



D A T A B R I E F

**HEALTH CARE OPINION LEADERS' VIEWS ON
THE TRANSPARENCY OF HEALTH CARE QUALITY
AND PRICE INFORMATION IN THE UNITED STATES**

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ABSTRACT: The 12th Commonwealth Fund/*Modern Healthcare* Health Care Opinion Leaders Survey found that increased transparency in the quality and price of health care is important, according to a diverse group of experts. More than 80 percent of health care opinion leaders called for transparency on prescription drug prices and medical loss ratios (i.e., the share of premium dollars that private insurance companies spend on medical care). Most respondents believe increased transparency would reduce health care spending, primarily by stimulating providers to improve quality and efficiency and by allowing payers to reward such efforts. Favored policy strategies for improvement of health care transparency include the creation of a new public-private entity to standardize and implement transparency in health care; widespread adoption of health information technology; shared responsibility for funding across government, insurers, and providers; and federal leadership to create a meaningful system of public reporting on quality and price.

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HEALTH CARE OPINION LEADERS' VIEWS ON THE TRANSPARENCY OF HEALTH CARE QUALITY AND PRICE INFORMATION IN THE UNITED STATES

Transparency in health care—including collecting and reporting public information on the quality and price of health care services—is essential for moving toward a higher performing health care system in the United States, according to the latest Health Care Opinion Leaders Survey. However, very limited quality information—outcomes, clinical processes, or patient experience of care—is routinely collected and reported. Quality and price transparency would stimulate improvement by giving providers feedback on their performance, establishing benchmark performance levels, and creating an external motivation to improve. It would also encourage private insurers and public programs to reward quality and efficiency, and help patients make informed choices about their care. At present, various obstacles stand in the way of improved transparency: the reliability and validity of current quality and price information; making information comparable across different populations; and how patients, providers, and consumers use the information in making decisions.

