


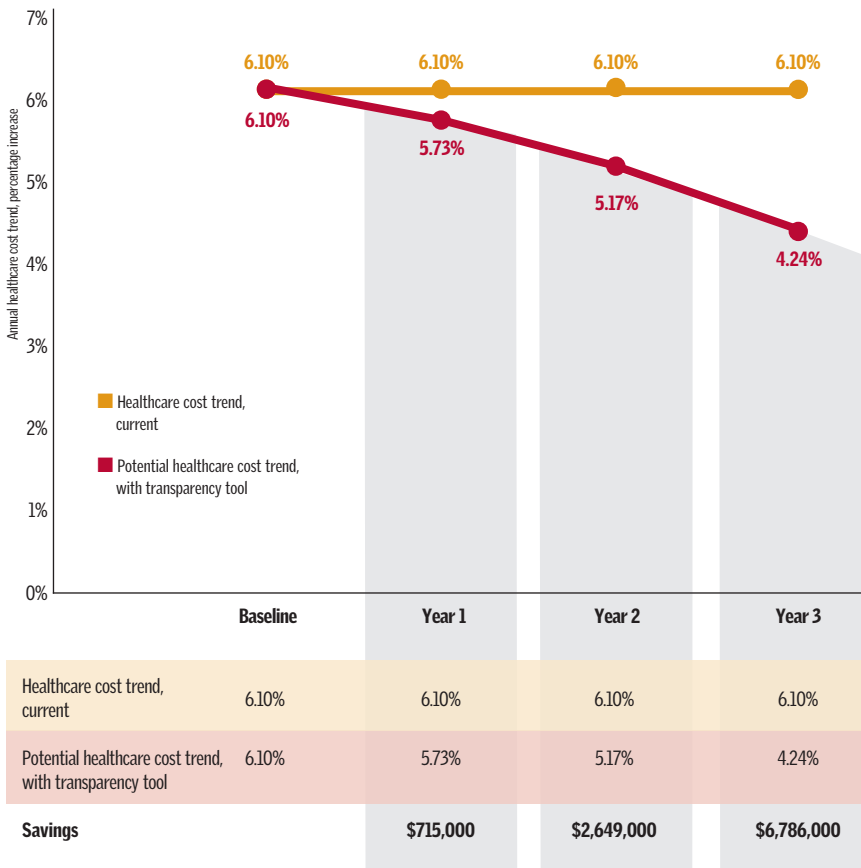
# FACTFILE

## Price Variation and Transparency

Recent changes to healthcare benefits, including the opportunity for consumers to exercise more choice in selecting providers and treatments, have the potential to help reduce costs. Truven Health Analytics has found that reducing price variation for the 108 million Americans with employer-sponsored insurance could save the nation as much as \$36 billion per year. Providing consumers with clear, comparative information on the cost of services is key to further engaging them in decision-making and, ultimately, reducing healthcare costs. The data in this report demonstrate what could be saved through price transparency, with specific research on price variation in colonoscopies, a service that research has shown is particularly prone to price variation. 

### IMPACT OF A PRICE TRANSPARENCY TOOL

This chart shows the impact of cost savings over time as consumer engagement and adoption of a price transparency tool grow from year to year, using a sample employer with 20,000 employees and a healthcare cost trend of 6.1% (the median faced by employers today). In year one, we assumed that approximately 10% of employees would use the information provided to change their behavior and move to median-priced providers for the targeted procedures. In years two and three, we assumed adoption rates of 25% and 50%, respectively. The result for this employer is a potential savings of \$715,000 in the first year and \$6.8 million by the third year.



SOURCE: Truven Health MarketScan® Commercial Claims Database.

**ABOUT THE DATA:** Data are from the Truven Health Analytics™ MarketScan® Commercial Claims Database, which consists of employer- and health plan-sourced information containing medical and drug data for several million individuals annually. This database provides in-depth, cross-sectional, and longitudinal views of healthcare practices and costs for the American working population and their dependents. For more information, email [healthplan@truvenhealth.com](mailto:healthplan@truvenhealth.com), call 1-734-913-3000, or visit [truvenhealth.com/healthplan](http://truvenhealth.com/healthplan).

### Colonoscopies By State

According to the Centers for Disease Control and Prevention, about 1 in 3 adults aged 50–75 years have not been screened for colorectal cancer according to national guidelines. Of adults who have been screened, colonoscopy is the most commonly used colorectal cancer screening test, with an overall national rate of about 62%. There is considerable variation by state, however, with a high of 73.7% in Massachusetts and a low of 53.4% in Arkansas.

