

Price Transparency in Healthcare

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Price transparency is essential for creating relationships of trust with patients and enhancing delivery of customer service. It is an advanced method of acknowledging customers regarding the costs related to the required health services (Kobayashi, Goto, & Tsugawa, 2019). The U.S. government has prioritized the transparency policy since November 2019. It passed two bills in March 2020 that provided almost \$175 billion to aid the healthcare industry (Blase, 2020). Price transparency enables consumers to receive a proper breakdown of the costs spent on each service and product during the treatment. This paper explores the effectiveness and benefits of price transparency and its impacts on healthcare costs.

Getting a clear price for each medical service benefits Americans who believe that the government should force healthcare providers to disclose financial information. White and Whaley (2019) indicate that it can allow employers and buyers to reform their cooperation in cost-efficient ways. Additionally, consumers will be better informed regarding the financial aspects of healthcare and use the data to make cost-effective decisions. Moreover, the ensuing public scrutiny and government check will encourage employers to improve service delivery. Price transparency will foster a system that empowers individuals to control their healthcare expenses.

Making the price list public will be an effective method for reducing healthcare charges. Shrank, Rogstad, and Parekh's (2019) study establishes that total healthcare wastes in the United States cost \$760 billion to \$935 billion. Administrative complexity (\$265.6 billion) and pricing failure (\$240.5 billion) are credited for driving these costs. However, price transparency can reduce waste costs through proper record keeping and evaluation. Besides, consumers would not have to pay added costs in health processes, such as emergency work costs. The government can

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also utilize price transparency to set price ceilings to reduce healthcare charges. Thus, price transparency will be useful in lowering the financial burden on patients.

The healthcare industry is opposing to keep the price transparent, as it may increase costs. Hospitals provide discounts to health insurance companies by hiding prices (Sadigh, Carlos, Krupinski, Meltzer, & Duszak Jr., 2017). However, the policy to disclose fees and data will force them to end the discount policy, which will catapult health care costs. California Healthcare Foundation reports that \$1.079 trillion was paid by private insurance companies in 2018 (Blase, 2020). Therefore, price transparency is likely to diminish the benefits accrued by healthcare providers. Consequently, healthcare organizations may increase prices for other services to maintain profits.

In the Dallas Fort Worth Area, most hospitals oppose the new price transparency policy. The area is reported to have among the highest medical expenses countrywide (Maddox, 2020). For example, heart failure treatment costs patients in the North Texas area between \$20,435 and \$46,332. While hospitals in the area have been keen to publish prices for all procedures, these lists have been challenging to understand and do not incorporate quality and insurance subsidies (Maddox, 2020). Hence, they may not be useful for average consumers. This is why price transparency is not a real threat to hospitals in the Dallas Fort Worth Area.

Keeping the costs open is an effective strategy for lowering healthcare charges and enabling customers to make the best decisions. Although healthcare providers and insurance companies oppose this policy, it may prove worthwhile for customers who wish to lower their healthcare expenses. Besides, it could trigger improved service delivery as providers will be under public and government scrutiny. Nonetheless, its poor implementation may result in increased costs and complexities in the health care sector.

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