



WHITE PAPER

How Price Transparency Data Can Help Medical Societies, Associations, Colleges and Their Members



Executive Summary

- New federal rules require group health plans and insurers to disclose the rates they pay providers in markets across the country. Mathematica now houses this price transparency data from more than 1.1 million health plans.
- [Price transparency data](#) can help medical societies, associations and colleges better educate and advocate on behalf of their physician members. These data can also help physician practices improve their negotiations with insurers and price competitiveness for patients.
- Drawing insights from price transparency data is a challenge for these types of organizations and their members, who generally lack the staff and expertise to analyze and extract meaningful data from large volumes, complex raw data files. Working with a data solutions partner can help societies, associations and colleges maximize the benefits price transparency data can deliver for them.



What is Price Transparency?

[Physicians and practices](#) trying to negotiate their rates with group health plans and insurers have historically been at a disadvantage when doing so. Beyond hearsay from peers, they had no way of knowing what other practices in their market were paid for services. They were unable to support their arguments for better rates without having solid evidence on their side.

In 2022, [Federal rules](#) went into effect that required group health plans and health insurance issuers to disclose “in-network provider negotiated rates, historical out-of-network allowed amounts, and drug pricing information” to the public. These data allow both consumers and physicians to “understand healthcare pricing and potentially dampen the rise in healthcare spending.”

Generally, health plans and insurers provide three files to the Centers for Medicare and Medicaid Services (CMS), according to [Informa Tech Target](#):

- The first includes all items and services they covered for in-network providers, including “underlying fee schedule rates used to determine cost-sharing.”
- The second includes the same information, but for out-of-network providers.
- The third file includes the prices—both current and historical—for covered prescription drugs.

Insights from this data can advance medical societies’ missions at both the organizational and member levels.

Price Transparency Benefits for Medical Societies, Associations, and Colleges



Enriching Member Education

Insights from price transparency data can be adapted for use in continuing education opportunities such as workshops and seminars that organizations commonly offer to their members. Relevant topics might include how to recognize gaps in payment rates within certain markets or best practices for negotiating successfully with payers.



Bolstering Policy Advocacy

Advocacy is a significant portion of the benefits member-based organizations offer to constituents. Their policy positions benefit from hard evidence that shows discrepancies in how a payer compensates physicians performing the same services in one region versus another. Insights from price transparency data can provide those critical proof points.



Advancing Applied Research

Price transparency data provide a new, rich data source for research that academic-oriented societies, associations and colleges often conduct. For example, a society could investigate how a commercial payer's rates have changed over time, or how payments currently vary from payer to payer. Price transparency data also enables societies to compare payer prices within a specific region to national benchmarks, highlighting potential geographic differences in reimbursement rates.



Improving Patient Choice and Care

Because price transparency data allows physicians and payers see the market rates for services rendered across the country, they can bring to light where prices are much higher for certain services compared with other locations. This knowledge allows providers and payers to realign those outliers. In addition, insights from price transparency data may prompt physicians to adjust their prices to better compete in their markets. In both cases, the benefits of price transparency data can be realized by patients through lower overall healthcare costs.

Member-level Price Transparency Benefits

→ Enhancing Negotiations with Payers

Prior to 2022, practices lacked access to essential data to support their positions in contract negotiations. Since then, price transparency data allow them to see the contracted rates for all payers in their market by clinical service line. Insights from these data level the playing field for physicians when they advocate for better rates from plans and insurers.

Insights from price transparency data can help practices decide with whom they'd like to contract in their market. For example: Anesthesiology practice A is contracted with two of the four plans in the Philadelphia area. After checking price transparency data, they realize that the two plans they do not currently contract with pay higher rates for the services they provide. From there, Anesthesiology practice A might choose to enter contracts with those plans in addition to, their current ones.

In addition, having price transparency insights at hand can help reduce the back-and-forth that these negotiations usually require. This makes negotiations more efficient, saving both physicians and plans time and money.

→ Fueling Better Decision-Making

Price transparency insights can influence decisions to introduce new service lines. Imagine Ophthalmologist B considers adopting a new technology in cataract surgeries that require investment in new, expensive equipment. Before going all-in on this new service line, the physician looks at price transparency data to see what plans are paying for these surgeries in the market. Based on those rates, the physician can determine if investment in that equipment will enable enough of a return to make the purchase worthwhile.

