



Why Don't Medical Procedures Have Price Tags?

By **Patrick A. Malone**

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A primary consumer benefit of free enterprise is competition. Not happy with the service/quality/price of something you want to purchase? Compare one merchant's offer with that of another, and take your business where it makes most sense to you.

A few months ago, we wrote about a Florida [law requiring urgent care clinics to post prices](#). Unfortunately, knowing the cost of a medical service in advance generally isn't possible in the health-care market. As noted by Merrill Goozner on his [GoozNews](#) blog,

"For all the talk about consumer driven medicine ..., why doesn't anyone talk about pricing transparency in health care? Did you ever walk into a doctor's office where the prices of various services were posted? A hospital? At the drug store's pharmacy counter?"

But enabling medical consumers to contrast and compare isn't as easy as, say, simply legislating that prices be posted wherever people are buying health-care products and services. Goozner says that although that's a place to start, it's inherently confusing because the U.S. system of health care is so fragmented. It's not like buying a pair of jeans, where the only differences might be cost and whether or not you get free shipping.

When you're buying treatment for a heart attack, as Goozner so deftly describes one hypothetical hospital emergency room patient, "You look up on the wall to learn that Insurance Company A pays \$30,000 for angioplasty. Insurance Company B pays \$28,000. Medicare pays \$26,000. Medicaid

pays \$24,000. And (for) you, the customer right in off the street without coverage, the charge is \$32,000. Don't want to pay our rack rate? You might want to try down the street at Mother Mercy of the Poor. We understand their rack rate is \$26,000, the same as Medicare."

You still need to compare apples with apples. How many providers are involved in each of these options, what are their credentials, what's the record for each hospital in terms of infection control and readmission rates? Every price listing begs another question.

Holy sliding scale!

"Pricing transparency" helps medical consumers understand the high cost of medical care, and the inefficiencies and inequities of a multipayer system of financing it, as Goozner notes, and that's critical to effecting any meaningful change. But unless and until U.S. medical care is priced the same for everybody receiving the same service or product, he says, it won't address the problem of why Americans pay more for medical care than residents of other countries.

Jason Shafrin, writing on the [Healthcare Economist](#) blog, is also a believer in pricing transparency. He promotes a tool consumers can use to help them shop for care. The [Healthcare Blue Book](#), which is recommended by Consumer Reports, estimates costs for specific medical problems.

Armed with pricing information, consumers—especially the uninsured—are then empowered to negotiate, to ask for charges comparable to others they can quantify.

As stated on the Blue Book website, the resource "is a free consumer guide to help you determine fair prices in your area for healthcare services. If you pay for your own healthcare, have a high deductible or need a service your insurance does not fully cover, we can help. The Blue Book will help you find fair prices for surgery, hospital stays, doctor visits, medical tests and much more."

Shafrin looked into how the Blue Book sourced its pricing information. Using claims and billing data, it averages prices paid by insurance companies to providers in a given market.

If you're faced with a medical expense, either in full or as a contribution to what your insurance pays, inform yourself if the cost seems reasonable. If not, speak out. When it comes to fair health care costs, ignorance is not your friend.

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