Testimony of Scott Woodward on Senate Bill S.31 ("An act relating to requiring hospitals to provide certain financial information to patients and prohibiting surprise billing for emergency medical services")

February 14, 2019

Dear Members of the Senate Health and Welfare Committee,

My name is Scott Woodward and I am a resident of Pomfret, Vermont. I come to you today as a private citizen to express my support for S.31. I believe it's essential to improving quality and reducing costs.

My personal and professional experiences provide a unique perspective on the subject matter of the bill. I am a cancer survivor having undergone extensive treatment at the Norris Cotton Cancer Center at Dartmouth-Hitchcock Medical Center. I now serve as a member of the Patient and Family Advisory Council and as the patient representative on DHMC's Commission on Cancer Committee. By day, I am a technology consultant. Over the years, I have worked with a variety of clients, including healthcare related companies. One company in particular is Castlight Health. Castlight Health's technology platform includes provider costs and quality for self-insured entities. While engaged with Castlight Health, I worked with large insurers such as Aetna and Blue Cross/Blue Shield to develop the provider cost and quality databases and software solutions. In 2015, I wrote a commentary published on Vermont Digger describing the importance of price transparency and highlighting the variances in pricing between Vermont hospitals (https://vtdigger.org/2015/03/03/scott-woodward-importance-health-care-price-transparency/). In the commentary, which I recommend to you all to read, I described how "the lack of price transparency is a problem because without it Vermonters would not know that it costs $1,284 for a typical blood draw at UVM Medical Center while the same procedure costs $276 at Rutland Regional Medical Center and $233 at Central Vermont Medical Center. Mount Ascutney Hospital & Health Center costs the least amount at $175." Consumer price and quality awareness are things we should strive to improve, and in this regard, I believe S.31 is a positive step forward.

I'd like to make a few points for the committee to consider, a few which speak to the language of S.31 and a few that could be incorporated into the bill, if not contemplated in other proposed legislation or contemplated as part of the regulatory framework:

1.) Section (a)(12) of the bill delineates a "right to receive an itemized, detailed, and understandable explanation of charges." While the legislature should avoid being overly prescriptive on how this right will be fulfilled, it should take steps to make sure that some objective standard is created to make sure patients are not overwhelmed with small print or confusing presentation of charges.

2.) A hospital's definition of "itemized" may be different than what the legislature has in mind. Perhaps the committee should consider what itemizing means and how detailed the explanation should be.

3.) Section (a)(19) references a price list, but similar to section (a)(12), it does not describe the method by which a price list must be presented to patients. Again, the legislature should avoid being too prescriptive, but it should make sure that there's not too much leeway for the price list to be presented in a confusing or complicated way. Ideally, the price list would be available in a variety of electronic formats, including a web-based interface.

4.) Since writing my 2015 commentary, pricing information has become more difficult to find on state websites. At best, Vermont has tread water while other states have moved forward with increased price transparency. Originally, Vermont's data resided with the Department of Finance and Regulation. It now resides with the Department of Health. A person looking for price information would need to know specific search parameters to find the information on the web, but a simple Google search – "vermont healthcare prices" would not yield the right search results. Instead, one would need to know to search – "vermont department of health price facility procedure" or a similar query.

5.) New Hampshire has made strides since 2015 to improve healthcare price transparency and quality. Please visit https://nhhealthcost.nh.gov for more information. Maine has similarly made positive strides forward. Please visit https://www.comparemaine.org for more information.

6.) My final comment likely goes beyond the scope of what the legislature intends for S.31, but the legislature may consider at some point the issue of who owns the claims data held by insurance companies. Ownership of the data is central to price and quality transparency, as I learned in working with Castlight Health. Should insurers have exclusive ownership? To build a truly meaningful solution for pricing and quality, patients and/or the state would need to have better and greater access to claims data. Perhaps the legislature can come up with a carrot to entice insurers to share that data.