Physicians can also consult price transparency data when they're considering geographic expansion. Take this example: Urologist C, located in Maryland, wants to expand their footprint, and they're considering Washington, D.C. or Northern Virginia. To inform his decision, the physician checks the price transparency data in both locations to see which offers better rates compared to the local operational costs. Urologist C can use this information to help choose which location to target.

What's the Catch?

For all its benefits, price transparency data, in raw form, are generally useless for societies, associations and colleges and their members. Why? Put simply, the files released by plans and insurers are enormous and complex, and they must be organized under sophisticated data warehouse structure and analyzed by experienced data teams.

Deriving actionable insights from price transparency data independently would require these organizations and their members to:



House and clean the data.

Download thousands of rate files, each of which contains several gigabytes, then load those files into a large and well-structured database.



Weed out the “noise” in that data.

Remove outliers that can skew distribution of the data and produce false results using advanced analytics.



Mine the data for the insights they're seeking.

The data lack necessary information about service providers that is only available via linkage with comprehensive provider directory data.



Translate the data into insights.

Create visualizations and reports that allow staff without data analytics proficiency to understand the information and use it to improve decision-making.

Each of these steps calls for highly technical expertise that most organizations — even those with large research and analytic teams — do not have in-house. Working with a trusted data solutions partner is an effective way for societies and practices close that gap and reap the benefits that price transparency data can bring.

Choosing a Data Solutions Partner

There are many choices when looking for a partner to help navigate price transparency data. Generally, these partners fall into one of two groups:



Data providers can build a database from publicly available price transparency data and link it to a search tool. An organization and its members can then use it however they wish. This type of service can cost less than others, but it also comes with two drawbacks:

- First, not every data provider cleans the raw price transparency data at regular intervals. That means any insights taken from the data may be outdated or incorrect.
- Second, the society, association, or college — or its members — must have some level of in-house data analytics expertise. To get insights from the data, someone will need to run sophisticated commands and few organizations like this have that skill set on staff.



Data solutions partners offer a more turn-key solution to the price transparency data problem. These consultants provide:

- Analytic-ready price transparency data that's regularly validated to ensure reliable results. Customized analytic tools with interfaces that users can understand, regardless of their tech fluency.
- Consultation that blends deep healthcare policy expertise with the organization's and/or member goals.

Although data solutions partners initially seem more expensive than data providers, they can often deliver the insights more quickly and more thoroughly.



Choosing a Data Solutions Partner (continued)

Choosing the right partner for a price transparency project can be difficult, but medical societies, associations, and colleges can set themselves up for success by asking some important questions, either in a discovery meeting or an RFP. They include:

- How does your price transparency tool source its data? Does it source from the payer files directly?
- How do your price tools analyze the raw data from commercial payers? What analytic methods do you use to normalize and summarize the data?
- Could people who do not have much technical expertise use your tool and understand the insights it produces?
- Do you have consultants with backgrounds in healthcare policy who can help counsel your staff or members in advocacy or negotiating strategy?
- Do you offer revenue sharing benefits if price transparency tools are offered to members through our organization?



Securing the Early-Adopter Advantage

Every day, more societies, associations, colleges, and physician practices are realizing that not only are price transparency data available, but they're also 100% entitled to use the data for contract negotiations, advocacy efforts, and business decisions. By harnessing the power of price transparency insights, these early adopters have distinct advantages in negotiating the best rates with plans and payers in their markets. They can move faster on opportunities to grow their service lines and expand into new territories and, in so doing, increase revenue. Organizations and practices that wait to dive in will find fewer opportunities to gain similar advantages in their markets.

On a broader level, leveraging insights from price transparency data can improve access and affordability of care to more patients. By facilitating fair negotiations with fair set points, medical societies, physicians, plans, and insurers can establish greater parity in prices for medical care. And in working together with the support of price transparency facts, not rumors, these groups can help to lower the cost of healthcare for patients.

Mathematica helps translate massive, disorganized price data into actionable insights so that medical societies, associations and colleges — and their members — can make informed, strategic decisions.

[Contact us](#) to learn how your organization can use price transparency data to make informed decisions for growth.