

Why GAO Did This Study

In recent years, consumers have become responsible for a growing proportion of the costs of their health care. Health care price information that is transparent—available before consumers receive care—may help consumers anticipate these costs. Research identifies meaningful types of health care price information, such as estimates of what the complete cost will be to the consumer for a service. GAO defines an estimate of a consumer's complete health care cost as price information on a service that identifies a consumer's out-of-pocket cost, including any negotiated discounts, and all costs associated with a service or services. GAO examined (1) how various factors affect the availability of health care price information for consumers and (2) the information selected public and private health care price transparency initiatives make available to consumers. To do this work, GAO reviewed price transparency literature; interviewed experts; and examined a total of eight selected federal, state, and private insurance company health care price transparency initiatives. In addition, GAO anonymously contacted providers and requested the price of selected services to gain a consumer's perspective.

What GAO Recommends

GAO recommends that the Department of Health and Human Services (HHS) determine the feasibility of making estimates of complete costs of health care services available to consumers, and, as appropriate, identify next steps. HHS reviewed a draft of this report and provided technical comments, which GAO incorporated as appropriate.

View [GAO-11-791](#). For more information, contact Linda T. Kohn at (202) 512-7114 or kohnl@gao.gov.

HEALTH CARE PRICE TRANSPARENCY

Meaningful Price Information Is Difficult for Consumers to Obtain Prior to Receiving Care

What GAO Found

Several health care and legal factors may make it difficult for consumers to obtain price information for the health care services they receive, particularly estimates of what their complete costs will be. The health care factors include the difficulty of predicting health care services in advance, billing from multiple providers, and the variety of insurance benefit structures. For example, when GAO contacted physicians' offices to obtain information on the price of a diabetes screening, several representatives said the patient needs to be seen by a physician before the physician could determine which screening tests the patient would need. According to provider association officials, consumers may have difficulty obtaining complete cost estimates from providers because providers have to know the status of insured consumers' cost sharing under health benefit plans, such as how much consumers have spent towards their deductible at any given time. In addition to the health care factors, researchers and officials identified several legal factors that may prevent the disclosure of negotiated rates between insurers and providers, which may be used to estimate consumers' complete costs. For example, several insurance company officials GAO interviewed said that contractual obligations with providers may prohibit the sharing of negotiated rates with the insurer's members on their price transparency initiatives' websites. Similarly, some officials and researchers told GAO that providers and insurers may be concerned with sharing negotiated rates due to the proprietary nature of the information and because of antitrust law concerns.

The eight public and private price transparency initiatives GAO examined, selected in part because they provide price information on a specific health care service by provider, vary in the price information they make available to consumers. These initiatives include one administered by HHS, which is also expected to expand its price transparency efforts in the future. The price information made available by the selected initiatives ranges from hospitals' billed charges, which are the amounts hospitals bill for services before any discounts are applied, to prices based on insurance companies' contractually negotiated rates with providers, to prices based on claims data that report payments made to a provider for that service. The price information varies, in large part, due to limits reported by the initiatives in their access or authority to collect certain price data. In addition to price information, most of the selected initiatives also provide a variety of nonprice information, such as quality data on providers, for consumers to consider along with price when making decisions about a provider. Lastly, GAO found that two of the selected initiatives—one publicly available with information only for a particular state and one available to members of a health insurance plan—are able to provide an estimate of a consumer's complete cost. The two initiatives are able to provide this information in part because of the type of data to which they have access—claims data and negotiated rates, respectively. For the remaining initiatives, they either do not use more meaningful price data or are constrained by other factors, including concerns about disclosing what providers may consider proprietary information. As HHS continues and expands its price transparency efforts, it has opportunities to promote more complete cost estimates for consumers.