"Transparency" in Principle and in Practice: Health Insurance Plan Perspectives

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I. Introduction

Good morning. My name is Stephanie Kanwit and I am Special Counsel for America's Health Insurance Plans (AHIP). I would like to thank the Federal Trade Commission for the opportunity to share AHIP's perspectives on Quality and Price Information Transparency. AHIP is the national association representing nearly 1,300 health insurance plans providing coverage to more than 200 million Americans. Our members offer a broad range of products in the commercial marketplace including health, long-

AHIP's health insurance plan members are committed to that concept, and have been diligently working for years to further that goal. My testimony today focuses on both:

- the critical *principles* that guide AHIP's health insurance plan members as they work to assure transparency, namely that consumers have reliable and useful data to help them choose physicians and hospitals that deliver value-based care; and
- concrete *examples of initiatives* health insurance plans have taken – working with physician groups, hospitals, consumers, employers, and government representatives – to address gaps in quality and to promote transparency of results to aid consumer decisions and improve physician performance.

Before addressing specifics, however, I note upfront some competitive concerns that arise when government bodies and regulators incorrectly believe "more transparency must be better" and create transparency initiatives, without regard to *first*, their actual utility to consumers, and *second*, their possibly adverse impact on the competitive marketplace. To be clear, many types of government involvement in the transparency process can have quite beneficial effects for both competition as well as consumers. All transparency initiatives, however, must be carefully designed to assure that they truly provide consumers with useful, understandable information relevant to their health care decisions, while not resulting in public disclosures – especially of sensitive, proprietary data such as pricing and payment terms – that undermine the competitive process and ultimately result in higher costs for consumers. We commend and applaud the FTC's opposition to these types of transparency initiatives and its efforts to educate government bodies at all levels about the unintended consequences of such initiatives.

The key is that transparency must not be deemed to be an end in itself, but rather a means of providing consumers with relevant, useful information that adds value to their health care decision-making processes

consumers to be more actively engaged in making decisions – based on reliable, user-friendly data – about their medical treatments and how their health care dollars are spent.[2]

Public and private stakeholders have responded to the call. The Centers for Medicare & Medicaid Services (CMS) has posted quality information related to hospitals, nursing homes, and home health agencies, as well as Medicare payment information for common elective procedures and other common admissions by county.[3] More recently, CMS created a voluntary physician quality reporting program.[4]

A. AHIP's Principles of Transparency

AHIP and our members have spoken compellingly over the course of the last several years on the need for transparency in our health care system. These five principles issued by our Board of Directors in 2006 are the cornerstones for AHIP's policies:

- ***Supporting a uniform approach for the disclosure of relevant, useful, actionable and understandable information to facilitate consumer decision-making and choice.*** Information should be made available to enrollees to permit accurate comparisons of physicians, hospitals and other practitioners. Additionally, information should be disclosed and displayed in a format that is easily accessible and understandable; consumers should be educated on how to use the information as appropriate.

- ***Supporting efforts that advance transparency while preserving competition and basing analyses on objective, agreed-upon measures.*** Consumers and purchasers need accurate information to make more informed health care decisions. At the same time, the disclosure of this information should comport with antitrust guidelines to ensure that

[2] *See, e.g.*, http://www.whitehouse.gov/news/releases/2006/08/20060822-2.html (containing Executive Order No. 13410,

vigorous competition continues to thrive in the marketplace. To achieve this objective, ranges – such as the 25th percentile and 75th percentile of payments to hospitals which are disclosed by Medicare – should be the model for disclosing price information.

- ***Recognizing the importance of linking quality and cost of care.*** Disclosure of information about the quality of care which physicians and hospitals provide and costs of services is important to enable consumers and purchasers to evaluate their health care options, and to enable practitioners to learn how their practices compare to their colleagues' practices in terms of effectiveness and efficiency. At the same time, consumers need assistance in interpreting this information and using these data to make informed decisions.

- ***Developing the tools to analyze high-utilization, high-cost services or conditions where variation exists.*** The nation needs to build the capacity to analyze certain agreed-upon episodes of care as well as certain services or procedures. Presenting data on episodes of care (e.g., pregnancy) – rather than merely on services (e.g., labor and delivery) – will allow consumers to make more comprehensive and informed assessments. The episodes of care selected should align with conditions which address areas where practice variation exists, have high utilization rates and are known to be cost drivers.

- ***Supporting the disclosure of information for physician as well as hospital services.*** To promote continuity of care and prevent the proliferation of silos within the health care system, stakeholders should advocate for the disclosure of physician performance information as well as the disclosure of hospital performance information. Disclosure of information for other providers – such as nursing homes and home health agencies – also should be considered.

B. "Transparency" in Practice:

AHIP's transparency principles can be seen in action through our involvement in the AQA Alliance, the member-focused transparency efforts of AHIP's members, and the leadership of AHIP's members in developing initiatives to reward quality performance.

now known as the Better Quality Information or BQI sites, combine public and private sector quality data on physician performance. This program is testing various approaches to aggregating and reporting data on physician performance, while also testing the most effective methods for providing consumers with meaningful information they can use to make choices about which physicians best meet their needs. Ultimately, we anticipate that the results of this pilot program will inform a *national framework* for measurement and public reporting of physician performance, which is an important step toward advancing transparency and providing reliable information for consumer decision-making.

2. Health Insurance Plan Member-Focused Transparency Efforts

Many AHIP member plans have individually implemented their own initiatives to empower their members by supplying them with price as well as quality information designed to support consumer decision making. While they use a variety of approaches, these plan initiatives – often in the form of easy-to-use tools that allow consumers to access secure websites – encompass providing such resources as the following:

- **Access to price data on specific physicians**: A member of many health insurance plans can type in a particular physician's name, specialty, or office address and view a menu of common procedures, and determine the cost of procedures, such as routine office visits or x-rays.
- **Access to quality data on physicians**: Members of some health insurance plans can access information on either plan-specific or regional collaboratives' websites regarding clinical quality delivered b(bor(53)4(r)310(a)4(r)3r)-25h atinal

instances separating out doctor fees from facility costs, as well as tools to ascertain the comparable value of those facilities.

Several of AHIP's members also are participating in regional quality collaboratives that are aggregating data across a given market. These data aggregation efforts combine data from multiple health plans in a region to give consumers a

AHIP and our members currently are working to advance quality-based payment systems that are

incentives can include financial and non-financial rewards. On the government side, where our members are integrally involved in administering the Medicare program, CMS has made value-based payments for services to Medicare beneficiaries an integral part of its Strategic Action Plan for 2006-2009[9] and has launched the Premier Hospital Quality Incentive Demonstration Program to recognize and provide financial awards to hospitals that demonstrate high-quality performance.[10]

We expect that you will continue to see, in the months and years to come, an impressive range of efforts, from individual health insurance plans and from multi-stakeholder collaborations that advance these principles and bring increased value to consumers.[11]

III. Harmful "Transparency" Initiatives

As noted, AHIP works closely with many government agencies toward the goal of greater price and qualitylo3 Tc 0 Tw /F2 0 0 1 120 364 nsoferhe(nt)-(r)3(-250(m)-2(a)4(n)-20(y-2(ve)-24p(w)2ha)4(t)-262(y)

and, when appropriate, comment on, such health care transparency initiatives to ensure that they truly serve consumers rather than leading to reduced competition and increased prices.and