

FOR IMMEDIATE RELEASE  
June 8, 2015

Contact: Alina Czekai  
(202) 315-5582  
[aczekai@americanhealthpolicy.org](mailto:aczekai@americanhealthpolicy.org)

## **American Health Policy Institute Calls for Greater Health Care Transparency from Industry and Government Alike**

*Study analyzes barriers to total transparency and highlights opportunity to reduce  
Enterprise Healthcare costs and lower overall prices*

**Washington, D.C.** – Today, the American Health Policy Institute (AHPI) releases, “Knowing More, Managing Better: Transparency and the Emergence of Enterprise Healthcare Management,” focusing on the importance of increased cost and quality transparency in the U.S. health care system and the opportunity to utilize Enterprise Healthcare Management (EHM) to bring about real cost savings.

Tevi D. Troy, President of the American Health Policy Institute, said “The ACA has prompted many employers to adopt consumer directed health plans (CDHPs) in order to cut costs. However sending an employee to a CDHP, given the current lack of transparency in the health care marketplace, is comparable to sending someone on a road trip with no map. Today’s traveler is accustomed to a world of interactive GPS, where even the simplest route features full disclosure of road blocks, speed traps, and traffic jams. It should be the same for consumers navigating health care for themselves and their families. To accomplish this, transparency is the missing piece.”

To provide more definition to this missing piece, the American Health Policy Institute (AHPI) partnered with Castlight Health to examine the real world effects of employing an operationalized transparency tool—a strategy that Castlight defines as “enterprise healthcare management” (EHM). AHI looked at internal data from 10 employers provided by Castlight, and engaged in an additional internal analysis to determine the potential value of a broader deployment of operationalized transparency measures. In doing so, AHI found that the use of operationalized transparency had the ability to reduce health costs to employers 2 percent from year one to year two, while employees and dependents who did not use the tool had a 4 percent increase in health care costs over the same period.

This demonstrates that if put into effect more widely, these savings at the individual employee level could bring about significant system-wide savings for employers as a whole. This data suggest that applying the 6 percent reduction in trend could also have a broader impact on projected U.S. health care costs:

- If 3 percent more employees used employer-provided operational transparency tools each year, employers could save \$16.0 billion in total health care costs from 2016 to 2020;
- If 6 percent more employees used employer-provided operational transparency tools each year, employers could save \$32.1 billion in total health care costs from 2016 to 2020; and

- If 10 percent of the population in a geographic location has access to an operationalized transparency tool, we would expect to see a 1 percent reduction in average prices across the board, and a 5 to 6 percent reduction in prices for providers who are above average in cost.
  - This means individuals could collectively save up to \$3.6 billion in out-of-pocket expenses in 2016, or \$28 per household; and
  - Employers could save up to \$5.3 billion in 2016.

Despite the demonstrated value of increased transparency, a variety of obstacles still remain as barriers to adopting the new tools as they become available. One set of obstacles exists in the public policy arena, and government policymakers need to keep transparency in mind as they pursue reforms and other changes to our health care system. Another obstacle comes in the form of entrenched interests that fear that transparency may hurt their business model. And finally, there is the employer community, frustrated by consistently high cost hikes and system-wide inefficiencies.

According to Dr. Troy, “Trying a new approach to health care, especially in the face of a variety of obstacles, is always challenging, but recent improvements in technology as well as new data based on the use of new technologies suggest that adoption could well be worth the effort.”

a15-05

###

**To View, please visit the following link:**

[http://www.americanhealthpolicy.org/Content/documents/resources/AHPI\\_Transparency\\_Study\\_April\\_2015.pdf](http://www.americanhealthpolicy.org/Content/documents/resources/AHPI_Transparency_Study_April_2015.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](http://americanhealthpolicy.org).