American Health Policy Institute Launches Project to Get Inside "The Health Care Black Box"

Study will Analyze Mysteries in Health Care Spending, Quality, Access, Supply Chain and Other Drivers

Washington, D.C. – Today, the American Health Policy Institute (AHPI) releases “An Introduction to the Health Care Black Box," launching the first of a series of studies the Institute will publish around its landmark "Health Care Black Box Project."

The project is designed to analyze the key drivers of large employers' health care spending—likened to a mysterious black box—as well as the problems tied to quality and access in today's health care delivery system. Subsequent studies in the series will focus on clarifying distinct elements of the health care delivery system supply chain and examining the key drivers of costs, which include: pharmacy, inpatient care, outpatient care, physician care, and the administrative elements of health care.

The uncertainty surrounding health care pricing is especially a problem for U.S. employers. In 2013, U.S. employers spent $610.9 billion annually in providing health coverage for 169.0 million employees, retirees, and dependents. Despite this, employers lack crucial data regarding health care spending and value information when making health care spending decisions. For this reason, it is critical for employers to be able to open this black box to help them make informed decisions on health care spending and better equip their employees to be smart health care consumers.

Tevi D. Troy, President of the American Health Policy Institute, and co-author of the paper, said, "For consumers of health care, one of the biggest frustrations today is that pricing and spending patterns appear to be kept tightly bound in a black box. Those who are asked to pay the bills—as well as those making the spending decisions—too often feel as if they lack the critical information necessary to make the right choices, based on metrics like quality indicators, the price for a procedure, and comparative prices within the supply chain. Payers have the right to have key cost and quality information at their fingertips so they can make the most informed health plan design decisions on behalf of their employees, retirees, and dependents."

The project takes a two-pronged approach, analyzing data from both macro trends identified by Milliman, Inc., as well as an in depth analysis of real employer data provided by senior benefits managers from America's largest employers. In the Introduction to the series, Milliman compared the spending patterns inside typical plans with the costs of well-managed plans, finding that a well-managed plan costs about 13 percent less than a typical plan. In 2014, the average health plan for a family of four cost $24,700, and that 13 percent difference could lead to real savings. As highlighted in a previous AHPI study, "The Affordability of Employer
Sponsored Care and the ACA Exchange Health Care Plans,” U.S. employees and employers are already beginning to find that health care is becoming unaffordable in today’s environment: 13 million private-sector employees with employer based coverage – 3.0 million with individual coverage, and 10.4 million with family plans – are now facing the prospect of “unaffordable” health care.

"We look forward to unlocking the mysteries contained in the health care black box and encouraging more transparency and affordability for all Americans," said Troy.

To View, please visit the following link:
http://www.americanhealthpolicy.org/Content/documents/resources/Health_Care_Black_Box_Intro.pdf

American Health Policy Institute (AHPI) is a non-partisan 501(c)(3) think tank, established to examine the impact of health policy on large employers, and to explore and propose policies that will help bolster the ability of large employers to provide quality, affordable health care to employees and their dependents. The Affordable Care Act has catalyzed a national debate about the future of health care in the United States, and AHPI serves to provide thought leadership grounded in the practical experience of America’s largest employers. To learn more, visit americanhealthpolicy.org.