

**Request for Information (RFI)**  
**February 6, 2013**  
**Instructions for Responses**

1. The South Carolina Department of Health and Human Services (SCDHHS) requests responses to this RFI by **March 6, 2014**. Please send your response via email to [fbo@scdhhs.gov](mailto:fbo@scdhhs.gov)
2. SCDHHS may copy your response to other storage media to facilitate review by its staff.
3. Vendors may mark portions of their responses as confidential in accordance with South Carolina Code of Laws and Regulations. Guidance on the proper marking of your response can be found at:

[http://www.mmo.sc.gov/MMO/webfiles/MMO\\_Legal/Documents/FOIA\\_page.pdf](http://www.mmo.sc.gov/MMO/webfiles/MMO_Legal/Documents/FOIA_page.pdf)

While the referenced document is intended for vendor bids, the general guidance and references to statutes and rules are relevant to an RFI response. If you submit a response containing confidential material, ***please submit a redacted version*** that the State can use to respond to Freedom of Information Act requests.

4. This RFI is issued solely for market research, planning, and informational purposes and is not to be construed as a commitment by the State to acquire any product or service or to enter into a contractual agreement.
5. Any costs incurred by a party in preparing or submitting information in response to the RFI are the sole responsibility of the submitting party.

## **Health Care Price and Quality Transparency RFI #1**

### **1. Purpose**

The South Carolina Department of Health and Human Services (“SCDHHS” or the “Department”) is seeking information on technologies and related services that can be used to advance price and quality transparency in health care for the State. Services to be provided may include, but are not limited to, software licensing, software implementation and operations services, professional consulting services and data analytics services. The Department is seeking input in its development of a broad strategy to address health care price and quality transparency that is consumer and end-user focused.

The State encourages vendors and other interested parties to provide feedback in response to this RFI or any part thereof.

***This document is not an RFP. The State is not seeking proposals at this time.***

### **2. Background**

SCDHHS believes that price and quality transparency are essential to strengthening market forces in health care and ultimately providing better health outcomes for South Carolina citizens. SCDHHS is the state agency responsible for administering the State’s Medicaid Program, Healthy Connections, which serves more than one million South Carolinians. Although initial work may be focused on the State’s Medicaid population, SCDHHS plans to develop solutions and approaches to price and quality transparency that can serve all of its citizens.

The Department has recently launched the initial phase of its price and quality transparency efforts ([www.schealthdata.org](http://www.schealthdata.org)). The initial phase provides access to hospital cost information and operational trends and was developed in collaboration with the South Carolina Hospital Association (SCHA). The next phases of this effort will add additional information for other provider types and details about specific inpatient procedures. The Department is also collaborating with the State’s Office of Research and Statistics (ORS) and the South Carolina Public Employee Benefit Authority (PEBA), which oversees the state employee health plan.

The Department understands that there are a variety of approaches to promote price and quality transparency, and that many efforts are underway nationwide that are very diverse in approach and solution. Some states have worked to make raw data available for download and use, while others have made price comparison tools available. At the same time, significant innovation toward transparency has occurred among employers and health plans. They are working to keep health costs down by providing their

members information about health pricing and how it may impact their out-of-pocket costs.

As many of the members in the State's Medicaid program have small or no out-of-pocket costs, the Department seeks an approach that can deliver best-of-class price and quality information in an easy-to-use consumer driven manner. At the same time, the desired approach should push the boundaries of innovation in helping educate about health costs, health value, provider quality and bundled service concepts. To that end, The Department is working to determine how to best drive an ongoing effort that:

- Promotes consumer awareness of price variation among providers;
- Enables consumers to compare providers based on their experience, past performance and credentials;
- Enables consumers (particularly uninsured consumers and consumers with high-deductible plans) to easily view cost differences among different providers;
- Enables consumers to easily view cost differences among different treatment paths;
- Encourages providers to respond to a market where price and quality transparency is the norm and begin to more actively set prices, particularly prices for the uninsured and consumers on high-deductible health plans, to attract patients.

The Department expects this effort to evolve over time as initial work will likely impact the future of the health care market in the state and thus the effort should also consider how to:

- Encourage health plans to calculate pre-deductible spending on non-contracted rates;
- Encourage the use of high-deductible health plans;
- Encourage health plans to avoid one-size-fits-all provider payment contracts;
- Become a catalyst for payment reform efforts and drive value-driven thinking within health care;
- Enable consumers to compare benefit structures for different health plans.

### **3. Submission Request**

Given the breadth of approaches to promoting price and quality transparency that may be available to the Department, a wide variety of responses is expected and welcomed.

