

Price Transparency Access through Health Insurance Provider Tools

ACTIONABLE, PERSONALIZED INFORMATION TO HELP CONSUMERS
MAKE INFORMED DECISIONS.



Consumers should have access to personalized, actionable information to make better, more informed decisions before they seek and receive care. Health insurance provider tools are best positioned to provide them with that access.

Cost estimator tools give consumers estimated costs for covered items and services before seeking care. But generalized price transparency information, such as information provided by state databases, or cost estimates derived through a third party, cannot provide personalized information in real time about an enrollee's actual expected out-of-pocket costs. For example, these tools do not provide information such as where an enrollee stands in their deductible for the year.

Health insurance provider tools include information specific to an individual enrollee's coverage, including their benefits, provider network, progress toward a deductible or out-of-pocket maximum, progress toward other limits, and flag any applicable medical management tools such as the need for prior authorization for a specific service. Some tools use technology and data analytics to provide a more nuanced, personal estimate such as information like an individual provider's billing practices or an individual enrollee's age, health, or other conditions.

Beginning January 1, 2023, commercial health insurance providers in the group and individual markets will be required to offer a cost estimator tool. Under Transparency in Coverage regulations finalized in October 2020,¹ a cost estimator tool must provide an enrollee personalized, real-time estimates of out-of-pocket costs for covered items via an internet-based tool before the enrollee seeks care.² In 2023, cost estimator tools will include a common set of 500 shoppable items and services before being required to include all items and services in 2024.

By 2021, nearly all health insurance providers were already offering cost estimates to enrollees—whether through online tools or other means—for specific items and services. Some health insurance providers have more than a decade of experience developing innovative, consumer-centric tools to estimate health care costs.

Key Takeaways

- In 2021, nearly all commercial health insurance providers made price transparency tools available to their enrollees, with cost estimates available for a median of about 700 different health care services. Beginning in January 2023, federal regulations will require health insurance providers to offer all enrollees in commercial health insurance access to a comprehensive online tool to estimate health care costs.
- Cost estimator tools estimate costs of complex medical services and procedures, including elective outpatient surgery/procedures, inpatient surgical services, inpatient non-surgical services, physician services, outpatient laboratory services, radiology services, prenatal care, and delivery and postpartum care.
- While nearly half of enrollees (48%) have created credentials to log-in to the member portal, website, or app where the cost estimator tool can be accessed, health insurance providers continue to work to increase awareness and utilization of these essential consumer tools.



¹ Transparency in Coverage Final Rule. November, 12, 2020. Available here: www.govinfo.gov/content/pkg/FR-2020-11-12/pdf/2020-24591.pdf.

² The No Surprises Act includes an additional requirement that was not imposed under the Transparency in Coverage Rule: that price information also must be provided over the telephone upon request.

Survey Results: Cost Estimator Tools in Commercial Market Plans

In 2021, AHIP surveyed its member health insurance providers to assess the availability and capabilities of existing tools available to consumers enrolled in individual coverage or a group health plan.³

The survey found nearly all commercial health insurance providers already were making cost estimates available to their enrollees through websites or mobile apps. However, the survey also showed that consumers' use of these tools was low. Health insurance providers are committed to expanding access to, and awareness of, meaningful, personalized information available through these resources.

Thirty-two commercial health insurance providers responded to AHIP's survey, representing a total commercial medical enrollment of approximately 85 million. Of those, 30 offered a cost estimator tool for consumers enrolled in commercial coverage, while the remaining 2 were in the process of developing one.

How These Tools Enable Consumers to Shop for Health Care

Covered Items & Services

Health insurance providers consider a variety of factors when determining which specific items and services to include in their cost estimator tool. Health insurance providers focus on including "shoppable services" in their cost estimator tools—that is, items and services that a consumer can look up and compare costs in advance of seeking care. Tools include shoppable services, commonly used procedures and services, and items or services requested by individual enrollees or employers.

