CLEAR CHOICES
A MOVEMENT FOR INFORMED HEALTH CARE

June 22, 2015

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Johnny Isakson
Senator
Committee on Finance
United States Senate

The Honorable Mark Warner
Senator
Committee on Finance
United States Senate

Submitted electronically via chronic_care@finance.senate.gov

RE: Finance Committee Working Group Request for Input on Chronic Care Solutions

Dear Chairman Hatch, Ranking Member Wyden, Senator Isakson, and Senator Warner,

The Clear Choices Campaign is pleased to offer our input to the Senate Finance Committee Chronic Care Working Group on concepts that will help improve outcomes for Medicare patients requiring chronic care (announced May 15, 2015). Our comments on the Chronic Care Working Group are directed specifically towards your inquiry on empowering Medicare patients (issue area #7), outlined below.

Clear Choices is a consumer-industry coalition dedicated to making health markets more transparent, accountable, and consumer-friendly. Clear Choices is committed to ensuring patients have as much access to relevant information as possible, so they can make informed decisions. We believe doing so will not only empower consumers, but will also improve quality, improve health outcomes, and lower health costs. Realizing this potential will require the broader availability and use of information and data to generate meaningful and accurate comparative information.

1. Chronic Illness and Transparency

Care for chronic diseases imposes a staggering cost burden on Medicare. According to the Medicare Payment Advisory Commission's (MedPAC) March 2015 report,[1] Medicare beneficiaries with six or more chronic conditions accounted for 46 percent of all program spending in 2010—at an average $32,658 per such beneficiary, compared with an average of $9,738 across all other fee-for-service beneficiaries. A major factor driving this increased spending is the different prices in Medicare for the same or similar medical services across sites-of-service and the difficulties beneficiaries face in attempting to comparison shop.

[1] "Context for Medicare Payment Policy." Medicare Payment Advisory Commission, Mar. 2015. http://www.medpac.gov/documents/reports/chapter-1-context-for-medicare-payment-policy-(march-2015).pdf?sfvrsn=0

Given the substantial costs associated with chronic care, we believe improving price transparency for differing sites-of-service would be a crucial step to empower chronic care beneficiaries to better manage their health. To best support a functioning, competitive marketplace, consumers need more actionable information on the upfront costs and quality of their potential choices, to better stimulate innovation by directing their business to more efficient providers.[2] Hospitals have 20,000-30,000 items in their "charge masters," which generally consist of list prices charged only to those patients with the least market power—mainly the uninsured.[3] The complexity and unreliability of this price information, and its lack of integration with quality measures, has reduced the effectiveness of early attempts at price transparency. Consumers need highly reliable information, reflecting the actual costs of bundled services, in order to better make rational choices.

2. Recommendations

You requested input with respect to options for empowering Medicare patients to play a greater role in managing their health and meaningfully engaging with their health care providers. Data often serve a dual purpose, benefitting both the advancement of clinical science and the efficient operation of health care markets. We believe empowering consumers should be a core goal of federal health data policy.

To this end, we recommend that the Senate Finance Committee advance legislation to:

a. **Empower consumers to choose the site-of-service that best meets their needs.** Provide beneficiaries information on the total and out-of-pocket costs for procedures across sites-of-service. In its June 2013 report,[4] MedPAC identified 66 codes related to ambulatory payment classifications that could have the same Medicare payment rate whether they are provided in a hospital outpatient department or in a physician's office. If beneficiaries have information on lower cost options for the same or similar services, they could reduce their cost sharing. For example, chemotherapy costs are $6,500 more in a hospital outpatient department setting compared to in a physician office.[5]

    i. Specifically, we recommend requiring HHS to establish and update annually a searchable public website that discloses the estimated costs to the government and to beneficiaries of Medicare services provided in hospital outpatient departments compared to ambulatory surgical centers and physician offices. To the extent practicable, existing mechanisms, such as the CMS Physician Compare website, should be used to make the required information available online.

