**PRICE TRANSPARENCY IN HEALTHCARE: A NARRATIVE REVIEW**

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**BACKGROUND**

Price transparency has become a mascot for popular health policy agendas in recent years. The efficacy of increased price transparency in reducing consumer spending, however, remains in question. The purpose of this review is to explore price transparency initiatives’ shortcomings and discuss alternative strategies for lowering national healthcare spending.

**METHODS**

We conducted a literature search through PubMed and interviewed administrative directors from the Maryland Health Care Commission and Massachusetts’s Center for Health Information Analysis. Relevant articles were further sourced from phone interviews with experts in the field.

**RESULTS**

Fifteen articles were included in this review in addition to the aforementioned interviews. Overall, studies found that providing a price comparison tool was not enough to motivate behavioral change. Any tangible reduction in spending was estimated at less than $700 annually. The projected reasons for this lack of consumer motivation include provider loyalty, predominance of “non-shoppable” services, and lack of patient expertise in adjudicating marginal dollar and quality differences. Despite this, Maryland and Massachusetts both launched their respective price transparency tools in the past two years. Online engagement, however, remains low and data demonstrating reduction in consumer spending has yet to be produced. Alternative models have sought to imbue consumers with more “skin in the game” via reference pricing or “reverse deductible” plans. Rollouts in the California Public Employees’ Retirement System showed promising results, reducing market prices for many common procedures by 18-20% over the course of two years.

**CONCLUSIONS**

Present-day price transparency policy initiatives have not lived up to their lofty ambitions in reducing national healthcare spending and empowering patient choice in provider services. Current data has established that increased transparency alone will not impact overall market pricing. Novel benefit constructs should be applied in conjunction with transparency efforts and intensive public education in order to effect meaningful cost reduction.

**CONTENT CATEGORIES:** Patient Care

**KEY WORDS:** *Price Transparency, Cost Reduction, Alternative Care Models*