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EDITORIAL

Make health care more transparent to save lives

SANTA FE — Health care pricing has been likened to shopping blindfolded in a department store, and then months later receiving an indecipherable statement with a framed box at the bottom that says: pay this amount.

Indeed, here in New Mexico it is easier to find information about the price and quality of a toaster than of a common medical procedure. Because information about price and quality is essential to almost every market transaction, this lack of transparency means that health care is more expensive than it would otherwise be. The high cost of health care has devastating consequences. Over 62 percent of personal bankruptcies in the U.S. are attributable to illness and health care debt, up from 8 percent in 1981. Many of these medical debtors are middle-class homeowners, and more than three-quarters of them have health insurance.

Health care costs are also a heavy burden on state taxpayers, with over 27 percent of New Mexico's annual bud-

get going to health care. As health care spending outpaces the growth of the rest of the economy, it threatens to crowd out spending on other priorities like education.

How did we get to this point? A century ago, patients paid directly for their health care and knew exactly what it cost. Since then, the rise of private health insurance, Medicare, and Medicaid disconnected patients from the cost of their care.

That situation is predicted to change with the recent trend toward higher deductibles and growing out-of-pocket costs. For example, Bronze health insurance plans under the Affordable Care Act have average deductibles of more than \$5,000 for an individual and nearly \$11,000 for a family.

Economists believe that these higher out-of-pocket costs will cause patients to be more sensitive to prices, which will help contain overall costs. However, this ignores a crucial detail: the lack of transparency makes it impossible for patients to comparison shop for the highest quality, most affordable care.

That is why Think New Mexico drafted Senate Bill 474, sponsored by Democratic Senator Jerry Ortiz y Pino and Republican Senator Sander Rue which would create a user-friendly website where New Mexicans can find the price and quality data of the most common medical procedures at any of New Mexico's 44 hospitals.

A total of 14 states, including our neighbors of Arizona, Colorado, and Utah, have already established similar websites. Another five states are actively working to create them.

These websites are already making a difference. A 2013 study by researchers at the University of Chicago found that the price of common elective procedures dropped by an average of 7 percent in states with transparency websites. For example, hip transplants averaged \$2,800 less in states that had the websites.

In California, the health care system

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for state employees saved \$5.5 million on knee and hip replacements after a transparency initiative revealed 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.

Making quality data, such as rates of avoidable errors and readmissions, transparent is just as important as price. As

the old saying goes, "what gets measured gets done," and when quality data is transparent, health care providers will compete to improve their performance.

For example, when Pennsylvania began publishing hospital-acquired infection rates in 2006, the statewide infection rate fell by 7.8 percent within a year. This not only improved the quality of care and saved many lives, but it also lowered

costs since the average cost of hospitalization was \$53,915 when an infection occurred, and only \$8,311 when it did not.

A health care price and quality transparency website in New Mexico will similarly save both lives and dollars by making health care more patient-centered and harness the benefits of price competition.

We encourage you to join this effort by contact-

ing your legislators and Governor Martinez and urging them to support Senate Bill 474. You can learn more and email your legislators and the governor from Think New Mexico's website at: thinknewmexico.org.

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