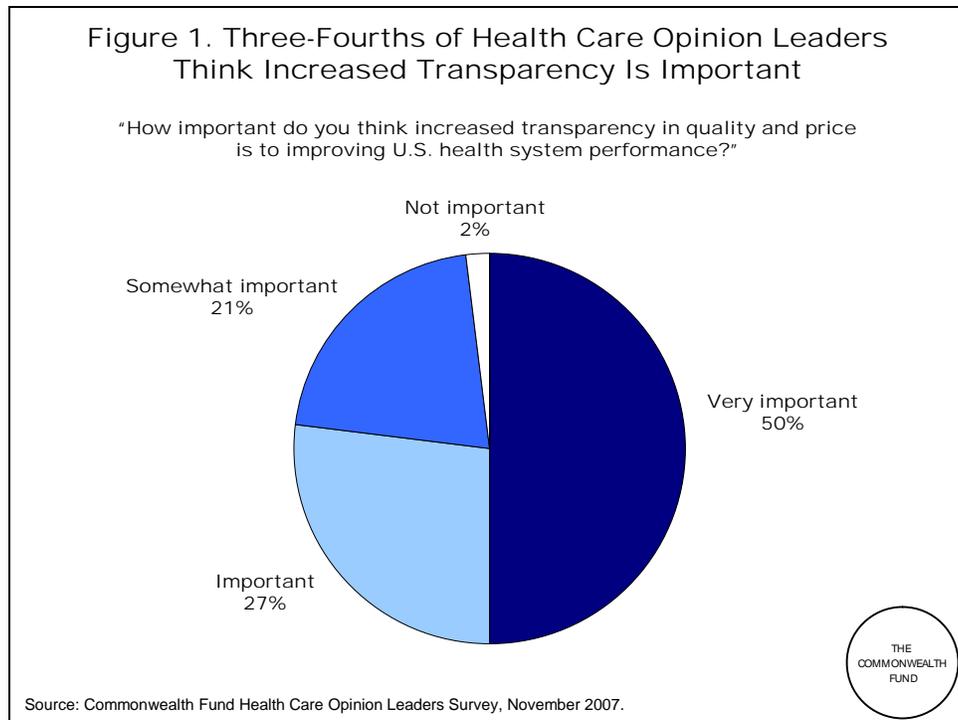
The Health Care Opinion Leaders Survey

The Commonwealth Fund and *Modern Healthcare* commissioned Harris Interactive to ask a diverse group of health care experts about the issue of transparency of quality and price information in the U.S. health care system. The 241 individuals who took part in the survey—the 12th in a continuing series of surveys assessing the views of experts on key health policy issues—represented the fields of academia and research; health care delivery; business, insurance, and other health industries; and government, labor, and advocacy groups (see Methodology, Appendix A). In the context of this study, transparency is defined as the public reporting of information on quality and price of health care. The term price refers to the effective price paid for health care services after discounts. For complex events such as a hospitalization or surgery, the price includes the total effective price for the entire event. For inpatient surgery, for instance, it would include the hospital bed and ancillary services; surgeon, anesthesiologist, and radiologist; and all other services directly related to the surgery. The survey responses closely align with the principles set forth by The Commonwealth Fund's Commission on a High Performance Health System, which has a mission to promote greater access, quality, and efficiency across the U.S. health care system. The Commission recommends simultaneously embracing five key strategies for change: ensuring affordable coverage for all, aligning incentives and effective cost control, providing accountable and coordinated care, aiming higher for quality and efficiency, and creating accountable leadership on the national level.¹

Importance of Transparency

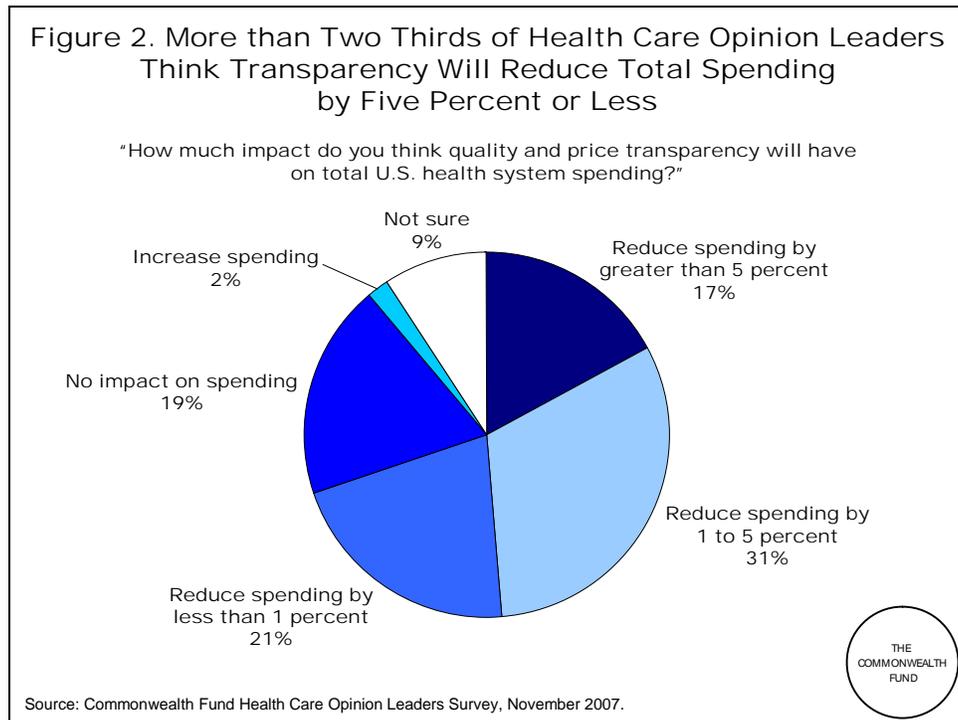
A recent Commonwealth Fund survey found that 95 percent of Americans think having information about the quality of care provided by different doctors or hospitals is important, and 91 percent feel that having information about costs of care before they receive that care is important.² However, the 2006 Employee Benefit Research Institute and the Commonwealth Fund Consumerism in Health Care Survey found that only 22 percent to 40 percent of insured individuals—whether enrolled in a comprehensive, high-deductible, or consumer-driven health plan—received information from their health plans on the cost of care provided by their doctors and hospitals. Twenty-seven percent to 47 percent received quality information. Of those who had quality and price information, about half had tried using it.³ For quality and price data to be useful, American patients need a meaningful and practical system of health care transparency.

