Mobile Technology as a Platform to Support Health Care Price Transparency

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Overview

- Confluence of two challenges
  - Rise in consumer cost sharing
  - Mobile health information technology
- Price transparency tools
- Impacts on choices and prices
The Problem:
Variation in Prices for Similar Services

Range in Colonoscopy Prices Across California Hospitals (HOPD) and Ambulatory Surgery Centers (ASC)
A Consumer-Oriented Strategy

1. Increased patient financial responsibility
   - Higher levels of consumer cost sharing
   - New forms of consumer cost sharing

2. Revolution in information technology
   - “Big Data” allows collection of vast amounts of price and quality data
   - Mobile technologies (iPhone) allows low-cost easy access
   - “High-touch” programs supplement “high-tech” initiatives
1. Consumer Financial Responsibility

- Private health insurers continue down the path of increasing consumer cost sharing
- This makes the consumer/patient more sensitive to:
  - Is the test or treatment necessary?
  - If so, where can it be obtained most cheaply?
  - Where can I get information on price and quality?
- Of course, cost sharing raises important concerns about equitable access to care, and about the ability of consumers to make good choices
Employers Move towards High Deductibles
Require Patient to Pay Initial $1000- $5000 in Costs Incurred

Percentage of Covered Workers Enrolled in a Plan with a Deductible of $1,000 or More for Single Coverage
Plan selection by metal level

- 65% SILVER
- 20% BRONZE
- 9% GOLD
- 5% PLATINUM
- 2% CATASTROPHIC

Note: Percentages rounded by HHS.

“ObamaCare” Enrollees Choose High Cost Sharing (and low premium)
Employers and Medicare Develop Drug Formularies with More Cost Sharing

- Main goal of tiered formularies is to encourage use of generic drugs and preferred (discounted) brands
- New focus on specialty drugs for cancer, MS, immune conditions

**Average Copayment Amounts for Pharmacy Benefit Preferred and Non-Preferred Tiers for Specialty Pharmaceuticals**

<table>
<thead>
<tr>
<th>Tier</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred 2nd tier</td>
<td>$25.55</td>
<td>$26.39</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonpreferred 3rd tier</td>
<td>$48.94</td>
<td>$54.17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialty/4th tier</td>
<td></td>
<td></td>
<td>$105.71</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Problems with Consumer Cost Sharing

- Most cost sharing requirements do not distinguish between ‘high-value’ and discretionary services
  - Cost sharing has reduced adherence
- Cost sharing often does not vary according to the income and ability to pay of the consumer
  - It contributes to personal bankruptcy
- “Second generation” cost sharing designs improve over first generation
  - Some high-value services are provided free
  - Insurance plans for low-income people (Medicaid) require no cost sharing
2. Price Transparency Tools