COMMENTARY

Scott Woodward: The importance of health care price transparency

By **Commentary**

Mar 3 2015 | 17 reader footnotes

Editor's note: This commentary is by Scott Woodward, an information technology consultant and an eminent domains/takings specialist. He is former Republican candidate (2014) for the Vermont House who lives in North Pomfret.

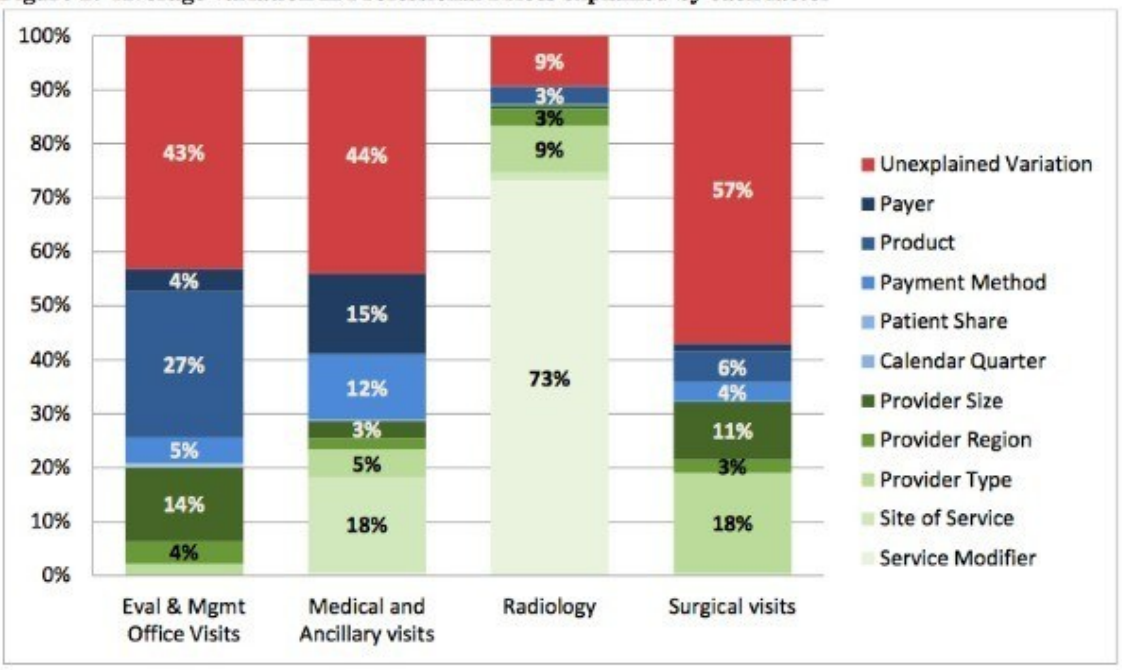
Gov. Shumlin has proposed a .7 percent payroll tax, the main purpose of which is to address the so-called Medicaid cost-shift. The bulk of the new revenue would be used to draw down federal matching funds thus allowing Vermont to more closely align Medicaid reimbursement rates with those of Medicare (Medicaid currently reimburses at around 60 percent while Medicare's reimbursement rate is closer to 80 percent). Gov. Shumlin has committed that this way of addressing the cost-shift will result in a 5 percent reduction of private insurance premiums (though the Green Mountain Care Board (GMCB) is not making the same promise).

Leaving aside the important yet unanswered questions about whether the cost-shift actually exists, and if it does, the degree to which it occurs, there is ample skepticism in the General Assembly about whether the payroll tax is a good idea. While still on the table, the payroll tax may not make it to the governor's desk this year, or ever. Consequently, the Legislature should consider alternative ideas that would reduce the impact of the cost-shift. The clearest and most plausible idea is to increase health care price transparency.

The lack of price transparency is a problem because without it Vermonters would not know that it costs $1,284 for a typical blood draw at UVM Medical Center while the same procedure costs $276 at Rutland Regional Medical Center and $233 at Central Vermont Medical Center. Mount Ascutney Hospital & Health Center costs the least amount at $175. This is not to say that Vermont consumers are going to drive two hours out of their way for a blood draw, but these variations in pricing should be cause for concern and should trigger our lawmakers and regulators to do something about it. This level of variance for the same procedure simply should not exist. More comprehensive and more shocking is an August 2014 GMCB Price Variation Analysis.

