



TESTIMONY

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THE IMPORTANCE OF EMPOWERING PATIENTS

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Testimony Before the Missouri House Subcommittee on Health Care Reform

TO THE HONORABLE MEMBERS OF THIS COMMITTEE:

My name is Patrick Ishmael and I am the director of government accountability at the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state policy. The ideas presented here are my own. This testimony is intended to share long-standing Show-Me Institute research on health care reform topics.

Following the passage of the federal government's Affordable Care Act in 2010, the Missouri legislature has—particularly through rejection of the ACA's Medicaid expansion—resisted increasing the government's power to further regulate and control the state's health care markets. Instead, legislators have consistently empowered Missouri patients to take greater control of their health care decisions. This includes passing legislation to promote telehealth services, direct primary care, volunteer

and charitable health care, and Right to Try. Despite this progress, more must be done to put downward pressure on health care costs.

Legislators have proposed a variety of stand-alone reforms that would make a difference for promoting health care markets and, ultimately, patient health. To improve on the status quo and drive down costs, legislators should consider reforms that would, broadly speaking, make the state's health care sector function more like a competitive market. Along with the repeal of the state's certificate of need law, price transparency and the promotion of health care shopping stand out as important tools for promoting this market and the interests of patients.

Prices represent important information—what the value of a good or service is to the provider, and if purchased, what the value is to the purchaser. The absence of prices in much of the third-party payer health care marketplace is an absence of information that drives up the costs

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of those same goods and services over time. Requiring the public posting of all health care prices would do many things, but importantly it would require providers to begin competing for patients on price, as is common in nearly every other market in the economy. When consumers can plan for a purchase, it is rare that a price is named after the item has been purchased. Yet, this is commonplace in health care. That practice needs to change. Transparency would allow consumers to consider health decisions with cost in mind, as they do in all other major purchases. The ability of Missourians to make better-informed, price-conscious decisions about their own health care services will generally put downward pressure on the cost of care to other patients.

Patients can be incentivized toward price-conscious decision-making in other ways as well. Five years ago, I suggested in “Move Missouri’s Medicaid Program Forward, Not Backward” that Medicaid reform that integrates price considerations and promotes shopping could also influence private-market prices and lead to wider adoption of price-shopping in that market segment.¹ Notably, the Medicaid reform proposed in that paper contemplated concrete financial benefits to beneficiaries who leave the program, with savings shared between both the patient and the state. Three years later, a similar proposal was adopted in the private health care market of a state.

¹ Ishmael, Patrick. “Move Missouri’s Medicaid Program Forward, Not Backward.” <https://showmeinstitute.org/publication/health-care/move-missouri%E2%80%99s-medicaid-program-forward-not-backward>. March 14, 2014.

In 2017, Maine enacted the country’s first “Right to Shop” statute, which not only provided Maine health insurance beneficiaries with additional transparency tools, but also incentivized patients to shop around for services—and, when they found a more reasonably priced service, split the savings with their insurer.²

In both cases, the idea is the same: Patients have the tools and the incentive to shop for services, and that empowerment benefits health care costs for both the individual and the broader marketplace.

To be clear, there is no “silver bullet” to fix Missouri’s growing health care costs or access problems. The ACA placed more control of the nation’s health care in the hands of the government, and transparency and price shopping measures are only part of the solution to cure what ails Missouri’s health care market. However, adopting rigorous transparency and price shopping reforms will continue the state on a path toward a more patient-centered health care marketplace. Putting health care prices in the spotlight will continue a policy trajectory that the state has generally hewed to following the adoption of the ACA—a trajectory that trusts and empowers patients, not the government, to make the best decisions for themselves.

² An Act to Encourage Maine Consumers to Comparison-shop for Certain Health Care Procedures and to Lower Health Care Costs. https://www.mainelegislature.org/legis/bills/bills_128th/chapters/PUBLIC232.asp



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