



Transparency in Health Care Decisions

Humana Inc. Whitepaper

“As consumers play an ever larger role in making health care decisions, they need reliable, actionable information. Transparency describes the growing array of tools that make that information available.”

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“Guidance when you need it most” is more than a slogan at Humana. Indeed, it encapsulates the company’s shift from gatekeeper to guide for its 11 million health plan members.

Through its consumer-directed health plans, Humana is sharing more control and responsibility with its members, seeking to improve member satisfaction and medical outcomes while controlling skyrocketing costs. The effectiveness of those efforts depends in large part on transparency, which simply means offering members clear, understandable, relevant information that they can use to make smart health care decisions.

The Price Is Right—Or Is It?

One way to understand transparency is to look at the auto industry. A generation ago, consumers had little access to pricing information beyond what they read on a car’s window sticker. As a result, dealerships could make all sorts of great-sounding promises, such as offering to sell cars at hundreds of dollars below dealer cost. While a customer might wonder how a dealership could make money by selling products at a loss, he had no easy way to verify the dealership’s claims.

Dealerships still make outlandish claims, but today's consumers can easily test their validity. At Kelley Blue Book's website, potential buyers can find the invoice price for any new car, along with the "new car blue book value," which indicates what people are actually paying for that model around the country. At www.edmunds.com, customers can get details on hidden dealer incentives like "dealer holdbacks" and "manufacturer-to-dealer cash" that inflate profits. The site also shares regional—not just national—pricing.

Is Quality Job One?

Of course, car buyers can access far more than pricing information on the internet. Websites like www.consumerreports.com review a new car's every feature, from crash worthiness to the number of cup holders. At www.fueleconomy.gov, customers can compare several cars side by side to see which models offer the highest fuel economy and lowest greenhouse-gas emissions. Used-car buyers, meanwhile, can visit www.carfax.com to learn a vehicle's complete history, including whether it's ever been in a wreck or had other major problems.

Beyond the Auto Industry

Price and quality information is available across many industries today. Some websites let customers instantly compare a product's price at dozens of online retailers. Other sites aggregate movie or book reviews to help people make more informed decisions. And then there are the online forums and other venues where consumers can add their own voices to the mix.

All these tools let consumers slip past the gatekeepers and make value-based decisions that involve factors other than corporate marketing and advertising. They turn passive consumers into active decision-makers.

Transparency and Health Care

Health care hasn't traditionally been very transparent. Physicians' offices aren't graded by metro health departments as restaurants are. Hospitals don't post pricelists at the admissions desk. And health plans usually share cost information only after the fact—and only in explanation-of-benefit reports that few people read. In fact, 63 percent of people don't know the cost of any health care procedure until the bill arrives, and 10 percent never find out.

The health benefits industry is partly to blame for this knowledge gap. Health plans have generally focused more on their members' out-of-pocket expenses—\$20 for an office visit, \$10 for a generic prescription, etc.—than on actual costs. It's no surprise that consumers can guess the price of a Honda Accord within \$300 but are off by \$8,100 for a four-day hospital stay.

But transparency is coming to health care. As companies like Humana adopt consumerism as a strategy, they are embracing transparency as a key component that can make that strategy work.

The federal government has also gotten on board. In August 2006, President Bush signed an executive order directing federal agencies that administer or sponsor health insurance programs to increase transparency in pricing by sharing information with beneficiaries about prices paid to providers for health care services and to increase transparency in quality by sharing information on the quality of those services. The goal: “empowering Americans to find better value and better care.”

Transparency offers several benefits. It helps consumers make informed health care decisions, it encourages providers to improve by benchmarking their performance against others, and it gives private insurers and public programs ways to reward quality and efficiency.

Transparency at Humana

Humana embraced transparency long before President Bush signed his executive order. The company launched the Humana Guidance Solution in 2001 to give members actionable information that enables them to choose and use their health benefits with confidence. (The unique Humana Guidance Solution integrates product design, clinical programs, financial analysis and forecasting, and consumer education and engagement.)

