



Price and Cost Transparency

“Knowledge is Power”

Price and cost transparency in empowers us.

It allows us to consider price as a variable in deciding among healthcare providers and services. The hope and intention being that the use of this knowledge will serve to transform our healthcare system into one that is truly affordable for all, patient centered, and value driven.

Price and cost transparency happens when patients know the amount that they will be charged for the healthcare service(s) that may or will be delivered to them. The following descriptions are offered, from the patient perspective, to encourage such empowerment and transformation.

Retail Price – The pre-set amount charged for a health care service by a healthcare provider. In general it is only the uninsured patient and/or a patient who’s insurance does not cover the service being provided that is charged the “retail price.”

Discounted Retail Price – The amount charged for a healthcare service that is determined by applying a pre-set discount to any “retail price.” Oftentimes the discounted price must be paid within a 30-day timeframe.

Negotiated Price – The amount, equal to or less than the “retail price,” which an insurance company negotiates with a healthcare provider on behalf of their health plan members.

Out-of-pocket Cost – The share of any price that a patient pays directly to a provider. For the uninsured patient and/or for a patient who’s insurance does not cover the service being provided the share is generally 100% of the “retail” or “discounted retail price.” For the insured patient their health plan deductible, co-pay, and/or coinsurance determines their share of a covered service “negotiated retail price.”

Episode of care Cost – The sum total of all prices a patient pays for any given care episode (i.e. hip surgery is an episode of care which may include a pre and post operative office visit, professional, medication, facility and physical therapy charges).

Sources and Resources:

<http://forces4quality.org/af4q/download-document/2654/281>

<http://uncommonsense.is/post/19861932097/knowledge-is-power>

<http://healthaffairs.org/blog/2014/04/02/the-payment-reform-landscape-price-transparency/>

<http://www.washingtonpost.com/blogs/wonkblog/wp/2014/04/16/price-transparency-stinks-in-health-care-heres-how-the-industry-wants-to-change-that/>

