented.
		• Encourage the development of consensus measures where gaps exist.
		• Support development of comparative effectiveness studies as enacted by ACA
		• Pursue other public policy actions to promote transparency
		   o Advocate for guaranteed access to Medicare fee schedules for employer sponsored plans
		   o Prohibit gag clauses in health plan/provider contracts
		   o Prohibit most favored nation clauses between plans and providers
		   o Required health plans to disclose provider specific bundled cost estimates for common services
		   o Require health plans and TPAs to share claims data with employers
		   o Require health plans and PBMs to disclose to employers the negotiated fees they pay suppliers
		   o Create a national public/private multi-payer claims data base
		   o Support and improve Wyden-Grassley "Medicare Data Access Transparency and Accountability Act" (S.756, 113th Congress)
		   o Expand access to Medicare data for qualified entities, including employers
		   o Require health plans to disclose provider-specific bundled cost estimates for common health services (i.e.: routine delivery)
		   o Support and improve the Burgess-Green "Health Care Price Transparency Act" (H.R. 1326, 113th Congress)

Actions to Advance Transparency		
	Actions by Individual Employers	Collective Actions by Employers
10. Play well with others	• Participate in national and regional efforts that are promoting and advancing transparency. • Participate in multi-employer data warehousing and public reporting initiatives. • Support efforts by health plans and other vendors that advance transparency.	• Organize employers to promote a shared transparency agenda including sharing of best practices, promoting public policy actions to advance transparency, data warehousing and reporting. • Seek to influence and collaborate with key national players who are advancing transparency (NCQA, NQF, HHS/CMS, etc.) • Actively support efforts by health plans and other vendors that support and advance transparency.

Conclusion

As this paper indicates, there are numerous actions that individual employers and employers acting together can take to more rapidly advance transparency. However, given the gap between what exists today and what is ultimately needed, employers will need to take numerous and aggressive actions if they are going to promote improved transparency at the pace that is required to create a more accountable, competitive and efficient health care marketplace.