Why don't more people shop for health care? Online tools exist, but most don't use them

Susan White prepares to undergo an MRI with technologist Jen Espino at Smart Choice MRI on July 17, 2018, in Chicago. Increasingly, providers other than hospitals offer straightforward services, such as MRIs, at relatively low costs. (Kristen Norman / Chicago Tribune)

At Rush University Medical Center on the city's West Side, the median charge for a vaginal birth was $16,703 last year.

Three miles away, at Norwegian American Hospital, it cost about half that: $8,873.

Most patients don't pay those charges, instead paying a sum based on rates negotiated between hospitals and health insurance companies. But even after those negotiations, stark differences often remain — disparities that can hit the wallet hard.

Though consumers have long bemoaned rising health care costs, few people shop for health care the way they might shop for a car, comparing prices. Some don't realize a procedure can cost tens of thousands of dollars more at one hospital versus another. Others would rather rely on referrals or don't know where to go to find information. Hospital prices vary for a number of reasons, including differing overhead costs, market dynamics and, in some hospitals, a need to offset the costs of complex services by billing higher rates for simpler ones.

Now, the Trump administration wants to make it easier for patients to comparison shop for medical care, proposing a rule that would require hospitals to post their charges, before insurance, on their websites. The administration also is considering whether that posted information should reflect rates negotiated with insurers.

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Some consumer advocates cheer the administration's proposal as a step toward greater price transparency. But hospitals and many experts say such a move likely wouldn't make much of a difference, pointing to existing online price comparison tools that often go unused by consumers. They also question the usefulness of posting charges before insurance.

"Everybody wants to try to find a path forward to increase price transparency, but it is very complex," said Sandy Kraiss, Illinois Health and Hospital Association vice president of health policy and finance. "We just don't see that this is the best approach to advance that."
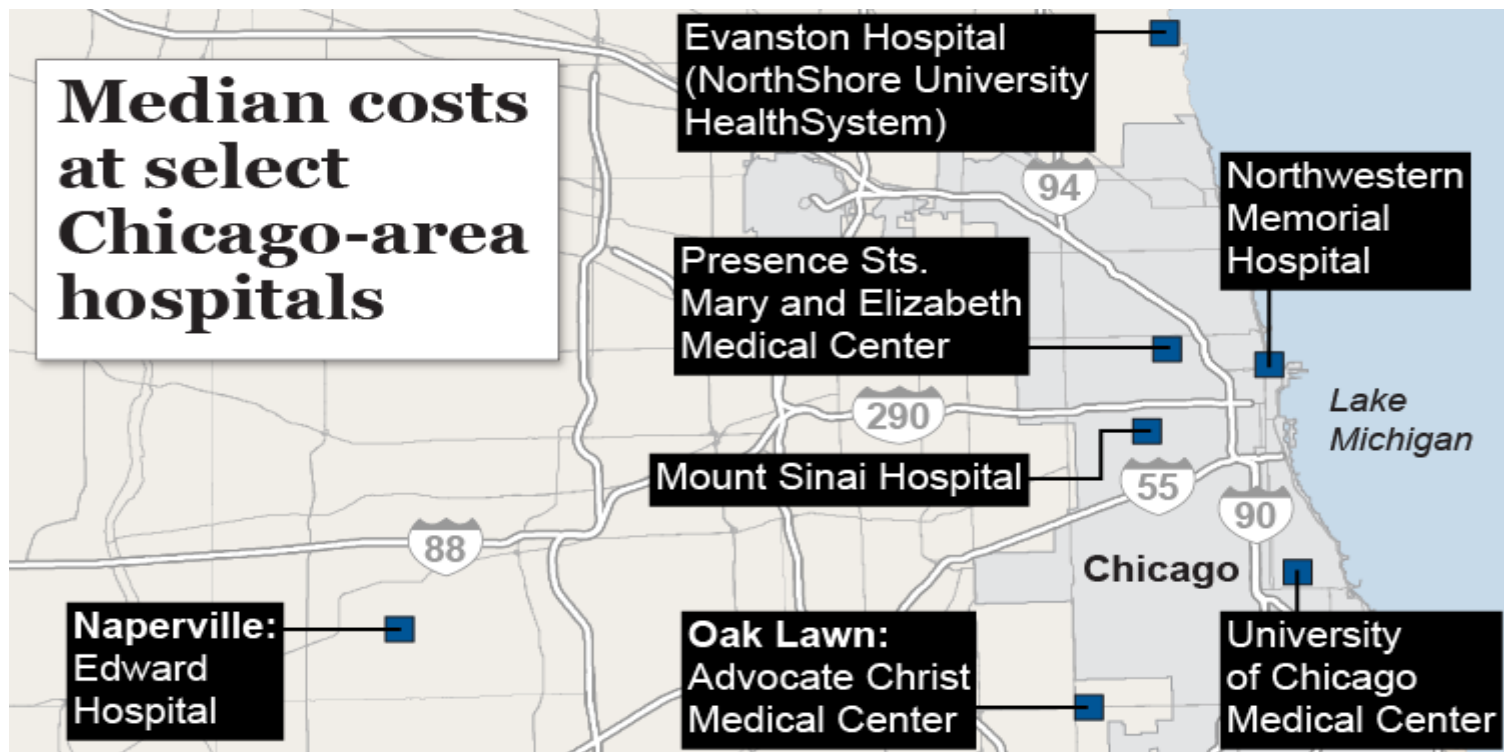
(Chicago Tribune Graphics)

Consumers who want to know how much a hospital procedure will cost already have a number of options.

