



## Right To Shop: The Next Big Thing In Health Care

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Why should the exact same treatment for pneumonia cost \$5,000 in one building and \$124,000 in another? Or the exact same infusion drug for a chronically ill patient that requires them every six weeks cost \$14,000 per shot in one setting, but \$28,000 down the street? Why should patients have to pay so much more, simply based on where they park their cars? The answer is simple: they shouldn't.

But the black box of pricing leaves patients in the dark. As a result, the financial futures of too many American families are in jeopardy as their paychecks fail to keep up with skyrocketing health care costs.

The real shame is that Americans would shop for better prices if they could – comparison shopping is part of the American way of life. In fact, according to a poll the Foundation for Government Accountability commissioned last year, 88% of voters say they regularly comparison shop for the best deal.<sup>1</sup> Consumers shop for transportation, choosing between public transportation, conventional taxi services or new, innovative ridesharing through companies like Uber and Lyft. If they're looking for entertainment, Redbox, Netflix, Amazon Prime, and numerous other companies provide a multitude of choices at competitive prices.

But patients struggle to shop for health care, contributing to out-of-control costs across the board.

### Unpacking the Health Care Crisis

In today's world, deductibles, co-pays, and premiums are rising. This means health care costs are consuming more and more of the average family's budget. In fact, some experts project that, within 10 years, 30 percent of a family's budget will be consumed by health care costs. Within 20 years, it's expected to reach almost 50 percent.

And simply having insurance will not solve the problem because insurance is no longer a protection from



medical debt. In fact, according to one national survey, **7 out of 10 people with medical debt have insurance.**<sup>2</sup>

The number of consumers facing increased cost sharing has also spiked. Small business employees who faced \$1,000 single-deductibles was just 16 percent in 2006. By 2014, the percentage spiked to 61 percent.<sup>3</sup>

Amidst these changes, costs continue to grow, physician satisfaction is declining, and population health continues to decline.<sup>4,5</sup>

This status quo hurts the most vulnerable, like the single mother struggling to pay for care for her kids or Americans with chronic health problems. And with no end in sight, health care costs are quickly becoming a national crisis that cannot be ignored.

In today's post-ACA world, how can policymakers reverse the tide?

## Transparency Is Just One Piece Of Cost Puzzle

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Price transparency initiatives have been all the rage over the last decade and for good reason. Transparency is a key component of any free market and it's visibly lacking in the health care system. And without it, providers within the same zip code, or even right across the street from each other, can charge significantly different prices for the exact same procedures – and they do.

A few examples of astronomical price variation taken from recent headlines include:

- Pneumonia treatment (without complications) ranging from \$5,093 to \$124,051;
- A knee MRI in New York City ranging from \$440 to \$4,500;
- Specialty drug infusions ranging from \$3,500 to \$22,000, within miles;
- An infusible drug ranges from \$14,000 to \$28,000 at two Maine hospitals in the same town.

States have tried to tackle this problem with robust transparency laws.<sup>6</sup> But unfortunately, patients have struggled to engage. In fact, in Massachusetts – which arguably has the most sweeping transparency law in the country – since most providers have failed to even comply with the most basic requirements of the law, patients are unable to efficiently shop.<sup>7,8</sup>

According to a survey by the Catalyst for Payment Reform, 98 percent of health plans around the country claim to have a cost calculator tools, but only *2 percent* of patient members use them.<sup>9</sup>

So what's missing? Incentives. And that's where Right To Shop comes in.

## How Right To Shop Works

Right To Shop empowers patients with the knowledge they need to make smart choices about how and where they consume health care. They're given tools to find the best value providers and, when they choose those options, they get a share of the savings – in *cash*.

It's so easy, even a caveman can use it. Here's how Right To Shop works:



## Case Study: Right to Shop-Type Model In Practice

Just a few years ago, the state of New Hampshire commissioned Anthem Blue Cross and Blue Shield to setup a Right To Shop-style system that gave state employees shopping tools and incentives. Powered by Vital's SmartShopper, the outcomes of the program have been nothing short of impressive.



With three years of education and outreach under their belt, the program has produced **\$12 million in savings with over \$1 million paid out to patients as rewards.**

Here are some of the top takeaways from a Right to Shop experience:

- ***Incentives drive shopping.*** Members are 11 times more likely to use a transparency program when incentive rewards are included.
- ***Incentives sustain shopping.*** Roughly 90% of program enrollees have shopped at least once, with two-thirds repeat shopping and earning incentives each year from 2011 – 2014. By contrast, most insurer transparency tools report 2% engagement.
- ***Incentives drive savings.*** The program averages approximately \$650 in savings each time it is utilized.
- ***Incentives produce a return on investment.*** In 2015, New Hampshire's program achieved a 13:1 ROI (return on investment).

These results for state employees are even more remarkable given that this highly unionized workforce continues to have a very generous insurance, giving them little incentive to shop. If these employees faced sizable deductibles, their engagement would likely be even higher.

## **It's Not Just New Hampshire – Right To Shop Is Spreading**

New Hampshire has blazed the trail, but thanks to their success, Right To Shop is now spreading across the map. Incentive-driven programs are springing up in Kansas, Kentucky, and Massachusetts. In addition, Right To Shop legislation has been filed in Florida, Maine, and South Carolina, with more to join them next year.

Private sector transparency vendors are also getting into the game. In addition to Vitals, companies such as Healthcare Bluebook already offer similar incentive-based programs. Other transparency vendors such as Castlight, HealthSparq, myEasyBook by UnitedHealthcare, and PokitDok can and should add incentives to take their transparency programs to the next level.

This momentum should come as no surprise. Right To Shop is a commonsense approach to addressing exploding health care costs. It's simple, flexible, and, best of all, it works. By extending these concepts to all insured consumers, Right To Shop will bring much-needed relief to patients.



**NOTE:** To learn more about Right to Shop, visit: [thefga.org/righttoshop](http://thefga.org/righttoshop)

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