- Insurers aggregate price data paid to each physician, hospital, laboratory, imaging center.
- These data are made available to enrollees via desktop computer and mobile devices.
- Focus is on services that are ‘shop-able’
  - High variance in prices, without variance in quality.
  - Non-emergency, to give consumers time to choose.
- Currently, use of price tools is limited, but it is accelerating as the validity of the price data improves and consumers are exposed to more cost sharing responsibility.
Web-based and mobile applications allow consumers to “shop” for health care with real time information on price, quality and location of providers.
These tools now are available on mobile devices so that consumers can make ‘real time’ choices.
<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Business Model</th>
<th>Platform</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castlight Health</td>
<td>Insights: Employer analytics; Controls: plan benefits program; Connect: integrate programs; Care: employee consumerism</td>
<td>Business-to-business contracts with larger employers like AT&amp;T, Liberty Mutual, Land O Lakes</td>
<td>Varied – web tools, delivered insights, mobile tools for employees</td>
<td>Flagship price transparency firm with strong IPO – one of few digital health firms to go public. Support currently has been wavering based on use</td>
</tr>
<tr>
<td>Stroll Health</td>
<td>In-office cost information &amp; decision-making tool for providers and consumers</td>
<td>Sells directly to physicians, providers, payors to get apps used by consumers when they are making decisions</td>
<td>App for providers &amp; consumers and Reports for customers</td>
<td>Start-up company, not yet launched. Interesting in trying to get in-office instead of the existing consumer-facing websites &amp; static insights</td>
</tr>
<tr>
<td>iTriage &amp; Aetna</td>
<td>Aetna updated existing iTriage app for members of some insurance companies by adding price comparison information from Healthcare Bluebook</td>
<td>iTriage can be downloaded by consumers but, would contract with insurers for specific data &amp; tools for members</td>
<td>Mobile integrated data platform, iTriage already provides healthcare services information and is adding new services</td>
<td><a href="http://mobihealthnews.com/40624/aetna-partners-with-newtopia-adds-price-transparency-to-itriage/">http://mobihealthnews.com/40624/aetna-partners-with-newtopia-adds-price-transparency-to-itriage/</a></td>
</tr>
<tr>
<td>myEasy</td>
<td>myEasybook is an online health care shopping tool or consumers with high deductible plans.</td>
<td>Tool for UHC members</td>
<td>Integrated in with members’ claims, transparency tools and in-network providers.</td>
<td><a href="http://mobihealthnews.com/28504/unitedhealthcare-adds-online-appointment-booking-price-checking-for-members/">http://mobihealthnews.com/28504/unitedhealthcare-adds-online-appointment-booking-price-checking-for-members/</a></td>
</tr>
<tr>
<td>Guroo, &quot;Numbers no</td>
<td>Consumer-facing website listing cost information from &gt;70 common health conditions &amp; services based on claims data from four major insurers</td>
<td>Run by non-profit, Health Care Cost Institute (<a href="http://www.healthcostinstitute.org/">http://www.healthcostinstitute.org/</a>) - Consumer-facing Website - Has received Medicare Data as a &quot;Qualified Entity&quot;</td>
<td>- Consumer-facing Website - Reports for customers</td>
<td>Launched cost information, quality metrics and list of services planned for launch</td>
</tr>
<tr>
<td>Healthsparq</td>
<td>HealthSparq partners with 67 health plans to help over 78 million health plan members make smarter health care choices</td>
<td>Sells to Health Plans &amp; Employers to “Empower Members”</td>
<td>- Tailored search and information portal for customers - Data &amp; insights as a part of sale</td>
<td>“HELPING PEOPLE MAKE SMARTER HEALTH CARE CHOICES”</td>
</tr>
<tr>
<td>Pokitdok</td>
<td>Pokitdok broadly is a data integration platform for everything from billing/claims to EMR, also has a Price transparency marketplace</td>
<td>Sells to healthcare stakeholders to integrate data</td>
<td>- Website for consumers &amp; providers - Providers can “claim practice” and manage information</td>
<td>Start-up company <a href="http://www.xconomy.com/san-francisco/2014/01/06/pokitdok-ceos-radical-idea-transparent-pricing-in-primary-care/">http://www.xconomy.com/san-francisco/2014/01/06/pokitdok-ceos-radical-idea-transparent-pricing-in-primary-care/</a></td>
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<td>Health in Reach</td>
<td>Great Dentists &amp; Doctors, Affordably; Compare Licensed Professionals; Get Exclusive Discounts &amp; Deals; Make Your Appointment Online</td>
<td>Brings consumers to website to “shop” and partners with providers to integrate profiles, appointments, etc.</td>
<td>- Consumer-facing website &amp; information - Providers can sign-up for a profile</td>
<td>Start-up company, merged with PriceDoc, was one of the “first” price transparency platforms</td>
</tr>
<tr>
<td>My Medical Shopper</td>
<td>Save your employees money. Save your business money. Reverse the trend of rising healthcare costs.</td>
<td>Sells information &amp; platform to employers to manage healthcare costs</td>
<td>- Employer-focused website with Consumer-facing tab as well - Search &amp; browse procedures &amp; providers</td>
<td><a href="http://www.imedicalapps.com/2014/03/goodrx-patients-prices-medication/">http://www.imedicalapps.com/2014/03/goodrx-patients-prices-medication/</a></td>
</tr>
<tr>
<td>GoodRx</td>
<td>Helps consumers find lowest-cost prescription drugs and coupons for drugs – even for pet medications</td>
<td>Sells APIs, widgets, data to employers &amp; other companies</td>
<td>Website for consumers - Partnerships with doctors &amp; &quot;groups&quot;</td>
<td><a href="http://www.imedicalapps.com/2014/03/goodrx-patients-prices-medication/">http://www.imedicalapps.com/2014/03/goodrx-patients-prices-medication/</a></td>
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Transparency Value Proposition to Employers and Consumers

**One-Stop Shopping**
Combined experience for both Medical and Pharmacy

**Pricing**
Comprehensive pricing insight across therapies, channels, retailers

**Consumer Reports**
Presents industry-leading Consumer Reports Best Buy drug reports for information and education

**Savings and Quality Alerts**
Generates savings opportunity and quality alerts combining both Medical and Pharmacy knowledge
Transparency is Supported by Educational and Motivational Programs

Wouldn’t it be great if you could easily shop for health care just like you do for everything else?

BUT YOU CAN!

YOUR KRAFT BENEFIT: CASTLIGHT HEALTH

*Sign up or log in today and complete a search in Castlight before Aug. 16 to be automatically entered to win a free iPad!*

*While all adult family members can register for Castlight, only employees are eligible for the drawing. Employees already registered are also eligible - just log in and perform a search before Aug 16 to win!"
Supporting Price Transparency with High-Touch Services

- Some insurers supplement price transparency platform with person high-touch programs
- Example: insurer telephones patients to offer options on alternative providers who charge lower prices, thereby saving money for consumers
- Consumers are more likely to respond to this combination of high-touch with high-tech program than to high-tech digital platform alone
Impact: Consumers Who Use Price Transparency Tools Switch to Low-Priced Providers

Percentage Savings for Patients Who Used Online Price Transparency to Search for Providers

Impact: Providers Reduce Prices to Compete

Price Paid for Cataract Surgery for Patients Facing Incentives (Red Line), Compared to Patients without Incentives

Impact: Price Per MRI Scan for Patients With Price Transparency and High-Touch Support (Intervention Group)

Source: Wu et al. Health Affairs 2014;33:1391-1398
Prices often are presented for limited or incomplete numbers and episodes of care
- Consumers care about the total price of their procedure, not individual components
- Prices often are based on small numbers of patient claims, as each insurer creates its own index
- Prices do not differentiate between high-value and low-value components of care
- Price data often are not accompanied by quality
- Consumers are only beginning to use price tools
Summary

- The US health care system is becoming more focused on the consumer
- Consumer cost sharing is increasing
- Mobile health platforms offer price and quality data in a quicker and easier format
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