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## Private Companies Providing Health Care Price Data: Who Are They and What Information do They Provide?

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### Summary

There is interest in making health care price information more transparent given the increase in enrollment in high-deductible and consumer-directed health plans, and as policy efforts intensify to engage consumers to obtain high value care. We examine the role of private companies that market price transparency tools, primarily to self-insured employers – an important yet understudied topic. What companies exist? How did they emerge? What information do they provide? Where do they get that information? How does the price and quality information provided compare across companies?

### Introduction and Background

There are increasing efforts to make health care price information more transparent, with calls for action from the front page of the New York Times<sup>1</sup>, the longest Time magazine article ever published,<sup>2</sup> and a U.S. Senate Finance Committee hearing.<sup>3</sup> There are multiple efforts underway to improve price transparency including pricing tools created by government, insurers, and consumer groups – as well as private companies, which are the focus of this study. We examined the characteristics of private companies that market price transparency tools (“price transparency companies”), which despite rapid growth have been relatively unstudied. Price transparency companies contract with self-insured employers to provide pricing tools to the company’s employees, using aggregated claims data to estimate prices for health care services. They are often called “third-party vendors” because they serve as intermediaries between employers and insurers

Despite the rapid growth of price transparency companies, to our knowledge there have not been any published, peer-reviewed analyses of these companies. Because these companies are privately owned, they are relatively less studied than public price transparency efforts. Yet, they have implications for health care consumers, employers, health plans, and society. Some believe that pricing tools used by self-insured employers may have more impact than public efforts.<sup>4,5</sup> Self-insured employers are a key component of U.S. health care, currently covering 60 percent of insured workers and growing, and almost half of companies have/plan to use price transparency tools to provide price information directly to their employees.<sup>6</sup> The growth of price transparency companies has been rapid and investor interest is high, e.g., one company garnered one of the largest venture rounds for a health care IT company on record,<sup>7</sup> and has been identified as one of the most likely digital health companies to have an IPO in the near future.<sup>8</sup>

## Methods

We conducted a structured, descriptive review by assessing the available evidence on characteristics of five price transparency companies (as of July 2013). Both authors reviewed searches and independently coded information. We included companies noted as industry leaders in Internet and published reports and that met our definition (a private company focused on providing price information to self-insured employers). We excluded companies focused on individual consumers. Unlike consumer or government websites, private companies do not provide public access to their pricing tools or data sources. We thus conducted extensive internet searches including company websites, business reports, and news articles in addition to PubMed searches.

## Results

Price transparency companies have rapidly developed to fill a gap between the need for price information and the ability of patients to obtain it (Exhibit 1). Consumer-directed health plans, which created additional incentives for price transparency, started in the 1990s and were further expanded with Medicare legislation in 2003.<sup>9</sup> States also started developing price transparency legislation around this time and insurers increasingly began to develop their own price disclosure websites.<sup>10</sup> In 2007, a Congressional Research Service report concluded that it is “reasonable to believe that greater transparency would improve outcomes”,<sup>11</sup> and additional reports by the General Accounting Office<sup>12</sup> have followed along with federal legislation.<sup>10</sup> Against this backdrop, price transparency companies began to be established in 2007, with several founded in rapid succession.

The companies are similar in terms of their organizational characteristics, but there are significant differences in what price and quality information is provided, how it is presented, and where the information is obtained (Exhibit 2). The type of price information provided varies, with differences in whether total costs are included and how they are defined (e.g., one company uses a “Fair Price check-mark”), what is included as a “service” (e.g., whether an office visit is included), what terms are used (e.g., “price”, “cost”, “in-network allowed price”, “what doctors charge”), and what price measures are used (e.g., average, median, “high” and “low” cost providers). Although all companies use employer claims for price information, some companies augment claims data with proprietary claims databases.

Two companies provide quality information on both providers and facilities, one provides quality information only on providers, and two do not provide quality information. Quality information comes from a variety of sources, with a range of quality metrics. For example, one company uses Healthgrades Recognized Doctor designations, which review state or federal sanctions, malpractice, and board certification but do not include quality metrics such as patient satisfaction or outcomes.

## Discussion

We found that price transparency companies fill a gap by increasing access to price information, but that the companies themselves could be more “transparent” in how they obtain and provide information, even taking into account that they are private companies

and thus need to protect proprietary interests. Given that we could not gain access to actual pricing tools, it was challenging for us to even describe these companies and thus our study should be considered a first step toward greater understanding of the role of these companies. The Catalyst for Payment Reform group developed a comprehensive set of specifications for price transparency that could be used as a model.<sup>13</sup> An important goal is to create a consistent typology of price terms that can be used for both private and public initiatives so that pricing tools and health care prices can be compared.