That study revealed significant unexplained price variances for three of the four service areas studied – Evaluation & Management Office Visits, Medical & Ancillary Visits, and Surgical Visits (page 8 of the report):

Figure 1: Average variation in Professional Prices explained by each factor



The report says that an unexplained variance could be attributed to "a unique payment adjustment negotiated between a payer and a provider, an individual provider's historical method for setting charges, and a special circumstance that the payer did not report in the claims data for the specific service provided." The report also stated that "[i]n the aggregate, price variation contributes to total health spending, particularly as a result of the lack of transparency in prices. All else being equal, use of providers with lower prices will reduce the state's total health care bill." Finally, the report also made this policy recommendation: "Transparency: The GMCB will post standard payment methods and rates online on a consumer-friendly website and in formats that payers and providers can easily download and apply." In fact, this policy goal is embodied in 18 V.S.A. § 9410(a)(1)(E) which states "The [GMCB] shall establish and maintain a unified health care database … providing information to consumers and purchasers of health care." So how is the GMCB doing on the report's policy goal and its statutory obligation? Not very well.

Vermont is behind the times when it comes to making pricing information available to consumers. In a March 2014 report conducted by the Health Care Incentives Improvement Institute, Vermont got an F for its state-mandated website. To be fair, many other states got the same grade, but this does not reflect well on Vermont given our goal of wanting to be seen as a national health care leader. Compare our "system" to those of our neighbors to the east. In order to find pricing information, old information at that, Vermont consumers must wade through numerous PDF files located the Department of Financial Regulation's website. Vermont's method is at least 10 years old in terms of how it delivers information via the Web. On the other hand, New Hampshire and Maine both got C's and while not stupendous, they both have functional and far more convenient, and modern, Web-based systems. The link to Maine's website is here and New Hampshire's here. Their sites are quick and interactive.

Doug Hoffer, Vermont's auditor, has been one of the few champions of improved health care price transparency and **has been critical** of Vermont's progress. For a time, GMCB Chair Al Gobeille also appeared to be a champion, at least according to a **WPTZ news article** from June 2014. That article highlighted the importance and necessity of increased price transparency. In fact, the minutes from the Oct. 23 GMCB meeting indicate that the board was moving forward with a new consumer-based system after entering contract negotiations with Human Services Research Institute to build a similar system for Vermont under VHCURES 2.0 (anything that's "2.0" must be good and must be with the times, right?). By the end of 2014, it looked like the

GMCB was on its way to addressing the state auditor's concerns. However, by February of this year, Gobeille appears to have cooled to the idea of having price transparency. According to a recent Vermont Inquirer article, Gobeille now believes that price transparency could actually drive up prices if consumers choose the more expensive providers, believing higher prices means higher quality.

Chairman Gobeille's concerns are not without merit, but there is no reason why information about quality cannot be linked or integrated with a new website, e.g., linking to www.healthgrades.com or www.propublica.org/data/ (Prescriber Checkup, Dollars for Docs, ER Wait Watcher, Nursing Home Inspect). Quality information can also be added once the system is in place (this is the norm in the commercial sector). This is no reason to not move forward with greater transparency. To my knowledge, Gov. Shumlin has not said a word about transparency and the House has shelved a bill that would move price transparency forward. With no champions anywhere in Montpelier (with the lone exception of Hoffer), there is every reason to believe that Vermont will continue to get failing grades.

This is unfortunate and is inconsistent with the objectives Vermont has set for itself. I have witnessed first-hand how recalcitrant those in the health care industry are to increased transparency and that should be testament to why it is a good idea. I have worked with a company at the forefront of pricing transparency, Castlight Health. Transparency works, but to do so requires the will to break down walls that are very thick. Transparency is the foundation of reduced health care expenditures and greater efficiency. Let's not waste this opportunity to get something done whether it's instead of or in conjunction with the payroll tax.