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All-payer claims database can lower health-care costs

Your Turn

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 Guest columnist

As deductibles and out-of-pocket costs for health care continually increase, New Mexico families face a conundrum: they are expected to shop around for the most affordable non-emergency care, yet they have no way to find out in advance the cost of a medical procedure at different providers.

Fortunately, earlier this year New Mexico took a first step toward making health care prices more transparent with the launch of a website, nmhealthcarecompare.com, where anyone can find the average prices paid by Medicaid for nine common, non-emergency procedures at each of the state's 44 hospitals. The website, which was created as a result of legislation that Think New Mexico drafted and advocated for, also includes quality metrics for the hospitals, such as 30-day readmission rates and patient ratings.

Take the next step: increasing the number of procedures listed on nmhealthcarecompare.com and adding the average prices paid by New Mexicans who are covered by individual or employer-provided insurance policies.

Seventeen other states, including our neighbors in Colorado and Utah, are showing us how it can be done. These states are pulling back the veil on health care prices by creating All-Payer Claims Databases (APCDs), which collect information on the prices paid for health care by all payers and allow those states to provide information about the average costs of care for people with different types of insurance.

Revealing this on nmhealthcarecompare.com has the potential to yield significant savings for New Mexico families. A 2013 study by researchers at the University of Chicago found that the price of common elective procedures dropped by an average of 7% in states with transparency websites. For example, hip transplants averaged \$2,800 less in states that had the websites.

New Mexico taxpayers also stand to benefit from an APCD. In California, the health care system for re-

tired state employees saved \$5.5 million on knee and hip replacements after a transparency initiative determined that the cost of these procedures varied from \$15,000 to \$100,000 and the state announced that it would pay no more than the average cost, \$30,000. In response, 40 of the higher-priced hospitals reduced their prices by as much as a third.

Similarly, in Minnesota, the Department of Public Health recently used data from its APCD to identify nearly 1.3 million unnecessary emergency department visits that cost the state a total of \$2 billion. This data has helped the state design targeted outreach to health care providers and community leaders encouraging patients to access non-emergency treatment at urgent care facilities or primary care clinics, rather than emergency rooms.

An APCD would be an excellent investment for a small portion of the additional revenue that New Mexico expects to receive this year due to high oil and gas prices. Recent forecasts estimate that the state may have an additional \$1.2 billion this year, but much of that is "one time" money that will not recur year over year.

The best use of those "one time" dollars would be for projects that have a one-time cost and the potential to yield long-term dividends to the state, like establishing an APCD. When Utah, which has similar population size to New Mexico, created its APCD, it cost about \$1.2 million over two years, a tiny fraction of New Mexico's new revenues.

We hope readers will join us in urging lawmakers and gubernatorial and legislative candidates to support the creation of an All-Payer Claims Database to give all New Mexicans the tools they need to find the best health care for their families.

You can learn more about health care transparency and email your policymakers from Think New Mexico's website at www.thinknewmexico.org.

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