Price transparency companies face several challenges including difficulty in working with small employers because of a lack of sufficient amount of claims data, the need to aggregate claims across multiple sources, and less access to real-time data than insurers. The technical issues in parsing and aggregating claims data, especially for rare procedures and episodes of care vs. single procedures, and in creating pricing tools that are comprehensive yet user-friendly are major challenges for these companies and any price transparency initiative.<sup>4</sup> An evolving challenge for these companies is their relationship with insurers, who often have their own pricing tools. Lastly, it is important from a policy perspective to recognize that these companies, which are for-profit and privately owned, may focus on marketing messages that are not critically evaluated, e.g., company's claims to have significantly lowered the cost of health care for an employer need to be compared against the overall trend of a slowdown in health care price increases.

One role for price transparency companies could be to facilitate building evidence on how to best define and present price information. Because these companies are independent from insurers and employers, their tools may generate fewer concerns about privacy and the use of enrollee claims information.<sup>6</sup> Positive impacts of price information have not yet been demonstrated and price information can have unintended consequences, so such research is urgently needed.<sup>11,12,14,15</sup>

## Conclusion

As noted by one industry observer, “the shift from the ‘do more, bill more’ reimbursement model to a value and outcome-based reimbursement model will turn health care on its head. Price transparency is just one of the first examples of many.”<sup>7</sup>

Given that price transparency companies are likely to continue to fill gaps left by other efforts, it will be important for decision makers to better understand the role of these companies and how they fit into the broader policy context.

## Supplementary Material

Refer to Web version on PubMed Central for supplementary material.

## Acknowledgments

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## Biographies

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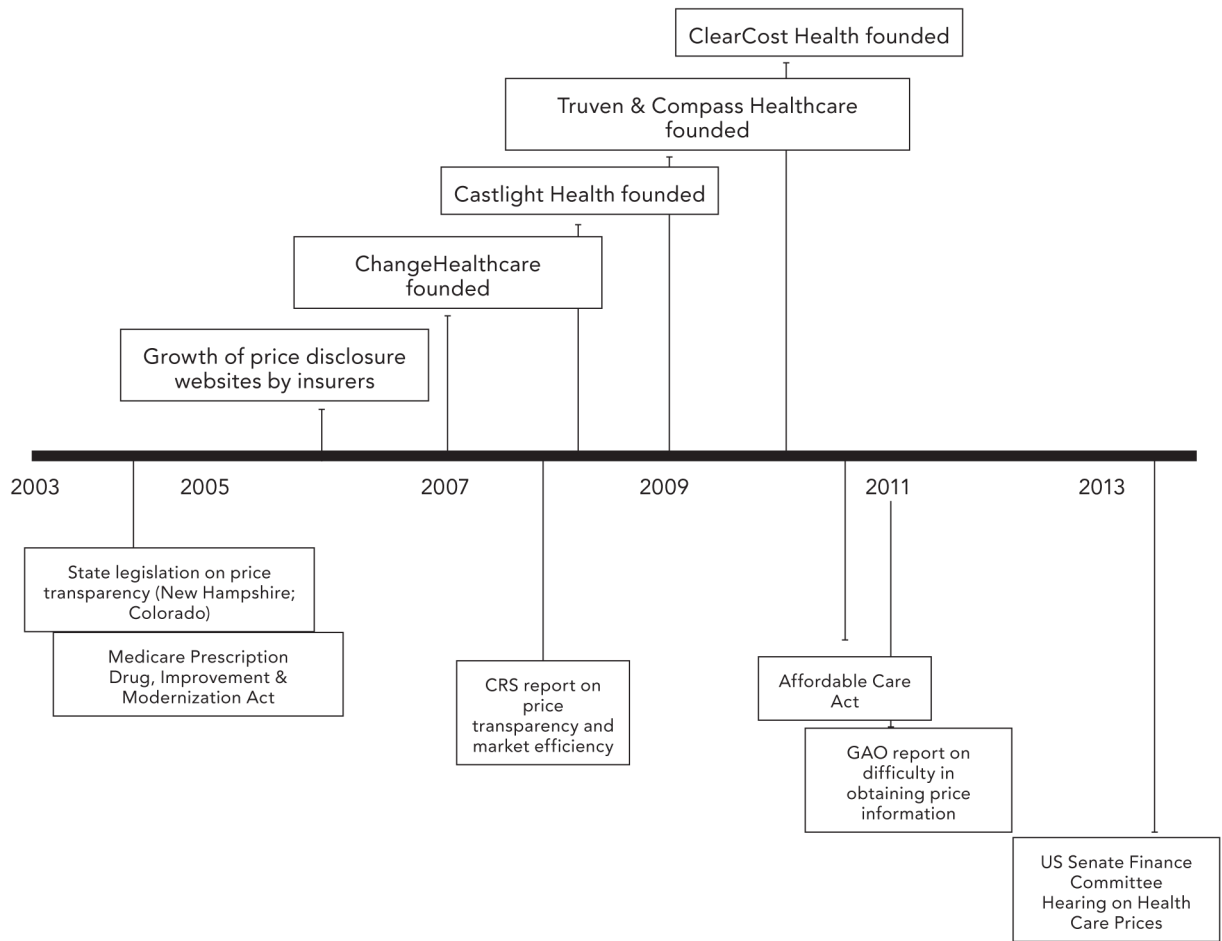
**Kathryn A. Phillips, PhD**, Professor of Health Economics and Health Services Research, UCSF and Director, UCSF Center for Translational and Policy Research on Personalized Medicine (TRANSPERS). Dr. Phillips conducts cross-disciplinary, cross-sector research on adoption of new technologies. She has had continuous funding from NIH as Principal Investigator for 25 years and has published > 100 peer-reviewed articles in leading journals.

