

# What'll it cost? Insurers don't have to say

**Consumers are left to bridge health insurance information gap.**

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CHICAGO — When Margaret Zilm needed cataract surgery, she wanted to know what it would cost. Her medical policy has a \$5,000 deductible, and her money was on the line.

"I thought I should figure out the impact on my budget," said Zilm of Kansas City, Mo.

But one eye doctor's office told Zilm it had no idea what her insurance company would pay. The insurer wouldn't give out the information. And an official at Missouri's Department of Insurance said such figures were confidential under medical providers' contracts with insurers.

"I felt like a criminal for even asking," Zilm said.

Zilm's experience pinpoints a growing problem. Health insurers are aggressively marketing medical policies with high deductibles — the amount people pay before coverage kicks in. Many experts contend these products will motivate Americans to shop for medical care, as they do for cars or computers.

But basic data about what services cost generally aren't available. Medical

providers and insurers consider this to be highly sensitive, competitive information, and their contracts require that it remain secret.

That leaves consumers with more financial responsibility for their care but without the tools to manage these expenses.

"The market just isn't ready yet to deliver on the promise of these new insurance products," said Larry Boress, president of the Midwest Business Group on Health.

This wasn't a problem until recently. Insurance used to cover most expenses, shielding people from the true cost of medical care. But new products — dubbed "consumer-driven health plans" — shift more financial responsibility to individuals and families, giving them a reason to pay more attention to what they're spending.

This new cost-consciousness is most applicable to things such as magnetic resonance imaging scans, doctor visits and procedures that may cost less than the policy's deductible, such as cataract surgery.

Nationally, almost 6 million Americans now have consumer-driven plans with high deductibles, according to the U.S. Government Accountability Office.

Also, tens of millions of workers with traditional insurance are bearing more of the cost of medical care as benefits are reduced, a long-term trend.

Jodi Bloch is a vice president of the Wisconsin Hospital Association, whose medical plan now has a much higher deductible. Wanting to see how her new insurance would work, Bloch wondered late in her pregnancy what she and her husband would pay for their child's birth.

"I thought, 'OK, I'll be an intelligent consumer and ask the company,'" said Bloch, who lives in Madison, Wis.

To her dismay, Bloch learned that the insurer wouldn't disclose its negotiated fees in advance. "And I'm like, how are people supposed to make good decisions if you won't give them information?" she said.

Government and insurance industry officials are moving to address the information gap. Medicare has taken a leadership role in advancing what's known

as transparency — making data about the cost and quality of medical care more readily available.

In a groundbreaking move last spring, the federal health program for elderly people began posting on the Internet what it pays for 30 commonly performed hospital procedures. Similar data for ambulatory surgery centers is due out later this year.

"The only way people can become good health care consumers is if they have information," said Allan Hubbard, assistant to President Bush for economic policy and director of the National Economic Council. "The president is 100 percent behind transparency."

Meanwhile, 32 states have passed laws requiring hospitals to report what they charge for various procedures, according to an April survey by the American Hospital Association.

But most states' efforts are hobbled by a notable shortcoming: The data will reflect the list prices for medical procedures, not the discounted rates negotiated by insurance companies on behalf of their customers.

Experts said there is no way to reliably calculate actual fees from the list prices. Some hospitals may charge high rates but give steep discounts to customers; others set rates low but are stingier with discounts.

The obstacles to making medical prices available are significant. The health care industry has a strong tradition of secrecy and is enormously fragmented, with data scattered among hundreds of thousands of doctors, thousands of hospitals and scores of insurance companies.

Although providers support transparency in principle, they worry that pricing data could be misinterpreted. The cost of care can depend on many factors, from how sick a patient is to the quality of care delivered to whether a medical center supports teaching and research.

"We run a risk of doing a disservice to consumers by simply dumping data" without putting it in proper context, said Carmela Coyle, senior vice president for policy at the American Hospital Association.

The greatest impetus for change, it turns out, is coming from insurance companies eager to sell new policies and gain a competitive advantage in the evolving marketplace.

They're trying several approaches. United Health Group plans by the end of the year to assign restaurant-style ratings to all hospitals in its networks based on their level of "cost efficiency" and quality of care, according to Meredith Baratz, a vice president of one of the company's subsidiaries.

In Illinois, the state's largest insurer, Blue Cross and Blue Shield, gives restaurant-style ratings to hospitals (from \$ to \$\$\$\$), but the company's research shows customers want more. What really interests people is "what's it going to cost me?" said Dr. Stanley Borg, medical director for the insurer.

The company is building a system that will calculate a customer's average out-of-pocket costs for hospital procedures. The goal is to have the system up and running this fall, Borg said.

In another approach, Aetna launched a pilot project a year ago that allows customers to view negotiated prices for primary care doctors and specialists. Prices were listed for more than 100 procedures in Cincinnati and Dayton, Ohio, and parts of Indiana and Kentucky.

In June, Aetna expanded the initiative to south Florida; southeast Indiana; Kansas City, Kan. and Kansas City, Mo.; Washington, D.C.; Pittsburgh; Las Vegas; and several other markets.