The Department is requesting answers to the specific items below. Respondents are asked to format and organize their responses based on the numbering below so that the State can easily review the responses. The Department has also provided an opportunity to respondents to offer additional comments and considerations as part of item R. Respondents shall not provide general marketing material or other generic information unless it specifically supports one or more of the items. Respondents may respond to as many or as few items as they prefer.

- A. Briefly describe your organization and the products and services that you provide that would benefit the Department's price and quality transparency efforts.
- B. The Department desires to find an approach that makes effective use of modern technologies and is designed to accommodate technology changes and changes in the health care industry in coming years. Describe how your technology meets these needs today and into the future.
- C. The Department expects that statewide transparency efforts will drive a more effective market, reduce costs, allocate healthcare resources more efficiently, and ultimately improve health of citizens across the state. How do you expect your products and services would meet these expectations and in what ways (be specific)?
- D. Most price transparency approaches are designed for employers and/or health plans and therefore limit access to their members. How could a broad price transparency strategy with cost predictions be made available to all consumers across a state? What challenges may exist? How could those challenges be overcome? Should the state consider a first phase with only with the Medicaid program and state employees?
- E. What logistical hurdles would a statewide transparency strategy face in integrating data from multiple data sources? Given the number of health plans available across the state, what technical challenges would there be in implementing a single strategy for all South Carolina consumers?
- F. Consumers who directly contribute to a large share of the financial costs for their health care (e.g. patients with large copays/cost-sharing, patients using high-deductible plans or the uninsured) have the most incentive to seek out pricing information while populations with smaller financial burden for treatments (e.g. the Medicaid population, or patients with a low-deductible, low-copay plans) have less direct financial incentive. Additionally, some patients may be part of plans that have limited pricing variation. How could consumer price transparency provide information that is relevant to consumer populations with limited

financial incentive? How could this population be encouraged to incorporate pricing into their health care decisions? What is the role of quality in health care decisions? What solutions or approaches do your products and services take or could take in supporting these goals?

- G. How do your products and services work to ensure that the Department is able to achieve a high level of engagement from South Carolina citizens? What would be the challenges to motivating consumers to utilize the strategy, and how would you overcome those challenges?
- H. Transparency in the quality of services is also critical to reforming market forces. Describe how your products and services drive transparency of quality and drive providers to improve quality? Describe the data sources that your products currently use/rely upon (both publicly available and private/proprietary) and how they would be used for the Department's efforts.
- I. Price and quality transparency is helpful at the single procedure level. However, we believe it is even more beneficial when aggregated to an episode of care. How do your products and services handle providing price and quality information across episodes of care that may include multiple providers and services?
- J. The Department believes that "best-value" (a balance of price and quality) is an important consideration in health care decision making. How do your products and services address the concept of "best-value" today and/or what plans do you have for this concept in the future?
- K. With the implementation of the Affordable Care Act, health care coverage patterns are expected to shift. How are your products and services able to adapt to changing coverage patterns, utilization and health care trends in coming years? How would you advise the Department to plan for these changes?
- L. Are there other factors that your experience, products or services have demonstrated that affect the ability for an organization to deliver a meaningful transparency strategy that the Department should consider?
- M. Word-of-mouth recommendations have always been an important component of health care provider selection. Social media has extended that word-of-mouth community to a much broader audience and has been a critical element in bringing transparency to customer experiences in many industries. What do you think the role of social media is in health care quality? What are the benefits and challenges of social media from your perspective? If applicable, how do your products and services incorporate social components into a health care price and quality transparency strategy?

- N. How might the provider community react to a statewide transparency strategy? What responses would you anticipate, and how should those responses be addressed?
- O. A number of health plans across the state provide a price comparison tool on their websites (often focused on their members' needs). How would implementing a statewide strategy complement or interfere with those proprietary tools?
- P. The Department has recently launched the first phase of its transparency efforts. The Department wants to maintain the momentum and move quickly. What approach to an incremental, phased delivery would you recommend? What would be the phases/key milestones, and what timelines would you recommend when using your products and services?
- Q. Describe the pricing model(s) for your products and services. Based on your understanding of the Department's approach and strategy recommend how you would propose the Department should contract for products and services to meet its needs. The Department recognizes that some respondents may only have experience selling their products and services to closed and small (relative to the size of the Medicaid program or an entire state's population) employee or member organizations. What considerations should the Department have and/or would you have in potential contract structures?
- R. Provide any additional comments or considerations that you believe the Department should consider in its efforts to increase health care price and quality transparency across the state.