Overall	61.7%
Massachusetts	73.7%
New Hampshire	73.6%
Maine	71.1%
Rhode Island	71.0%
Delaware	70.0%
Connecticut	69.9%
Vermont	69.5%
Minnesota	69.5%
Wisconsin	69.1%
Maryland	68.1%
Michigan	67.4%
Utah	67.1%
New York	67.0%
Virginia	65.8%
North Carolina	65.1%
Georgia	64.4%
Iowa	63.9%
Washington	63.8%
Pennsylvania	63.6%
District of Columbia	63.4%
South Carolina	62.6%
Alabama	62.4%
Tennessee	62.2%
Kansas	61.4%
Colorado	61.3%
Oregon	61.3%
Missouri	61.0%
Florida	60.9%
Kentucky	60.2%
New Jersey	60.1%
South Dakota	59.8%
Ohio	59.7%
Illinois	59.4%
West Virginia	59.0%
Nebraska	58.2%
Idaho	58.0%
California	57.3%
Indiana	57.3%
Hawaii	56.5%
Louisiana	56.2%
Texas	55.7%
Arizona	55.2%
Oklahoma	55.1%
Mississippi	55.0%
North Dakota	54.9%
Alaska	54.8%
Nevada	54.4%
New Mexico	54.4%
Wyoming	53.7%
Montana	53.4%
Arkansas	53.4%

NOTE: Data were weighted to the age, sex, and racial/ethnic distribution of each state's adult population using intercensal estimates and were age-standardized to the 2012 BRFSS population.

SOURCE: Centers for Disease Control and Prevention, *Vital Signs: Colorectal Cancer Screening Test Use—United States, 2012*, Table 3. Percentage of respondents aged 50–75 years who reported colorectal cancer (CRC) screening test use, by test type and by state ranked by percentage who were up-to-date with CRC screening—*Behavioral Risk Factor Surveillance System, United States, 2012*; [http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6244a4.htm?z\\_cid=mm6244a4\\_w](http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6244a4.htm?z_cid=mm6244a4_w).

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> Hospital Benchmark Performance

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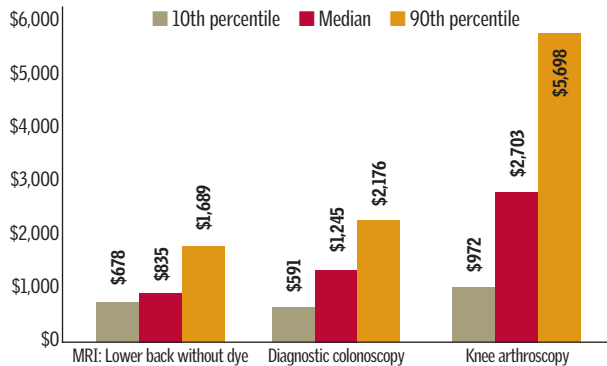
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### PRICE VARIATION AND POTENTIAL SAVINGS

In a study on price variation for a Chicago-based employer using the MarketScan<sup>®</sup> database, Truven Health analysts found a variance of +102% between the median and 90th percentile, and -23% between the median and the 10th percentile for an MRI of the lower back without dye (below, left). Diagnostic colonoscopy and knee arthroscopy procedures showed a similar variance. The potential cost savings for this company (below right) is estimated to be \$83,000 for these three procedures combined if its employees select providers delivering these services at or below the median cost.