They can call hospitals to get individual estimates, and sometimes, they can go to hospital websites. Late last year, west suburban hospital system Edward-Elmhurst Health became one of the few systems to post a pricing tool on its website to help consumers estimate out-of-pocket costs based on their insurance plans.

The Illinois Department of Public Health also lists median charges, by hospital, online in its hospital report card, but those figures show only list prices, not how much a patient will actually pay after insurance.

Insurers offer many of the most comprehensive price-comparison tools. In many cases, consumers can log onto their insurance companies' websites to compare their individual, out-of-pocket costs for procedures at different hospitals.

But most consumers don't.

Illinois' largest insurer, Blue Cross and Blue Shield of Illinois, has had an online tool in place for about eight years for members to compare prices and quality — partly as measured by outside organizations — across hospitals. Yet less than 10 percent of members use the tool, said Thomas Meier, the insurer's vice president of market solutions.

It's not an uncommon result. Nationally, only about 20 percent of Americans have tried to compare prices before getting care, according to the results of a 2016 survey by Public Agenda, a New York City-based non-profit.

Experts chalk up the low numbers to several factors, including a lack of consumer knowledge, interest and time.

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"A lot of it is member awareness," said Meier with Blue Cross and Blue Shield of Illinois. "I think a lot of the members don't understand even what an (in-network) versus out-of-network provider is, let alone that 44 different providers would charge 44 different amounts for an MRI."

Also, for many consumers seeking health care, price isn't top of mind, said Sunita Desai, an assistant professor in health policy at New York University. She was lead author of a study published in the journal Health Affairs last year that found only about 12 percent of a large population of employees who were offered a price transparency tool used it.

Patients in the throes of a medical emergency don't have time to price shop. Those who do have time may trust only certain doctors. And in some cases, price shopping might not help a patient save money, Desai said. Finding a lower-cost service helps a patient only if that service costs less than his or her insurance deductible or out-of-pocket maximum.

"People aren't necessarily using them because, in some cases, they don't really have any incentive to do so," said Sally Rodriguez, chief of staff at the Washington, D.C.-based Health Care Cost Institute, of cost transparency tools.

Rachel Parsons of Chicago's West Town neighbourhood, for example, shopped around for physical therapists after giving birth to her daughter earlier this year. She found a clinic she liked, but it was out-of-network and would have cost $160 a visit, so she passed.

She didn't, however, shop around for a hospital before giving birth. She went to the hospital where her midwife practiced that also took her insurance. She assumed that regardless of where she went, childbirth would be so pricey that she'd hit her family's deductible. "With hospitals, they're expensive no matter what you're doing," Parsons said.

Other consumers don't see the upside of taking the time to shop around because they typically hit their deductibles or out-of-pocket maximums each year.

Jose Vazquez, of the West Loop, shops for some services that his insurer won't cover, but mostly he's careful to make sure tests and drugs are covered by his insurer before taking them. But otherwise, Vazquez, who has pulmonary fibrosis, doesn't see higher out-of-pocket costs if he goes to one in-network provider versus another. He knows he'll almost certainly hit his out-of-pocket maximum each year, leaving him little incentive to shop.

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"It's kind of hard not to hit it, especially when dealing with a chronic illness," Vazquez said. "It's not something you can really think about."

Still, shopping for services can save cash across the health care system — for patients, for their employers and for insurance companies, which foot large portions of patients' bills. Self-insured employers also pay much of their workers' health care bills. Employers that aren't self-insured may face higher rates from their insurers if their employees' medical claims climb.

So perhaps it's no surprise that many in health care are encouraging consumers to shop.

Blue Cross and Blue Shield of Illinois and [UnitedHealth care](#) work with some employers to offer incentives for employees to choose lower-cost, high-quality services. With Blue Cross, for example, workers can receive checks of $25 to $500 for choosing certain providers.

"People who use our tools save 36 percent over folks that don't use our tools," said Katherine Bisek, a vice president for the insurer. "Higher prices don't necessarily equate to higher quality or better outcomes."

Research backs up the assertion that higher prices don't necessarily mean higher quality. Price differences often have to do with local market dynamics and negotiations between hospitals and insurers, Bisek said. Some hospitals are also more expensive than others because they have to offset the costs of treating complex patients, said Kraiss with the Illinois hospital association. Prices vary quite a bit across the Chicago area, with knee MRIs running anywhere from $142 to $4,736, vaginal childbirth from $5,417 to $28,249, and back surgery from $9,051 to $156,900, according to UnitedHealthcare.

But such pricing disparities aren't the main reason many hospitals don't post prices online, Kraiss said. Rather, hospitals have let insurers lead the way in offering price transparency tools because a patient's final bill depends largely on an insurance plan, she said.

Others, however, suspect hospitals don't make prices more accessible because they don't want to be put at a competitive disadvantage. Increasingly, providers other than hospitals offer straightforward services, such as MRIs, at relatively low costs. Those providers don't have to offset the costs of other services and can have lower overhead, said Rick Anderson, CEO of one such chain, Smart Choice MRI.

He said greater price transparency in health care is long overdue and he hopes it encourages consumers to shop around.

"If I'm in the emergency room having bypass surgery, I'm not asking how much, but when it comes to things that are routine ... I'm going to shop because I can and I should," he said.

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