

Critic: Unknown Prices Hamper Health Care

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ST. PAUL, Minn. (AP) - The operation: Reattach a tendon in a former senator's arm. The bill: \$8,800. The actual cost: Almost unknowable.

Former Sen. Dave Durenberger, now leading a state health care task force, says his most recent encounter with the health care system underscores one of its many problems: Almost nobody, from the doctor to the patient, knows what a given procedure really costs.

And that's a real problem for would-be reformers who favor a system that counts on consumers to hold down health care costs, by putting them in charge of their own spending.

"There is no such thing as a single price," an exasperated Durenberger said to a forum of nurses recently.

All hospitals have official price lists for procedures but most are reluctant to give them out for fear of damaging their negotiating power with health insurers. Even if they did, they would be of little use to consumers because the system is built on discounts to HMOs and government programs that buy in bulk.

Several Minnesota companies are leading a movement toward so-called consumer-directed health plans. The plans are premised on people getting a certain amount of money from their employers, say \$1,000, to spend how they please on health care in a given year. Money they don't spend can stay in their account for the next year. If the money is exhausted, the person has to meet a fairly high deductible before insurance kicks in.

Some tout those plans as a solution to many of the health care system's woes. The theory is if people are more in control of their health care spending, they'll make rational decisions about which doctors to see and which tests to have, and as a result will save the system money overall.

The new Medicare law gives the idea a boost by creating health savings accounts, tax-free accounts similar to IRAs that individuals can use to pay medical expenses. But the system crumbles if people can't actually get information about what things cost.

"We need information and it simply doesn't exist," said Carolyn Pare, CEO of the Buyer's Health Care Action Group, a coalition of large employers dedicated to changing the health care system.

Some want a law.

"I look to the state to help us with cost disclosure because we can't get to the information," said Dr. Ken Heithoff, of the Minneapolis-based group Advocates for Marketplace Reform on Main Street.

Last session, the group asked the Legislature to demand that hospitals provide price information, but abandoned the effort in the face of stiff opposition from large health systems. Prices, however, are just half of the information consumers would need to buy their own health care, experts note. They'd also need accurate information about quality. A broken arm set incorrectly for a low price is no bargain.

Executives with several of the companies that offer the health plans said the "value" question is key. They say, for example, if you try to price medical services only by procedure -- an X-ray, say -- some of the best hospitals look expensive. But if they're priced instead by the overall cost of treating a given illness, hospital systems such as Rochester's Mayo Clinic come out as the best deals.

Bruce Reuben, president of the Minnesota Hospitals Association, agrees that consumer-friendly information isn't available. But he said that hospitals and clinics recognize the need and are already working to provide it.

He said, however, that they're determined not to have the information be simply about costs.

"That's not enough," he said. "You have to look at a combination of cost and outcomes and, some would argue, patient satisfaction."

An industry representative says the cost-information problem will solve itself. "Once you have the means to do something about it, markets will provide the information," said Greg Scandlen, director of the Center for Consumer-Driven Health Care. "But it won't be overcome until the consumer has the money in hand."

He points to the experience of one St. Louis Park-based insurance provider, Vivius Inc., which sells health insurance in Spokane, Denver and Nashville.

When members of the plan go to the company's Web site, they can find out exactly what it would cost their policy each month to have access to a given set of doctors. A member can then mix-and-match those doctors to come up with a plan they can afford.

While it's attracting growing interest from employers and policy makers, the consumer-driven model is opposed by many, particularly those who see a Canadian-style system as the best answer to the system's woes.

Putting too much decision-making responsibility on the backs of consumers could be outright dangerous, said Elaine Cunningham of Children's Defense Fund of Minnesota. A person with a broken leg, she says, may not be in a good position to know if they need a costly MRI or not.

"It's not even a good goal because we don't know what we are buying and I don't know how we're supposed to know," she said.

Critics also say the policies, with their high deductibles, could actually drive up costs if people decline to spend money to go to the doctor for procedures that could keep a medical problem from getting much worse.

"Underuse is as widespread a problem or more so than overuse," said Kip Sullivan, a health system analyst who supports adoption of a universal health care system.

Even Durenberger, who voices support for getting health consumers more information, said he's not an advocate of a dramatic switch toward consumer-driven policies. "The system," he said, "isn't ready for that."

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