More than three-quarters of health care opinion leaders recognize the importance of increased transparency in quality and price to improving health system performance in the U.S. (Figure 1). Eighty-four percent of business leaders think increased transparency is important, compared with 73 percent of academic/research leaders and two-thirds of government/labor/consumer leaders.



The majority of opinion leaders think improved transparency would reduce health care spending (69%). Yet there is great variability of opinion on the impact transparency

would have on cost: 17 percent believe it will reduce spending by greater than 5 percent while 31 percent think it will reduce spending by 1 percent to 5 percent (Figure 2). Nineteen percent of health care opinion leaders believe improved quality and price transparency will have no impact on spending. Business leaders surveyed are more likely to expect a five percent or greater reduction in health spending (29%) than are academic/research leaders (13%). Twenty-one percent of academic leaders think transparency will have no impact on spending; only 9 percent of business leaders feel this way.



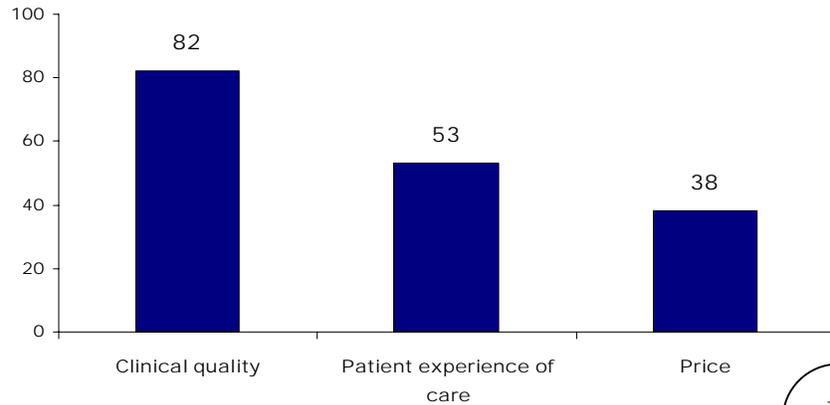
Objectives, Priorities, and Responsibility for Improved Transparency

Health care opinion leaders were asked how much of a priority improving provider transparency is in three main areas of health care: clinical quality, which includes care processes like appropriate medication and health outcomes like mortality or infection rates; patients’ experience of care; and price. All groups of health care opinion leaders agree that transparency of clinical quality is a high priority (82%), followed by patients’ experience of care (53%) and price (38%) (Figure 3).

Figure 3. Over Eighty Percent of Health Care Opinion Leaders Think Improving Transparency of Provider Clinical Quality Is a High Priority

"How much of a priority should be attached to improving provider transparency in each of the following areas (high priority, a priority, or not a priority)?"

Percent responding "high priority"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, November 2007.

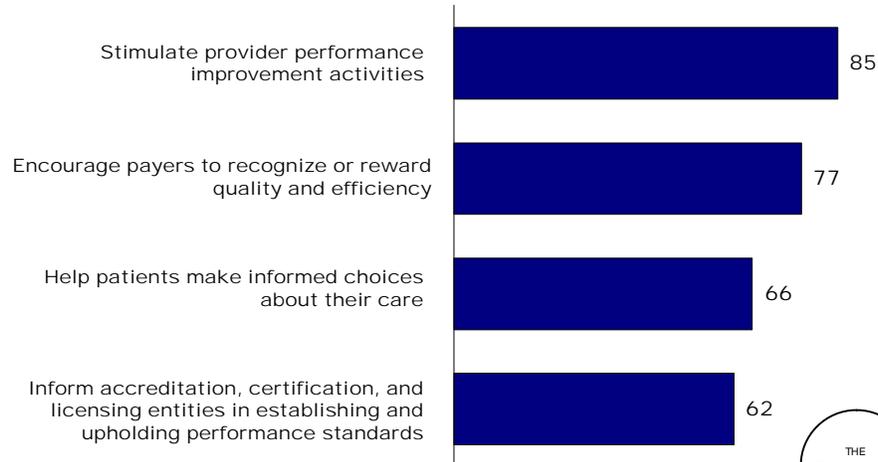


More than four of five opinion leaders think that stimulating provider performance improvement activities is an important objective of enhanced transparency (Figure 4). Other objectives include: encouraging payers to recognize or reward quality and efficiency (77%); helping patients make informed choices about their health care (66%); and informing accreditation, certification, and licensing entities in establishing and managing performance standards (62%).

