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# Will President Trump's Hospital Price Transparency Plan Lower Costs?



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If your spouse or partner wakes up in the middle of the night complaining of chest pain, which of these would you choose?: 1) Call 911 for an ambulance or 2) fire up your computer, go online to compare prices for cardiac care at nearby hospitals,

pick the most reasonably priced facility and then direct the ambulance driver to take you there.

You'd most likely pick the first option. And that's just one reason many experts think the June 26 [executive order from President Donald Trump requiring hospitals to disclose to consumers the prices they charge insurers](#) is unlikely to bring down health care costs, as he said it would.

Although health care analysts say the president's transparency requirement could shed a much-needed spotlight on rising health care costs, they fear the obstacles to implementing the rule could wipe out any positives.

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“There are many health care services that people use over which they have no choice, such as emergency services,” says Dr. David Blumenthal, president of the Commonwealth Fund, a foundation that researches health care issues. Even when it comes to “shoppable” health care services, like elective surgery, Blumenthal says, the notion that people will be able to compare prices like they do at the grocery store is “illusory.”

### **What President Trump's Executive Order Would Do**

Trump's action requires that Health and Human Services (HHS) Secretary Alex Azar propose a regulation requiring hospitals to “publicly post standard charge information” in a way that will “meaningfully inform patients' decision making and allow patients to compare prices across hospitals.”

Azar was given two months to come up with a draft and six months to work with other governmental agencies to improve the reporting of health care quality ratings, so patients can incorporate that information into their comparison shopping.

“Making meaningful price and quality information more broadly available to more Americans will protect patients and increase competition, innovation, and value in the health care system,” Trump said in the order. Seema Verma,

administrator for the government's Centers for Medicare and Medicaid Services (CMS), told The New York Times: "Prices will go down, and patients will win."

### **Some Patient Advocates Like the Hospital Price Transparency Plan**

Some patient advocates are applauding the new rule.

"Health care is the only industry where customers must purchase a product or service with no idea what it will ultimately cost, and then receive a non-negotiable bill for something they can't return," said Marni Jameson Carey, executive director of the Association of Independent Doctors, in a [statement about President Trump's hospital price transparency order](#). "Real price transparency is the first, and single most important step toward fixing America's broken, over-priced health care system."

### **Some Analysts Think the Trump Plan Could Backfire**

But some analysts maintain that the oddities of the health care system could turn the president's price transparency plan on its head for patients.

That's because hospitals set prices by negotiating with individual insurance companies in a process that's kept confidential. If hospitals are forced to publish those rates, every health plan administrator will suddenly know what all the other insurers are paying — and they could use that information to bargain for lower rates, says Dr. Joel Shalowitz, adjunct professor of health industry management at Northwestern University in Chicago.

That sounds promising, but there's a catch, analysts say. "If hospitals are forced to lower their rates, that puts more stress on them and they may have to find other ways to shift their costs," Shalowitz predicts. "Prices will come up for everybody, which means people will pay *more* for their insurance."

### **What Hospital and Insurance Groups Say**

Trade groups for the hospital and insurance industries have warned the public that the president's transparency plan will backfire.

The American Hospital Association said in a statement that the public posting of privately negotiated rates “could, in fact, undermine the competitive forces of private market dynamics, and result in increased prices .” And Matt Eyles, president and CEO of America’s Health Insurance Plans, said in a statement that publicly disclosing privately negotiated prices “will reduce incentives to offer lower rates, creating a floor — not a ceiling — for the prices that hospitals would be willing to accept.”

### **What Patients Really Pay for Hospital Care**

Another potential problem with President Trump’s hospital price transparency order: the prices hospitals charge insurers rarely reflect what patients really pay.

Shalowitz notes that the amount you actually end up paying depends on which insurer you have and what insurance product you have. “So your out-of-pocket price can differ dramatically” from the posted price, he says.

Your price will also depend on your insurance plan’s deductible — the amount you have to pay before your plan’s benefits kick in. And that information wouldn’t be reflected in posted rates.

### **The Difficulty of Shopping for Hospital Prices**

Even when patients do have time to comparison shop for a hospital procedure that’s not urgent (like a knee replacement), calculating your total outlay will be extremely challenging, Blumenthal says.

“You can’t get the total cost from the hospital because it will only tell you what the price of the operating room is. You’d have to get prices from the surgeon, the anesthesiologist and the physical therapist,” Blumenthal says. “It’s very complex to reconstruct all the elements of your care.”

There are already some tools online to estimate health costs. Many such tools are provided by major insurers, including UnitedHealthcare, Kaiser Permanente and Anthem Blue Cross. One popular independent source of hospital costs is Guroo, from the nonprofit Health Care Cost Institute. It lets patients search for

procedures and pull up the average total costs in their state, neighboring states and nationwide.

How much of our hospital-provided health care is really shoppable?

Trump's executive order said 73% of the 100 "highest-spending categories" of inpatient services and 90% of the 300 highest-cost outpatient services are. But Blumenthal says most estimates place the proportion of shoppable health care at only 30%.

### **Will the Price Transparency Order Ever Be Put in Place?**

Trump's push for health care transparency could very well end up in court, which could either delay it or prevent it from ever happening .

The executive order came on the heels of a controversial CMS rule, [requiring pharmaceutical companies to list in their TV ads prices of their prescription drugs](#). It immediately sparked backlash from drug makers.

On June 14, Merck, Eli Lilly and Amgen joined the Association of National Advertisers in filing a lawsuit against Azar, CMS and HHS. They alleged that the government doesn't have the authority to require price disclosures in advertising and that the rule violates the companies' First Amendment rights to free speech.

### **Hospital Price Transparency in States**

In addition, some states attempting to require hospitals to list prices have met legal challenges.

After Ohio legislators tried to pass a broad health care transparency law in 2016, they were challenged by the Ohio Hospital Association and other groups that [filed suit to prevent the law from being enforced](#).

A few states do have health cost disclosure laws, but they're limited in scope.

Colorado's 2018 law, for example, requires hospitals and doctors post full prices that only uninsured patients would be expected to pay — and even then, just for

the 50 most popular procedures.

“If the Trump administration is aggressive in requiring the disclosure of information that hospitals and insurers view as proprietary, they [hospitals and insurers] might sue to try to protect that,” says Katie Keith, a lawyer and researcher for the Center on Health Insurance Reforms at Georgetown University. “They may feel the government has gone too far.”



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