Price Variation for Chicago-Based Employer



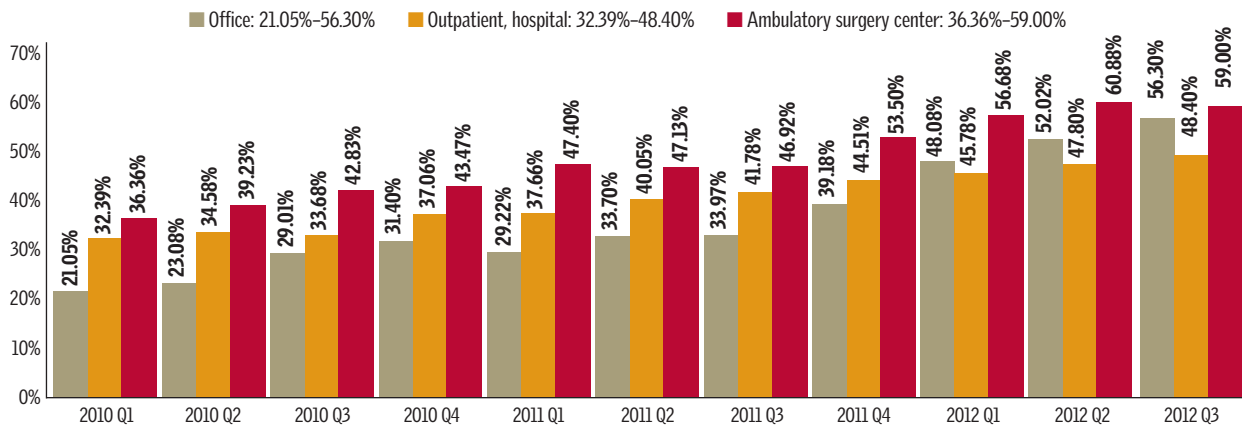
Potential Savings if Employees Selected Providers at or Below Median Cost

Procedure	Potential savings	
MRI: Lower back without dye	\$12,000	18%
Diagnostic colonoscopy	\$42,000	26%
Knee arthroscopy	\$29,000	33%
<b>Total</b>	<b>\$83,000</b>	<b>n/a</b>

SOURCE: Truven Health MarketScan<sup>®</sup> Commercial Claims Database.

### RATE OF ANESTHESIA USED IN COLONOSCOPY

The increasing participation of an anesthesiologist for screening colonoscopy can be observed in this chart. Notice that this rate of increase is greatest for the office-based procedure, which has been the lowest-priced site of care.

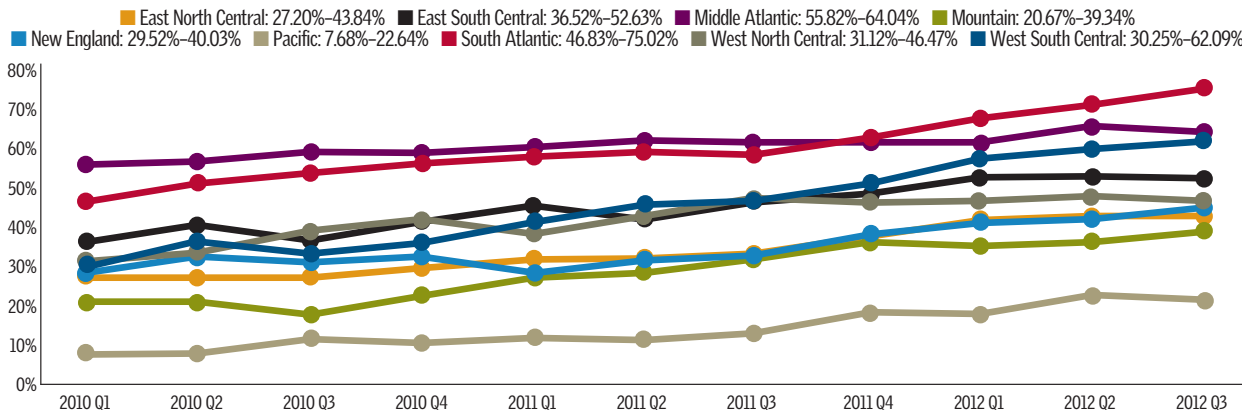


NOTE: 2010-2012 MarketScan<sup>®</sup> sample, commercially insured population; 97,000 nonemergent screening colonoscopies without biopsy or removal of lesions/polyps.

SOURCE: Truven Health MarketScan<sup>®</sup> Commercial Claims Database.

### TREND IN USE OF ANESTHESIA IN COLONOSCOPY BY REGION

This chart shows that the rate of anesthesiologist participation differs by region, but the trend of increasing use is common to all regions. For example, in only two years (from the third quarter of 2010 to the third quarter of 2013), the rate in the West South Central census division almost doubled, increasing from 35% to 62%, whereas in the Pacific region, the initial low rate of 11% more than doubled, but remained relatively low at 24%. The data also suggests variability within states, often between major urban areas and the rest of the state. For example, further analysis revealed that New York City is at 82%, while the rest of the state is at 31%.



SOURCE: Truven Health MarketScan<sup>®</sup> Commercial Claims Database.