Existing health insurance provider tools:

- Include a median of 701 shoppable health care services.
- Allow consumers to look up information on the expected cost of a specific health care service for a specific provider before seeking care.

- Provide estimates for out-of-pocket costs for medical services, with most providing estimates for out-of-pocket prescription drug costs.
- Some tools also provide information on costs associated with out-of-pocket dental services.

More than **70% of tools provide consumers with advance cost estimates for the following services:** elective outpatient surgery/procedures, inpatient surgical services (e.g., scheduled surgical services), inpatient non-surgical services, physician services, outpatient laboratory services, radiology services (e.g., X-rays, CT-scans, etc.), prenatal care, and delivery and postpartum care. More than half of the tools provide estimates for prescription drugs, outpatient services provided at urgent care centers, and services for select chronic conditions to members in advance of their visit via their cost estimator tools.

Health insurance providers' cost estimator tools offer consumer-friendly search methods that allow consumers to find specific items and services by using a descriptive term (e.g., knee replacement, rapid flu test, or name of prescription drug) or searching by billing code, the name of a specific in-network provider, or by all network providers, chronic condition, an A-to-Z list of all services, quality designations, or accreditation.

Personalized Cost-Sharing Estimates

When enrollees request information on their out-of-pocket cost-sharing liability, health insurance providers' cost estimator tools provide real-time, personalized information:

- **80% include an enrollee's personalized cost-sharing liability for a specific item and service,** including deductibles, coinsurance, copayments, and cost-sharing reductions (if applicable).
- **More than 70% reflect accumulated amounts incurred to date toward a deductible or out-of-pocket maximum,** as well as individual and family accumulators when an enrollee is in family or other-than-self-only coverage.
- **The majority of tools update information on accumulation toward out-of-pocket limits, deductibles, or treatment limits in real time (62%) or on a daily basis (21%), ensuring that enrollees see the most current information** about their benefits and cost sharing when they request cost-sharing information.

³ The AHIP Survey on Price Transparency Tools was conducted June 14-July 9, 2021. 32 AHIP member health insurance providers responded to the survey.

Additional Features

Consumers can access additional tools and features offered by their health insurance provider—often embedded within or offered alongside the cost estimator tool—to help make informed decisions about their health and health care. This information ranges from whether a provider is accepting new patients, geographic location or proximity to the consumer, and information on provider quality and value.

To understand a provider's overall value, a consumer should consider both cost and quality. Health insurance providers have led the way in measuring provider performance, and they make these results available on member-facing websites. Commercial health insurance providers have been partnering with the federal government to streamline and align provider performance measures to improve outcomes and provide a consistent signal to consumers. Based on this infrastructure and experience, health insurance providers are uniquely positioned to offer comprehensive tools that include performance measures that enable consumers to compare not only cost, but quality and value across providers. Health insurance providers are also able to create tiered networks that help consumers identify high-value providers and determine the best places to seek care.

The majority of health insurance provider tools include information on providers that is integrated in their cost estimator tool such as Centers of Excellence Distinction, provider performance data (e.g., clinical quality, safety), patient reviews, high-value provider indicators, and patient experience scores. One health insurance provider reported offering recommendations for the best provider for a “patient like you” by identifying providers who offer a service or treat a particular condition based on the enrollee's unique characteristics, such as age and other comorbidities.

Increasing Consumer Awareness and Engagement

Despite the broad availability of cost estimator tools, many consumers do not yet use them. Health insurance providers responded that **nearly half of enrollees (about 48%) have created credentials to log-in to the member portal, website, or app where the cost estimator tool can be accessed.**

However, of those enrollees with log-in credentials, only a fraction accessed the tools—on average, 10%. This may be due to a number of factors. Consumers may lack awareness of the availability of such tools, may have a low understanding of variations in cost for health care services, or lack confidence in their ability to consider cost in making about their health care.

