

Could cash back get patients to shop smart for healthcare?

By Chelsea Rice | June 16, 2016

In Massachusetts, the state with the highest per capita healthcare spending in the country, officials have long thought price transparency would be key to changing consumers' behavior. But a robust healthcare price transparency law still hasn't done enough to arm patients with information.

Could putting money back in patients' hands make the difference?

Massachusetts state employees will soon have access to a price transparency tool that helped save the state of New Hampshire \$14 million in healthcare costs over two years. Known as SmartShopper, it doesn't just give patients a view into healthcare prices. It also rewards every lower-cost decision with cash.

That incentive could finally change a frustrating dynamic, says Barbara Anthony, a senior healthcare fellow at the Pioneer Institute, a non-partisan research organization that launched a working group this spring to examine strategies to increase price transparency in Massachusetts.

"Our surveys have shown that provider adherence to state law is very poor and uneven," Anthony says. "There is no provider-wide embrace or promotion of a culture of transparency."

Anthem BlueCross BlueShield, the insurance provider for New Hampshire state employees, started using SmartShopper three years ago. The tool, from vendor Vitals, allows members to compare prices for procedures at various facilities.

The goal is to facilitate a shopping experience that "feels similar to shopping for blue jeans," Rob Graybill, Vitals' senior vice president, said at an event hosted by Pioneer last month.

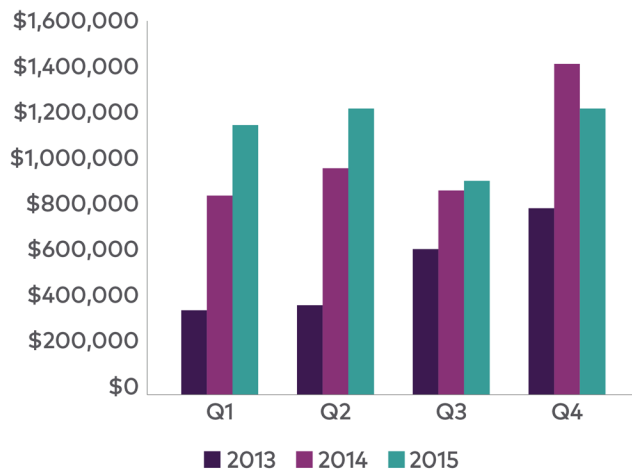
At the beginning of a relationship with a health plan, Vitals maps the entire state and identifies different provider options – as well as the relative quality and cost ratios – for every procedure in the system. The objective is to recommend a high quality/low cost option as a top choice.

Once a low-cost choice is verified through the claims data, a consumer is rewarded financially every month with an "incentive check."

Collectively, New Hampshire state employees have earned \$1 million for shopping for care, receiving an average \$6,000 in taxable incentive income apiece, Graybill said. For every \$1 reimbursement to the consumer, he said, SmartShopper delivered an average

of \$7 in savings to the state of New Hampshire and Anthem BlueCross — a \$642 savings per individual.

Monthly Claims Savings by New Hampshire State Employees via SmartShopper



And while adoption has been slow for many price-transparency tools, Vitals officials say 61 percent of consumers who use SmartShopper are likely to return within a year.

“This amount of cash back is really impactful for the individual patients. Groups like this, putting this money back in the hands of the individual patients, is helping everybody,” says Reshma Gupta, M.D., a learning network director at Costs of Care, a clinical advocacy group working to make healthcare more affordable. “The only people who are hurt are the ones that aren’t getting selected because they are charging more.”

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The SmartShopper program will become available for Massachusetts state employees this year, says Mitch Rothschild, the executive chairman and founder of Vitals. There are nearly 100,000 patient lives in the Massachusetts state employee population — and while those members will officially be notified about the program this fall, it should take approximately 12 to 18 months to see results, Rothschild says.

“Our mission is to help consumers shop for healthcare like an expert,” Rothschild says. “We work very hard to make sure people do not make decisions purely on cost. We treat quality as just as important.”

The tool can affect physician behavior, as well, Graybill said: Doctors who are concerned about their patients going elsewhere will renegotiate insurance contracts to be more competitive. He said health care prices on average have dropped in the markets where SmartShopper is used, which also include Kentucky and South Florida.

“Being able to compare which institutions you’re going to be able to contract with at high quality and low cost rates is great. The idea could be spread much larger when the culture is ready to take it on,” Gupta says. “And it could create a lot more cost savings.”

Chelsea Rice is a staff writer for athenaInsight.



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