Figure 4. Objectives of Enhanced Transparency on Quality and Price According to Health Care Opinion Leaders

"Below are four potential objectives of enhanced transparency on provider quality and price. How important is each in improving health system performance?"

Percent responding "very important/important"



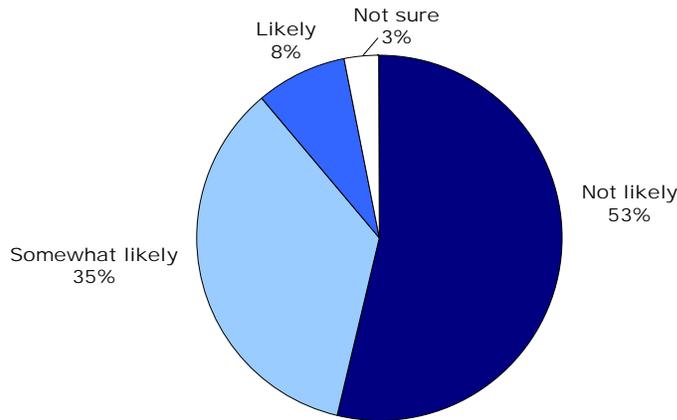
Source: Commonwealth Fund Health Care Opinion Leaders Survey, November 2007.



Despite the two-thirds majority of health care opinion leaders who believe increased transparency will help patients make informed choices about their health care, over half of opinion leaders (53%) do not think that patients will be able to make decisions regarding the use of their health care dollars, given the data on price and quality available to them over the next two to three years (Figure 5). Only 8 percent believe it is likely patients will be able to make such decisions in the near future, with business leaders (16%) more likely than academic or research leaders (8%) to report thinking this way.

Figure 5. Health Care Opinion Leaders Agree that Consumers with Health Savings Accounts Are Not Likely to Make Use of Price and Quality Data to Inform Health Care Decisions

"As more Americans are enrolled in high-deductible health plans and/or health savings accounts, the argument is made that they need access to price and quality data in order to make best use of their own dollars. How well do you think patients will be able to make such decisions given the data that will be available to them over the next 2 to 3 years?"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, November 2007.

