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## Give health-care consumers more information

*By Paul Eckel*

Soaring gasoline and food prices accentuate the importance of creatively solving our health-care affordability problem. Unfortunately, our historical emphasis on individual freedom and limited government has produced a health-care system that is a complex and unwieldy combination of the private and public sectors. As a result the system tends to be fragmented. In addition, the prevailing model is acute care/disease-oriented, with a minimal amount of emphasis on prevention and wellness, though a great number of health problems could be prevented by lifestyle choices.

The American health-care system has evolved to be dominated by third parties and providers, with consciousness of the consumer's role and responsibility only beginning to dawn. This new ambivalence begs the challenge of balancing social contract philosophies of government-provided health care for all, with personal and private solutions that emphasize values and uses market forces.

For all these reasons the cost of health care is soaring out of reach for many people. Over one-fourth of Americans have reported difficulty paying for medical care. Forty-seven million citizens are uninsured. More employers are dropping health insurance coverage or greatly increasing the amount that employees pay. Health-care spending now accounts for 16 percent of GDP, and at the current rate of growth is projected to rise to almost 20 percent by 2017. Further, the leading edge of the baby boom generation will be eligible for Medicare by 2011, and both Medicare and Medicaid are growing at an unsustainable rate.

There are a multitude of proposed solutions being offered to solve the affordability issue. I would like to propose a minimal approach that combines both the private and government perspectives. In this I will focus my concern on two groups in particular who are hardest hit by the affordability issue. These are not the citizens covered by the major categories of third party payers -- Medicare, Medicaid, employer based insurance, and private insurance. They are the rest of the population -- those with Healthcare Savings Accounts (HSA), or with no insurance at all. Both of these groups must pay for a large portion of their expenses out of pocket.

These uninsured and those with HSA accounts have a major problem with affordability due to the practice of "cost shifting." Cost shifting occurs when the individual with an HSA, or with individual insurance through a lesser known insurance company, or with no insurance at all, is asked to pay the "retail" charge for the medical service provided. These retail prices are extremely high in comparison to the prices negotiated by third parties, and usually fall on those who can least afford it.

Cost shifting could be greatly reduced by providing pertinent public market information to the average consumer. A list of retail and discounted prices would be very helpful to those who would benefit by price-comparison shopping for services. One easy way to provide this information would be to use the Medicare allowable charge schedule. The publication of the most common charges would allow for the comparison of the retail price with the negotiated price.

As a matter of fact, this information is already in the public domain but not readily and easily available. Making the information more public would allow those who are asked to pay the retail price to negotiate more effectively, and in a way similar to what the larger third parties do. The exact amount of the price paid would be determined by negotiation between the individual and provider. It is simple and it is one of the best ways to develop a system that moves us to more of a free market.

In Rhode Island, for example, physicians have developed a program called HealthAccessRI. The program charges a monthly amount which provides for timely access to services at a reduced rate and an annual physical. Providing more easily available market information is a compromise between the two approaches to solving the affordability issue. It brings us closer to universal coverage, while retaining the private market system.

To be sure, this step is very small. It does not address the other major problems of accessibility, tort reform, and the shortage of health-care providers. These and many other ideas will be part of the national debate on health care this election year. Hopefully a compromise on reform will utilize elements of both the public and private sectors and will build upon our current excellent health-care system.

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