



CATALYST FOR PAYMENT REFORM

To: Robyn Moody, Andy Davidson, OAHHS
From: Suzanne Delbanco and Nicole Perelman, CPR
Re: Raising Oregon's Price Transparency Grade
Date: September 4, 2014

At the request of the Oregon Association of Hospitals and Health Systems, Catalyst for Payment Reform (CPR) examined the State of Oregon's grade in the 2014 Report Card on State Price Transparency Laws we co-authored with the Health Care Incentives Improvement Institute (HCI3), and assessed how the state could raise its current grade (F). This memo begins with a brief overview of how we graded the states. We then recommend how Oregon could raise its grade, according to our 2014 grading criteria, to an A or a B.

2014 Grading Criteria

In our 2014 Report Card, states could earn a maximum of 150 points. CPR and HCI3 graded states using a standard scale (90 percent or above was considered an A grade, 80 percent or above was considered a B grade, and so forth). To earn an A, a state needed to earn 135 points or higher (135/150 equals 90 percent).

States could earn 150 points by earning 50 points in three "sub categories." First, states that have an all-payer claims database (APCD) mandated by law automatically earned 50 points. This reflects our belief that state APCDs are the best source for price transparency data. Then, a state could earn the next 50 points, depending on whether its laws and regulations governing the "level" of price information available to the public required:

1. Price information on facilities (hospitals) and providers;
2. Price information for inpatient and outpatient services;
3. Actual prices (not just charges); and,
4. That the information be available to the public on a website.

Whether it was operated by a state agency or a partner, we required that state laws and or regulations mandate the existence of a public price transparency website. Several states have "voluntary websites" operated by associations or nonprofits. However, since no law mandates their existence, they could disappear at any time. To earn the full 50 points in this second category, a state's website needed to be mandated by law. A written report is insufficient to earn full points.

States could earn some—but not all—of these 50 points for having some of these features listed above written into law or regulation. For example, a state with a law requiring hospitals to post charge information online would earn partial points. They could also earn partial points if the information was publically available, but not online (for example, available in a hard copy report).

The state could then earn the final 50 points based on the overall quality of its public price transparency website. A state could earn the full 50 points if it had a public website that was: useful to consumers

(had price information and also quality information); easy to use (navigation was clear, etc.); showed prices for a wide variety of services and procedures; and had accurate price information (data was from a reliable source and recent, newer than 2012). Most states with a public websites (as mandated by law) earned partial points because either their website content was mediocre or poor, or the site’s overall utility was mediocre or poor. It is worth noting that the states that received an A in our 2014 Report Card did not have perfect scores (150/150) but earned enough points to receive 90 percent or higher. These states had a few shortcomings with their public websites (e.g. for Massachusetts, price data on the public website was slightly out of date).

Calculating Oregon’s 2014 Grade

In 2014, Oregon earned an F grade, receiving 66 points out of 150. Oregon earned these points according to the following:

Grading element	Possible points	Points for Oregon	Explanation
State has mandated APCD	50	50	Oregon has a mandated APCD
State has robust information publicly available on prices	50	16	Oregon law only requires that the public have access to a report with charge information (it does not require price information be shared, or that consumers should have access to information online).
State has accurate, consumer-friendly public website, as required by law	50	0	Oregon has no state-mandated website

Raising Oregon’s Grade

Based on our grading criteria, Oregon could raise its grade in several ways.

1. **To earn an A:** Oregon would need to take two additional steps to earn an A. First the state would need to implement laws and/or regulations stipulating that the public have access to price information, online, for a wide variety of procedures from hospitals and providers, for inpatient and outpatient care. This could help the state earn 50 points in the “second category,” where it currently earned only 16 points. Then the state would be in a position to earn the final 50 points once the state (or a partner organization) created a highly-usable price transparency website for the public. From a practical perspective, the easiest way to create such a site would be to feed it with price data from the state APCD.

2. **To earn a B:** Oregon could pass laws and/or regulations that are slightly less robust than the scenario we describe above. To earn a B, the state could take the following approaches:

- Robust price information with a website of average usability: Pass laws and regulations mandating and creating a public website with prices for a wide variety of procedures (inpatient and outpatient), and hospitals and physicians. The actual website may be of average usability (e.g. data is not up to date, the website is not very user friendly, etc.)
- Average price information with a robust website: Pass laws and regulations mandating and creating a public website with prices for common (but not all) in-patient and outpatient procedures performed by physicians and hospitals. However, that website must be very robust as we describe above (easy to use, up to date, accurate, etc.)
- Price information for hospitals only, but on the highest “quality” website: Oregon could mandate and create a public website that contained price information for the most common inpatient and outpatient procedures just for hospitals. If the website was very well done, the state could still earn a B, even with just hospital price information. Such a website would need to be very easy to navigate, also have quality information, and all data would need to be recent.

3. **To earn a C,** Oregon could take the following approaches:

- Robust price information with a website “under construction:” If Oregon passed laws and regulations mandating the public have access to price information for inpatient and outpatient procedures performed by doctors and hospitals, and the law stipulated that the information must be online, but in actuality the website had significant shortcomings, the state could still earn a C. For example, Colorado earned a C in our 2014 report card because the state has very robust price transparency laws, but the consumer-facing website was still under construction at the time we wrote our report. At that time, consumers could access a website, but it had only basic information on charges available. Colorado’s law did mandate consumers have access to robust price information online, and CIVHC, the hosting organization, has very recently upgraded the website to reflect the mandate.
- More basic price information with an average website: Oregon could pass laws and regulations mandating and creating a public website, of average effectiveness (according to CPR criteria), with prices for common (but not all) in-patient and outpatient procedures for physicians and hospitals.