



March 20, 2013
FOR IMMEDIATE RELEASE

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South Carolina's Failing Grade on Health Care Pricing Transparency Shows Need for Action

COLUMBIA, S.C. — South Carolina's recent failing grade on health care price transparency highlights the need for the reforms contained in the Healthy Outcomes Initiative proposed in the Medicaid budget adopted by the House last week.

"Rising health care costs are one of the biggest drags on the U.S. economy, employment and state budgets," said Tony Keck, director of SCDHHS. "It's more important than ever for consumers to have the necessary quality and price information they need to make the best decisions about their health care purchases."

South Carolina is one of 29 states that received an F on the Report Card on State Price Transparency Laws released by the Catalyst for Payment Reform (CPR) and Health Care Incentives Improvement Institute (HCI³). The scorecard evaluated how well states currently give consumers ways to determine the true cost of health care services.

In most states, transparency and protections for consumers are required in a wide variety of financial transactions such as buying a home, but these safeguards don't generally extend to equally expensive health care purchases. This is problematic as patients increasingly share more responsibility for their health care bill through increased co-pays and deductibles. *Time* magazine's recent issue "Bitter Pill: Why Medical Bills Are Killing us" highlights the current problems with health care pricing. In this article, Steven Brill writes "When you look behind the bills that...patients receive, you see nothing rational – no rhyme or reason – about the cost faced in a marketplace they enter through no choice of their own. The only constant is the sticker shock for the patients who are asked to pay."

In attempts to obtain better health care pricing data, many large employers have begun to employ sophisticated data analysis tools and new methods of contracting for health care services. SCDHHS is one of three Medicaid agencies nation-wide that has joined the employer-based effort of CPR who released the report. Other members include large employers such as General Electric, Boeing, Marriott, Wal-Mart and large benefit managers such as the California Public Employees' Retirement System (CalPERS).

A component of the Healthy Outcomes Initiative will require hospitals to participate in transparency programs that will provide consumers and the state more information about health care prices and outcomes. It will also require for the first time that hospitals report detailed claim information related to the \$461.5 Disproportionate Share Hospital program for the uninsured which has previously gone unscrutinized.

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“In my discussions with the South Carolina Hospital Association, they realize that good information is good for patients,” Keck said. “We look forward to working with them, other healthcare providers and the Senate on the House proposal.”

About SCDHHS

The South Carolina Department of Health and Human Services provides health care benefits to more than 1.1 million South Carolinians. Its mission is to purchase the most health for our citizens in need at the least possible cost to the taxpayer.

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