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### Key Points

- The emergence of price transparency companies is a key trend and these companies fill a gap in health plan and government initiatives.
- The leading companies have many similarities but also differences in how they define, obtain, and present price and quality information.
- The type of price information provided varies, with differences in whether total costs are included and how they are defined, what is included as a “service” (e.g., whether an office visit is included), what terms are used (e.g., “price”, “cost”, “in-network allowed price”, “what doctors charge”), and what price measures are used (e.g., average, median, “high” and “low” cost providers).
- Quality information, when available, comes from a variety of sources, with a range of quality metrics.
- Challenges to be addressed include greater transparency and consistency in how price and quality information is defined and used and the role of these companies within the context of other initiatives.



**Figure 1.** Timeline of key price transparency related initiatives including when key third-party companies were founded

Table 1

Comparison of Price Transparency Company Characteristics

Company	Castlight Health	Truven Health Analytics	Change HealthCare	ClearCost Health <sup>a</sup>	Compass Healthcare
<b>Description &amp; URL</b>	“Castlight Health delivers the solution to enable employers and health plans to lower the cost of health care and provide individuals unbiased pricing and quality information to make smart health care purchase decisions.” <a href="http://www.castlighthealth.com">www.castlighthealth.com</a>	“The <i>Treatment Cost Calculator</i> gives individuals a clear picture of their financial responsibility <i>before</i> they decide to undergo a treatment or procedure. The online tool provides accurate, real-time estimates of out-of-pocket costs that are personalized to a consumer using their benefits, deductible, provider, and location”: <a href="http://healthcare.thomsonreuters.com">http://healthcare.thomsonreuters.com</a>	Change Healthcare is on a mission to ... transform the way Americans purchase and utilize healthcare services, engage members in making educated, cost-effective decisions for themselves and their families on pharmacy, medical and dental purchases. <a href="http://www.changehealthcare.com">www.changehealthcare.com</a>	ClearCost Health delivers both cost and quality information to health plan participants before they seek care so that they can factor price and quality into their health care decisions. <a href="http://www.clearcosthealth.com">www.clearcosthealth.com</a>	“Compass Professional Health Services provides the price-transparency, quality checks, and patient advocacy that unlock the power of healthcare consumerism.” <a href="http://www.compassphs.com">www.compassphs.com</a>
<b>Target Customer(s)</b>	<ul style="list-style-type: none"> <li>Self-insured employers</li> <li>Health plans</li> </ul>	<ul style="list-style-type: none"> <li>Self-insured employers</li> <li>Health plans</li> <li>Health insurance exchanges</li> </ul>	<ul style="list-style-type: none"> <li>Self-insured employers</li> <li>Health plans</li> </ul>	<ul style="list-style-type: none"> <li>Self-insured employers</li> <li>Union health &amp; welfare trusts</li> </ul>	<ul style="list-style-type: none"> <li>Self-insured employers</li> <li>Brokers</li> <li>Direct-to-consumer<sup>b</sup></li> </ul>
<b>Date Founded</b>	2008	2008 <sup>c</sup>	2007	2010	2009
<b>Funding Source</b>	Private equity/venture capital	Private equity/venture capital <sup>d</sup>	Private equity/venture capital <sup>e</sup>	Privately held	Privately held
<b>Services Included</b>	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Prescriptions</li> </ul>	Healthcare	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Prescriptions</li> </ul>	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Prescriptions</li> </ul>	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Prescriptions</li> </ul>
<b>What Information Provided on Price and Quality (see Fig 2. screenshots)</b>	<ul style="list-style-type: none"> <li>Personalized to what consumer pays</li> <li>Funding status of deductible/HRA</li> <li>Total costs</li> <li>Price by provider</li> <li>In or out of network</li> <li>Provider quality rating</li> </ul>	<ul style="list-style-type: none"> <li>Personalized to what consumer pays</li> <li>Total costs (primary procedure, other facility)</li> <li>In or out of network</li> <li>Provider and facility quality rating</li> </ul>	<ul style="list-style-type: none"> <li>Personalized to what consumer pays</li> <li>“Delivers personalized and actionable Ways to Save Alerts”<sup>36b</sup></li> <li>Education programs</li> <li>No quality information noted</li> </ul>	<ul style="list-style-type: none"> <li>Personalized to what consumer pays</li> <li>Total cost</li> <li>“Fair Price” practice checkmark</li> <li>Provider quality rating</li> </ul>	<ul style="list-style-type: none"> <li>Personalized to what consumer pays</li> <li>“High” and “low” cost providers</li> <li>In-network allowed amount by location</li> <li>No quality information noted</li> </ul>