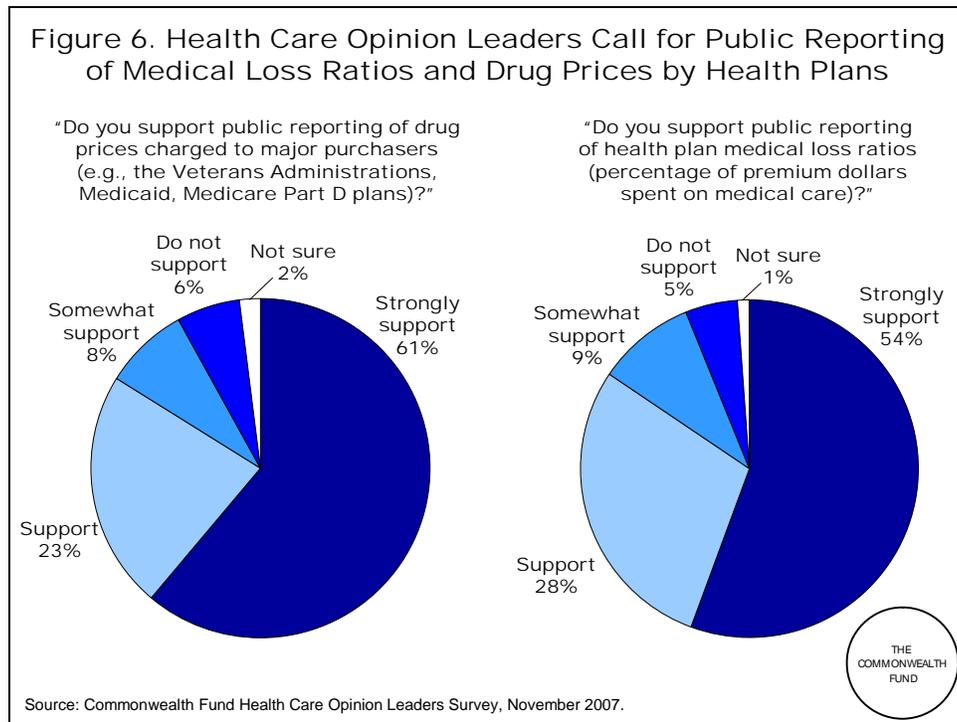


Survey respondents were also asked who they thought should be responsible for developing standards for quality and price and for organizing a meaningful system of transparency in U.S. health care. Over half of respondents support the establishment of a new public-private entity to coordinate standards-setting, measurement, and reporting. Health care delivery leaders are most likely to support professional societies setting the standards, measurement, and reporting of quality and price information (11% vs. less than 5% in all other leader groups).

Wide Support for Transparency of Drug Prices and Medical Loss Ratios

Public reporting Web sites and tools for prescription drug plans are becoming increasingly popular. In an effort to help elderly Americans find a suitable Medicare Part D prescription drug plan, the Centers for Medicare and Medicaid Services created the Medicare Prescription Drug Plan Finder on its medicare.gov Web site. Medicare beneficiaries can sort through a list of available Medicare private drug plans according to total estimated annual cost, monthly premium, and other variables like geographic location, current prescription drug usage, and pharmacy preferences. Health care opinion leaders see such innovations as very important—84 percent of respondents support public reporting of drug prices charged to major purchasers like the Veterans Administration or Medicare Part D plans (Figure 6). Only six percent of respondents did not support transparency of drug prices. Business leaders are more likely than academic leaders to be opposed to public reporting of drug prices (13% vs. 1%).

Similarly, 82 percent of opinion leaders support the reporting of medical loss ratios; that is, the share of premium dollars that private insurance companies spend on actual medical care, as opposed to marketing, administration, and other expenses. Again, business leaders, including representatives from the insurance industry, were less likely to support public reporting of medical loss ratios (74%) than were health care delivery leaders (90%).



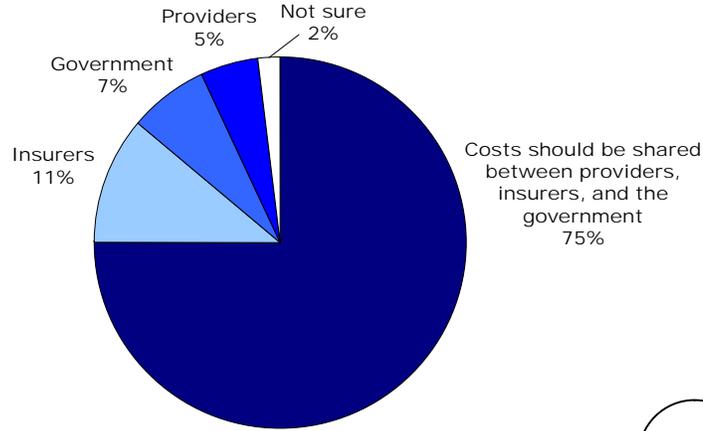
Policy Action to Create Transparency

There are significant, multiple barriers to improved transparency in the U.S. health system. Even when financial and quality data are collected, there are challenges in making the information comparable across providers and plans and comprehensible to the various audiences, including patients and consumers. Surveyed experts named a number of key policy strategies to improve health care quality and price transparency, including:

- sharing the cost of data collection for performance measurement across providers, insurers, and the government (75%) (Figure 7);
- widespread adoption of health information technology (88%) (Figure 8);
- establishing a new public–private national entity to set standards for measurement and reporting and to be accountable for health system transparency (56%); and
- differential payment to providers based on publicly reported quality and price data (54%).

Figure 7. Three-Fourths of Health Care Opinion Leaders Support Cost-Sharing for Data Collection of Performance Measurement

"Data collection for performance measurement can be costly. Who should bear the burden of these costs?"

