

How to Become a Better Healthcare Consumer Comparing cost and quality of healthcare services

By Jane Cooper, CEO Patient Care

The “standard charge” for various medical procedures can vary widely. For example, a colonoscopy in Milwaukee, WI can range from \$1800 to \$3500. And, most healthcare consumers (and physicians) would agree a colonoscopy has become a fairly routine procedure. Uncomfortable, but routine.

So, why the tremendous variation in what providers bill for this procedure? Given that many consumers now have deductibles of \$1000 or more, are they comparing prices before they have this procedure?

At the heart of “becoming a better healthcare consumer” is the belief that the consumer will make decisions on when and where to have surgery, diagnostic tests, or choose a hospital the way that they shop for a car, or a house.

This kind of purchasing behavior has not happened previously in healthcare because “someone else was paying the bill” and patients have been trained to just follow the physician’s orders. Changing both of these realities is difficult because:

- There is very little publicly available data on the cost and quality of healthcare services by physician and hospital
- It is awkward and frightening for patients to ask their doctor questions and challenge their recommendations for additional services based on the issue of cost to the patient.

Following is an example of the significant difference in cost for a hip replacement at three hospitals in the consumer’s network and within 100 miles of their residence:

Medical Provider	Hospital A	Hospital B	Hospital C
	Birmingham, AL	Tupelo, MS	Memphis, TN
Total Price	\$ 95,000.00	\$ 34,400.00	\$ 50,000.00
Average Discount	30%	15%	20%
Estimated Discount Rate	\$ 28,500.00	\$ 10,320.00	\$ 10,000.00
Balance	\$ 66,500.00	\$ 24,080.00	\$ 40,000.00
Applied to Deductible	\$ 1,109.50	\$ 0.00	\$ 0.00
Balance after Deductible	\$ 65,390.50	\$ 24,080.00	\$ 35,000.00
Member Coinsurance	\$ 5,000.00	\$ 4,816.00	\$ 5,000.00
Insurance Responsibility	\$ 60,390.50	\$ 19,264.00	\$ 30,000.00
Total Member Cost	\$ 6,109.50	\$ 4,816.00	\$ 5,000.00

In addition, the following quality data is available by hospital:

Hospital A quality data:

- Approximately 40 Total Hip Replacements performed each year.
- Mortality rate¹ of less than 1%.
- Average rate of surgical complications².
- Lower than average Length of Stay for hip replacement patients. The area average is 4.6 days. Hospital A’s average is 2.6 days. **Please note that Hospital A has the shortest average length of stay.**

Hospital B quality data:

- Approximately 73 Total Hip Replacements performed each year.
- Mortality rate of less than 1%.
- Lower than average rate of surgical complications.
- Average Length of Stay – hospital average and area average both 4.5 days. **Please note that Hospital B has a lower than average rate of surgical complications.**

Hospital C quality data:

- Approximately 96 Total Hip Replacements performed each year.
- Mortality rate of less than 1%.
- Higher than average rate of surgical complications, although not statistically significant.
- Longer than average Length of Stay. The area average is 5.3 days. Hospital C’s average is 6.2 days.

¹ Mortality rate refers to the number of patients who died while being treated.

² Complication rate refers to the frequency and severity of complications caused by the procedure.

Information is empowering...

Following are some things for first time healthcare “shoppers” to keep in mind:

- ⇒ What the hospital, physician or diagnostic center (provider) charges is not necessarily what your costs are based upon. If the provider is “in the network” there will also be a contracted discount that is applied. Both sets of charges are needed in order for you to understand charges you are responsible for. For example, if the provider charges less than the contracted amount (rare but not impossible), that is what your costs are based on.
- ⇒ When you call a provider to get a price for a procedure or service you must have the proper CPT (Common Procedural Technology) code or DRG (Diagnostic Related Grouping) for that procedure or service. There is a single charge assigned to each code that they can provide to you. **Do not accept a “range” of fees from the provider.** Keep in mind that they will be unable to tell you what a “day in the hospital” will cost, as it is comprised of a lot of different items.
- ⇒ Higher costs do not necessarily correlate to higher healthcare quality! Quality is measured in different ways (see below).

While getting cost information is difficult, getting quality data is even more challenging. Quality is difficult to define. Often the only quality measure that is available is frequency of procedures. (How many colonoscopies does the physician do a month or year?). Outcome data - how the patient did after surgery or an admission – is often like comparing apples and oranges because of the different age and health status of patients at different facilities.

Patient Care offers the following tips:

1. This research takes time. Plan to begin asking questions at least a month before your procedure or admission. Gather the procedure names, CPT and/or DRG codes that the provider will use for billing.
2. Begin by asking your doctor how many different types of bills you are going to get and what the expected cost will be. For example, there are often multiple bills for lab and x-ray procedures and interpretations that happen behind the scenes.
3. Ask the providers (physician and facility) to provide you with their most recent quality data for your procedure.
4. Be persistent. The transparency of cost and quality data is just beginning.