The goal of price transparency is to enable consumers to consider costs and empower them to make better-informed decisions about their health and health care. Educating consumers on the availability of cost estimator tools and how to incorporate cost in their decision making is key to helping consumers make more informed decisions.

Health insurance providers are working to expand awareness of cost estimator tools and educate consumers on how to use them. Health insurance providers use a range of outreach and communication tools to encourage consumers to use cost estimator tools, including outreach via member portal messages, email, phone, employer outreach, mail, new member materials (“welcome kits”), agents and brokers, text messages, and outreach through providers and nurse care managers. Some health insurance providers offer incentives, typically for enrollees in large group coverage, to use their cost estimator tools including cash rewards for choosing high-quality, lower-cost providers for specific services or choosing a lower cost provider or lower cost site of care. **Health insurance providers' efforts to increase awareness and use of tools will continue to expand leading up to broader availability of such tools on January 1, 2023.**

To ensure success of cost estimator tools, health insurance providers and policymakers must work together to:

- Increase awareness of cost estimator tools.
- Educate consumers on how and why they should consider out-of-pocket costs in advance of seeking care.
- Facilitate ways for consumers to consider information on both a health care provider's quality of care and potential costs to support choices on where to seek care.
- Encourage providers and consumers to incorporate costs into discussions about health care options.
- Empower consumers to feel confident comparing costs to make informed health care decisions.

Public Disclosure of Negotiated Rates

Beginning July 1, 2022, health insurance providers are required to publicly disclose negotiated rates through machine-readable files, which are available for other third-party application developers to develop their own price transparency tools. Third-party tools cannot provide accurate, personalized cost estimates because they do not have access to critical information on an individual enrollee's benefits, network, or real-time information on progress toward deductibles, out-of-pocket maximums, or other limits. Further, machine-readable files were created for fee-for-service reimbursements. Many health insurance providers have adopted value-based insurance designs and innovative payment models that cannot be accurately reflected in these files. Application developers who use these files will not be able to accurately estimate costs for many plan designs.

Next Steps to Make the Most of Cost Estimator Tools

Health insurance providers are committed to ensuring consumers have access to meaningful, personalized, actionable information on costs to make better informed decisions about their health care. By offering personalized cost estimator tools, health insurance providers empower enrollees with simple, actionable information on cost and quality to guide informed decision-making about health care services.

To ensure the success of cost estimator tools, AHIP recommends the following:

- **Consumers should prioritize their health insurance provider's tools as the source of truth to obtain cost estimates for specific items and services before seeking care.** Price transparency tools created by third-party developers using machine readable files cannot provide accurate, personalized, real-time cost estimates and could lead to consumers making important decisions about their health care based on incorrect or incomplete information.
- **Policymakers should consider future regulatory changes to enable health insurance providers to offer innovative, accurate cost estimator tools.** Many health insurance providers have more than a decade of experience developing cost estimator tools. Health insurance providers should retain flexibility to develop and adapt these tools to ensure the underlying data, methodology, and tool features will provide accurate estimates and a consumer-centric experience.
- **Expand consumer awareness of the availability of tools and how to use them to make better informed health care decisions.** Health insurance providers are hard at work to update existing cost estimator tools or to develop new tools by the upcoming deadline. Building

tools is just the first step. Consumers need to know these tools are available, how to obtain information on costs before seeking care, and how to use this information to make decisions about their health and health care. The COVID-19 pandemic has increased consumer awareness and utilization of various online tools for their health and health care, and we should build on that momentum with health care decision-making tools. A coordinated, comprehensive education campaign is needed to build awareness of online cost estimator tools and develop confidence in evaluating costs when making health care decisions.

Better health outcomes and more affordable health care should be goals shared by everyone and should be the driving purpose of every player in the health care system. Working together, we can achieve these goals, improving health care affordability and access for every American.

ABOUT AHIP

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.AHIP.org to learn how working together, we are Guiding Greater Health.