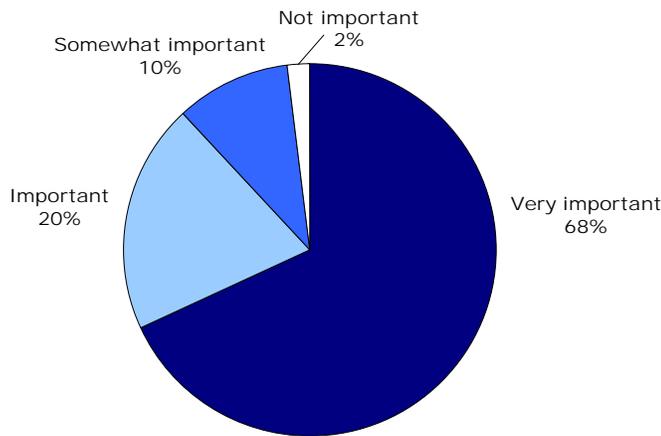


Source: Commonwealth Fund Health Care Opinion Leaders Survey, November 2007.



Figure 8. Health Care Opinion Leaders Call for Widespread Adoption of Health Information Technology to Achieve System of Transparency

"How important is widespread adoption of health information technology to achieving a meaningful system of transparency?"



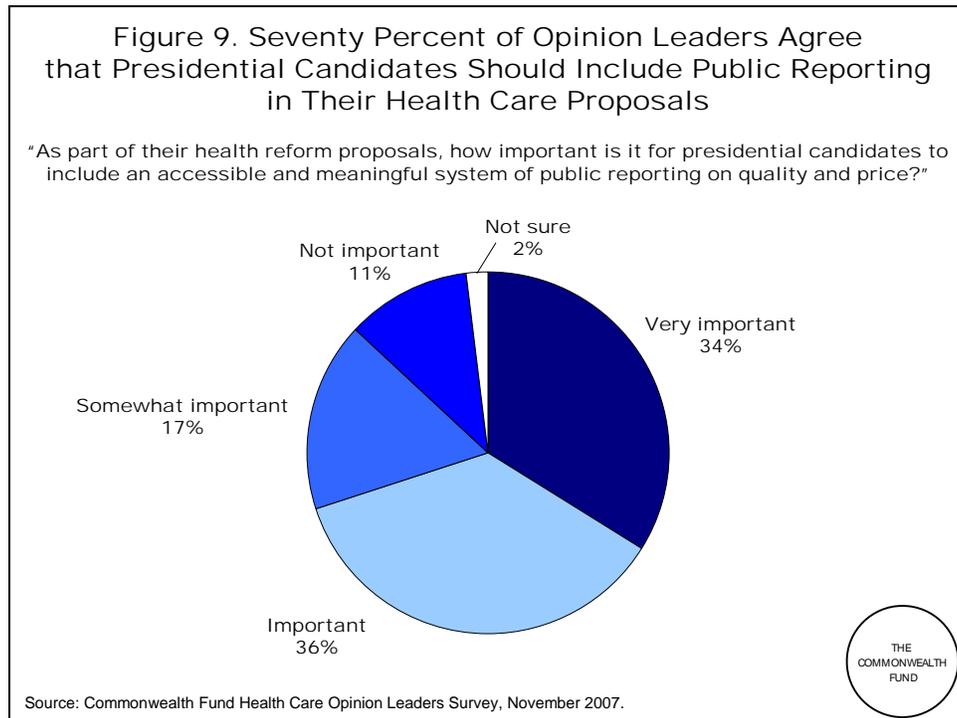
Source: Commonwealth Fund Health Care Opinion Leaders Survey, November 2007.



All opinion leader sectors were in agreement about the importance of health information technology and the establishment of a new public-private entity to coordinate transparency information. However, business leaders were most likely to support differential payment based on publicly reported data (71%) than were health care delivery

leaders (50%). Further, respondents from the health care delivery sector were most likely to say insurers should bear the cost of data collection for performance measurement, while business and insurance leaders were more likely to support sharing the costs among providers, insurers, and government (77%).

A *Wall Street Journal*/Harris Interactive poll recently found that providing health coverage to the uninsured is the top-rated health policy issue, with slowing inflation in health care costs a close second.⁴ Recognizing the public attention to this issue, most of the presidential candidates have put forward health reform proposals. Seventy percent of health care opinion leaders surveyed believe it is important for presidential candidates to include an accessible and meaningful system of public reporting on quality and price in their proposals (Figure 9). Business leaders were most likely (74%) to think transparency is an important component of such proposals.