Today, Humana is the industry’s leading consumer company, and it’s leading the way in developing transparency tools to support members’ decision-making. In fact, at a White House meeting in 2006, President Bush said Humana’s transparency initiatives should become a model for similar efforts nationwide.

Transparency in the Short Term

Humana’s currently available Web-based transparency tools focus on public disclosure of provider cost and quality information. Depending on their plan, members can access the following tools:

- **Compare Hospitals:** Compares clinical outcomes such as mortality and complication rates associated with selected hospital procedures at up to ten hospitals at a time.
- **Procedure Cost Estimator:** Discloses estimated costs of certain procedures, including hospital and physician costs, factoring in Humana discounts.
- **Physician Effectiveness Profile:** Discloses how well certain physicians adhere to evidence-based practices and treatment guidelines.
- **Physician Cost Estimator:** Discloses estimated cost of routine conditions performed at physician offices, capturing the cost of office visits, lab work, and prescriptions.

The company uses a variety of data sources to power these tools: the National Committee for Quality Assurance (NCQA), WebMD Quality Services, ActiveHealth Management, The Leapfrog Group, and its own claims data.

Transparency at Work

The best way to understand how Humana's transparency tools work is to walk through an example. Imagine that you are a Humana member with access to the Physician Finder *Plus* tool. To use this tool to find a doctor to treat your diabetes, you would enter your ZIP code and the type of physician you were looking for—an endocrinologist, in this case.

The results page would list all the physicians who meet your search criteria, highlighting those who've been recognized by the NCQA, a not-for-profit organization dedicated to improving health care quality. For example, the page would indicate whether an endocrinologist is part of the Diabetes Physician Recognition program, which was created by NCQA and the American Diabetes Association to recognize doctors who give diabetic patients high-quality care.

To learn more about a given physician, you would click his or her name. Besides finding basic information like phone numbers, office hours, plans accepted, and languages spoken, you would also be able to access data about the selected physician's health outcomes performance. Assuming Humana had enough claims data on the selected physician for the company to evaluate results, you would be able to see how well the physician met certain medical evidence-based guidelines—in the case of diabetes, recommending eye exams and monitoring patients' HbA1C, lipid profile, and urine microalbumin. You might learn for example, that a given physician met the guidelines 75 percent of the time, compared with 62 percent of the time for other physicians evaluated. You could then use this information—along with other doctors' recommendations, your own health situation, your personal preference, and other factors—to make an informed decision.

Will Consumers Use the Tools?

A basic challenge Humana continues to address is convincing members of the transparency tools' usefulness. Although 80 percent of members report that they would likely use MyHumana—the section of the Humana website where transparency tools are found—only 20 have actually registered to do so. A national study by Forrester Research found similar results: 79 percent of consumers said they were very or somewhat likely to shop around for the best health care values, but only 10 percent had done so in the past 12 months.

Those consumers who are most likely to research provider costs are pregnant or are new parents, have been diagnosed with a serious illness, or are members of racial or ethnic minorities. Those who are most likely to conduct online research tend to be city dwellers and more educated, affluent, and technologically savvy than average.

Humana believes that use of the transparency tools will increase as the tools become easier to use and as members better understand the financial and health impact of the decisions they make. Extensive education efforts should also increase the tools' use.

The Future of Transparency

So, while Humana's current tools play an important role in offering members the guidance they need, the company recognizes that more can be done, that transparency means more than just public disclosure of provider cost and quality information. Going forward, the company plans to both perfect and expand the tools it offers its members.

Perfecting the tools includes simplifying and integrating them so they are readily available at every point of contact. Expanding them includes moving beyond physician and hospital data to include information on topics like prescriptions, therapy alternatives, and wellness.

Transparency is essential to the success of consumer-driven health plans. As public data becomes available to supplement Humana data, the company will become even more adept at providing its members information at the time they need it, in a format they want, and in a style they understand so that the information is timely and actionable. Humana is proud to lead the industry in offering clear, actionable information to its members—both today and in the future.