

Bush Administration to Increase Health Care Transparency

Late last month, President Bush signed an Executive Order directing the four federal agencies that administer or sponsor health insurance programs to increase transparency to beneficiaries in both the pricing and the quality of health care. The Order builds on the current efforts to release Medicare payment and quality information for individual health care providers, and the Administration's efforts to provide critical information to support individuals' ability to make more informed health care decisions. The order describes the development and release of this data as a collaborative process between private and government sources, with participation governed by various regional stakeholders including providers, employers and health plans. (The [text box on the next page](#) summarizes the news.) This *Spotlight* presents an overview of the implications.

WHAT ARE THE IMPLICATIONS?

The following are among the likely consequences of increased transparency:

- **Increased Consumerism** By releasing this Order, the White House appears to be recognizing that without increased transparency efforts to help consumers become better purchasers of health care may stall. In Segal/Sibson's 2006 *Survey of Consumer-Driven Health Plans*,* employers that have implemented a consumer-driven health plan (CDHP) and those that have not yet done so agree that currently there is insufficient data available (other than prescription drug data) on which patients can make informed decisions. The need for better cost and quality data is clear.
- **Growth of Health Savings Accounts (HSAs)** In the past few months, the Administration has addressed several major hurdles to wide adoption of HSAs. Proponents of these plans had cited limited opportunity for tax-free savings and limited availability of data as reasons to be wary of HSAs. However, in July the government proposed new legislation, that would increase the tax-free savings opportunities associated with HSAs. Now, coupled with this Order, the White House appears to be directly attacking the key roadblocks to widespread acceptance of these plans.
- **More Pressure on Providers and Carriers** Without the proper state laws in place (currently only 26 states require public release of provider data) and pressure from employers and other health care purchasers, providers may not be willing to make the investment required to collect the data and disseminate it to support health care decisions. Given that the federal government provides health care coverage to roughly 25 percent of all Americans, the pressure on providers and insurers will now be significantly greater than it has been. Insurers and managed care organizations with a significant stake in the public sector marketplace will begin to see the value of making the needed investments. The investments they make may be leveraged in the private sector, driving reform in that market as well. In the long run, this reform may also demystify the cost of hospital stays and other high-priced procedures, allowing employers to make more informed decisions regarding the effectiveness of provider networks, and ultimately drive down costs.
- **More CDHP Enrollees** There is likely to be a direct correlation between the speed at which better quality and cost data comes to market and the growth rate of CDHP enrollment. In the Segal/Sibson survey cited above, employers indicated the two issues that will likely prompt them to offer a CDHP in the future are increased cost pressure and

* A brief report of the survey results is available on <http://www.segalsibson.com/publications/surveysandstudies/summer06CDHP.pdf>

the availability of better consumer data. While it is very likely that cost pressures will continue to mount, the speed with which health care cost and quality data would improve has not been clear. With this Order, the Administration has begun to clear the way for better data, likely leading to more employers offering CDHPs.

WHAT RESPONSE, IF ANY, IS REQUIRED?

No response is required by private or state and local government employers because the Executive Order is directed specifically at federal agencies. It is unclear how quickly or in what form these agencies will address the current lack of quality and cost data. It is likely that the agencies will amend their procurement processes to execute the Order.

The Order does call for government and private sources to work collaboratively in this process to increase transparency. As such, there will likely be increased opportunities for proactive employers to play a role in improving the data available to all consumers regarding their health care. Although some employers are already asserting pressure, either on their own or through a coalition group or an alliance, this Order is a call for all health care purchasers to push for greater transparency by collaborating on their efforts.

Employers should note that CDHPs may not be thoroughly prepared to provide the level or depth of information that consumers would like in order to make informed decisions. It is important, therefore, that employers offering or planning to offer a CDHP adequately take these deficiencies into account as they design and communicate their programs. In this context, it should also be expected that behavioral change will happen over time, not immediately. Employers should think about amending their procurement processes to place a greater emphasis on data availability and transparency, tools and outcomes and quality. The focus on network access, discounts and fees is still necessary but not sufficient to encourage the required changes in the marketplace.

Employers are attempting to shift their role with employees from that of parent/provider of health care coverage to partner in managing health status. However, not all of the tools desired to act as a better consumer are currently available. Until they are, it is critical that employers aggressively communicate their changing role, and work with employees to improve their health status despite the current holes in the system. Otherwise, it is possible that employees' first impression of consumerism will be a poor one, building resistance to these initiatives even as better data becomes available.



To discuss CDHPs and other aspects of health care consumerism, contact your Segal/Sibson consultant or the nearest Segal/Sibson office.

THE NEWS IN BRIEF

This Executive Order is directed at four federal agencies that administer or sponsor federal health insurance programs that cover Medicare beneficiaries, federal employees and beneficiaries from the Departments of Defense and Veterans Affairs. The Order directs them to have a plan in place to accomplish the following by January 1, 2007:

- Increase price and quality transparency by sharing with beneficiaries information about the prices paid to health care providers for procedures, and the quality of services provided,
- Encourage adoption of health information technology standards to facilitate the rapid exchange of health information, and
- Provide options that promote quality and efficiency in health care, with the agencies both developing and identifying approaches that work.

This Order is the latest move in the President's overall agenda to make health care more affordable.

(To return to the discussion of the implications and action items, click [here](#).)

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