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[2] "Improving Health While Reducing Cost Growth: What is Possible?" Brookings Institution, Engelberg Center for Health Care Reform, Apr. 2014. http://www.brookings.edu/~/media/events/2014/04/11%20health%20care%20spending/improving_health_reducing_cost_growth_mcclellan_rivlin.pdf

[3] "Hospital Costs Go Public: What Changes in Health Care?" NPR, 8 May 2013. http://www.npr.org/2013/05/08/182295999/dramatically-different-health-care-cost-go-public

[4] "Medicare Payment Differences Across Ambulatory Settings." Medicare Payment Advisory Commission, Jun. 2013. http://medpac.gov/documents/reports/jun13_ch02_appendix.pdf?sfvrsn=0

[5] "Site of Service Cost Differences for Medicare Patients Receiving Chemotherapy." Milliman, 19 Oct. 2011. http://us.milliman.com/uploadedFiles/insight/health-published/site-of-service-cost-differences.pdf

ii. In addition, the price information disclosed for the services should ideally include:

1. The list of providers at applicable sites-of-service;
2. The site-of-service with the maximum out-of-pocket cost for a beneficiary, including plan deductible and cost sharing; and
3. The site-of-service with the lowest out-of-pocket cost for a beneficiary.

b. **Facilitate Medicare beneficiary comparison-shopping by providing certain information with respect to providers and plans directly to the public.** The great preponderance of health expenditures go toward care for patients with complex, individualized needs. Hospital charge masters, meanwhile, have up to 30,000 items. This complexity makes the business of medicine ill-suited to organization on a retail model. Nevertheless, some medical services, such as knee replacements, colonoscopies, and vaccinations, are relatively standard and thus amenable to retail price comparisons. Finally, health insurance itself is a retail product that consumers can compare and purchase on the individual policy market.

To support consumer selectivity, Congress should:

i. Require hospitals, testing centers, and ambulatory clinics to disclose online the average amounts paid for common tests and procedures. Most providers do not provide prices publicly, and if they do, the prices typically reflect "charges"—list prices—that often exceed actual amounts collected by several fold. In the last Congress, Senators Tom Coburn (R-OK) and Claire McCaskill (D-MO) introduced legislation to require Medicare subsection (d) hospitals to disclose the average amounts paid from privately insured and uninsured patients for the 50 most common DRGs and APCs.[6] We believe this approach can help better inform Medicare beneficiaries with chronic illness about their options.

ii. Direct and provide resources for CMS to streamline and enhance the Medicare Plan Finder and five Medicare Compare websites to improve consumers' access to relevant and understandable information on the cost and quality of health care services.[7] We note doing so should be done in concert with implementation of the Medicare Access and CHIP Reauthorization Act, which requires CMS to make quality measures more meaningful, useful, and transparent to beneficiaries.

[6] S. 2005, the CLEAR Cost Information Act, available here: http://www.gpo.gov/fdsys/pkg/BILLS-113s2005is/pdf/BILLS-113s2005is.pdf

[7] "HEALTH CARE TRANSPARENCY: Actions Needed to Improve Cost and Quality Information for Consumers." Government Accountability Office, Oct. 2014. http://www.gao.gov/assets/670/666572.pdf.

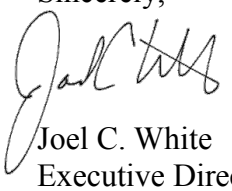
Specifically, we recommend requiring CMS to:

1. Provide consumers with comparative quality information side-by-side with price data across various plan options; [8,9]
2. Provide in-depth information on the estimated out-of-pocket costs for Medicare beneficiaries for common in-network services, customized to the consumer's personal information as feasible;
3. Organize cost and quality information for providers to help consumers easily identify the highest-performing providers, such as by listing providers in order based on performance;
4. Allow consumers to customize the provider information presented to highlight the data most relevant to them; and
5. Expand the provider information provided to include more topics relevant for consumers, such as patient-reported outcome measures.

We appreciate your leadership on this crucial issue and are pleased that the Chronic Care Working Group intends to take steps to improve Medicare beneficiaries' role in managing their health care. To help strengthen consumer choice and reduce costs for Medicare beneficiaries with chronic conditions, we urge the Committee to provide better information on Medicare providers so that beneficiaries can better engage in their care.

We look forward to continuing to work with you to ensure that all stakeholders and consumers have access to the information they need to make better health care choices.

Sincerely,



Joel C. White
Executive Director

[8] "Report Card on State Price Transparency Laws." Catalyst for Payment Reform, 25 Mar. 2014. http://www.catalyzepaymentreform.org/images/documents/2014Report.pdf.

[9] "Recommendations to Achieve a More Transparent Health Care System for Consumers." Engelberg Center for Health Care Reform, Brookings Institution, Feb. 2015. http://www.brookings.edu/~/media/research/files/papers/2015/02/03-medicare-physician-payment-data/health-policy-brief--recs-for-transparent-health-system.pdf.