Moving Toward a High Performance Health System

With ever-increasing numbers of uninsured Americans, rapidly rising health care costs, and concerns about the quality of care, more and more Americans see a health system in crisis. The Commonwealth Fund Commission on a High Performance Health System has defined a high performance health system for the United States as one that helps everyone, to the extent possible, lead longer, healthier, and more productive lives. To accomplish that, the health care system must achieve four core goals: access to care for all Americans;

safe, high quality care; efficient, high value care; and continuous innovation and improvement. Along these lines, the Commission has stated that in addition to embracing coverage and access for all, it will be critical for the next president to:

- achieve sufficient cost containment to alter the trajectory of health care costs;
- organize the health system to make it easy for patients to obtain the comprehensive, coordinated care they need and for providers to practice the best of modern medicine;
- commit the money and leadership required to implement an electronic information system within a reasonable period, aiming for five years; and
- establish national goals and what it takes to reach them.⁵

In particular, the Commission seeks opportunities to change the delivery and financing of health care to improve system performance and identifies public and private policies and practices that would lead to those improvements. Specifically, the Commission has called for a significant investment in public reporting for improvement and accountability. It believes that public information should include health outcomes, technical quality indicators, patient experiences, and total cost of care for major conditions or services by the relevant accountable entity, including hospitals, physicians, practices, integrated delivery systems, care networks, laboratories, imaging centers, and other health care organizations and providers.⁶ The policy strategy of enhanced transparency of quality and price supported by health care opinion leaders directly aligns with the Commission's goals and policy strategies. These include widespread adoption of health information technology, establishment of a new public-private national entity to set standards for measurement and reporting and to be accountable for health system transparency, and differential payment to providers based on publicly reported quality and price data.

One step toward enhanced transparency in health care is making clear, understandable information available to the public on health outcomes; quality, prices, and total costs of health care services and pharmaceuticals; and insurance plan premiums and medical care outlays. Until we have accurate information on comparative performance that is appropriately adjusted for the complexity of patients' conditions, it will be difficult to identify areas for achievable savings and improved performance. Quality and price transparency is a good start, but is unlikely to have a major impact in the absence of better information on quality and total costs for the treatment of various acute and chronic conditions.⁷ Health care opinion leaders view the upcoming election and the current climate in Washington as an historic opportunity for federal leadership to work to ensure all Americans access to a high performing health care system.

METHODOLOGY

The Commonwealth Fund/*Modern Healthcare* Health Care Opinion Leaders Survey was conducted online by Harris Interactive between Oct. 1, 2007, and Oct. 28, 2007. The survey was administered via e-mail to a panel of 1,294 opinion leaders in health policy and innovators in health care delivery and finance. The final sample included 241 respondents from various industries. Typically, samples of this size are associated with a sampling error of ± 6.3 percent. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated. The sample was developed by The Commonwealth Fund, *Modern Healthcare*, and Harris Interactive. Data from this survey were not weighted.

Tables with complete survey results, broken down by audience affiliation, are available from The Commonwealth Fund, upon request.

NOTES

¹ The Commonwealth Fund Commission on a High Performance Health System, [*A High Performance Health System for the United States: An Ambitious Agenda for the Next President*](#) (New York: The Commonwealth Fund, Nov. 2007).

² C. Schoen, S. K. H. How, I. Weinbaum, J. E. Craig, Jr., and K. Davis, [*Public Views on Shaping the Future of the U.S. Health System*](#) (New York: The Commonwealth Fund, Aug. 2006).

³ [EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006](#).

⁴ B. Bright, "Americans Want Leaders to Address Coverage for Uninsured, Poll Shows," *Wall Street Journal*, Sept. 19, 2007.

⁵ Commonwealth Fund Commission, *Ambitious Agenda*, 2007.

⁶ Ibid.

⁷ S. R. Collins and K. Davis, [*Transparency in Health Care: The Time Has Come*](#) (New York: The Commonwealth Fund, Mar. 15, 2006). Testimony before the Energy and Commerce Committee, Subcommittee on Health, U.S. House of Representatives, Hearing on "What's The Cost?: Proposals to Provide Consumers with Better Information About Healthcare Service Costs."