Company	Castlight Health	Truven Health Analytics	Change HealthCare	ClearCost Health <sup>a</sup>	Compass Healthcare
<b>Price Information Sources</b>	<ul style="list-style-type: none"> <li>• Employer Claims</li> <li>• "Explanation-of-benefits forms patients receive after doctor's visits"<sup>g</sup></li> <li>• "Fee schedules from providers"<sup>h</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Employer/Health Plan Claims and accumulators</li> <li>• Truven Health MarketScan databases with commercial, Medicare supplemental, and Medicaid population claims<sup>i</sup></li> </ul>	Employer Claims ("Proprietary database of client claims data" <sup>j</sup> )	Employer Claims <sup>j</sup> (history and ongoing monthly data feeds)	Employer Claims <sup>k</sup>
<b>Quality Information Sources</b>	"Leapfrog Group for Patient Safety, the U.S. DHHS... consumer rating resources" <sup>l</sup> & "facility scores based on outcomes data collected" <sup>m</sup>	<ul style="list-style-type: none"> <li>• Health Plan Provider Directories</li> <li>• NCQA</li> <li>• CMS Core Measures</li> <li>• Consumer Checkbook</li> </ul>	Not applicable	<ul style="list-style-type: none"> <li>• Health Grades</li> <li>• "Recognized Physician"<sup>n</sup></li> <li>• LeapFrog Group Hospital Safety Score (eff. 10/1/13)</li> </ul>	Not applicable

Table 1 Footnotes: All information is from the company website or other readily available public sources unless otherwise noted. Information in quotes is directly from company websites. We invited companies to confirm the accuracy of their information; we made minor revisions based on input from the three companies that responded.

<sup>a</sup>Note that there are two companies with similar names ClearCost Health and Clear HealthCosts, with the latter company focusing on consumers and thus not included

<sup>b</sup>Compass SmartShopper program is the exclusive brand name for the Compass program offered to employers through various Anthem Blue Cross and Blue Shield plans across the country. Source: Compass, <https://www.compassmartshopper.com/about.aspx>, date accessed: 7/9/2013

<sup>c</sup>Truven Healthcare was a division of the Thomson Corporation until 2008. Following the merger of Thomson with Reuters (Thomson Reuters, 2008), it became the healthcare business unit. In 2012 Thomson Healthcare was sold to Veritas Capital and the new company was named Truven Health Analytics. Sources: Krauskopf L., *Veritas completes purchase of Thomson health unit*, <http://www.reuters.com/article/2012/06/06/us-veritas-thomsonreuters-healthcare-idUSBRE8551H020120606>, date accessed: 7/9/2013

<sup>d</sup>Veritas completes purchase of Thomson health unit, <http://in.reuters.com/article/2012/06/06/veritas-thomsonreuters-healthcare-idINL1E8H62CN20120606>, date accessed: 7/9/2013

<sup>e</sup>Duncan W., *Change Healthcare closes \$9M series C round Major insurer leads funding for cost transparency play*, January 16, 2012, [http://nashvillepost.com/news/2012/1/16/change\\_healthcare\\_closes\\_9\\_million\\_series\\_c\\_round](http://nashvillepost.com/news/2012/1/16/change_healthcare_closes_9_million_series_c_round), date accessed: 7/9/2013. Investors include Blue Cross Blue shield investment arm. Source: Pogorelc D, *Report: B2B, B2B2C models win as healthcare moves toward a "fully retail experience"*, February 21, 2013, <http://medcitynews.com/2013/02/report-b2b-b2b2c-models-win-as-healthcare-moves-toward-a-fully-retail-experience>, date accessed: 7/9/2013

<sup>f</sup>Note that there are two companies with similar names ClearCost Health and Clear HealthCosts, with the latter company focusing on consumers and thus not included

<sup>g</sup>Petrolroth N., *Forbes, Name You Need To Know in 2011: Castlight*, November 19, 2010, <http://www.forbes.com/sites/nicoleperthoth/2010/11/19/name-you-need-to-know-in-2011-castlight/>, date accessed: 7/9/2013

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