

Obamacare — Price Transparency

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By **Dr. Sudip Bose, MD**



Dr. Sudip Bose: "The center of the epicenter of health care is the doctor-patient relationship."

Jan. 16, 2017 — One thing is certain about the future of Obamacare, and that is that it will change under a Donald Trump presidency. And from President-elect Trump's recent statements, it will happen much sooner rather than later.

Insurance premiums for Obamacare plans as well as other plans outside the exchange have gone up significantly in 2017 — 100 percent or more in some states. Deductibles also have changed significantly. People going in for health care treatment or to refill prescriptions are being hit by enormous up-front bills because of the rise of deductibles. For example, a Nevada man went to refill prescriptions and was socked with an \$1,800 bill because his 2017 deductible had jumped to \$2,600. Who can afford that kind of spike?

Younger, healthier people still are opting out of Obamacare and instead are willing to pay the annual fine because it will cost them much less money. However, if you have a family you need to cover, how much of a struggle would it be to have to pay \$500 or more a month and also be faced with a \$5,000 deductible? Maximum out of pocket expenses are capped by Obamacare, but the cap is \$7,150 for individual coverage, \$14,300 for family coverage. Those figures do not include subsidies, which will bring overall costs down, but neither do they include premiums paid, which would amount to thousands of dollars more annually.

Also, there's less choice. Fewer and fewer health care plans are opting into the Obamacare exchange. One-fifth of consumers can only pick plans from one insurer.

Transparency

All the king's horses and all the king's men still can't tell you what you get for all that. What sort of transparency is there for the coverage that you get for all those dollars? How much will a procedure cost and how much will it pay out? Let's look at a hypothetical, which happens in reality hundreds of times a day across the country: Let's say you suffer a broken leg in an accident. You need to have it set, have pins put in it to stabilize the leg and help it heal, have a cast put on it, and have follow up X-rays as well as months of physical therapy to rehabilitate and strengthen the leg to get it back to where it was before the accident.

How much will all that cost? It depends. There's transparency for you.

The ultimate cost depends on a variety of factors — your plan, your doctors, what state you live in, what zip code you're in, what complications you might have because of the injury, and many other factors. You remember my [restaurant analogy in a previous post](#), right? The one where you go to a restaurant to eat, you pay your initial bill but then get hit by other bills in the following days, weeks and months sent to you by restaurant workers who weren't on your plan. You didn't know going in that you had to pay the maitre'd, the bus boy, the sous chef and the fry cook separately. You get the idea.

Have you ever been to a restaurant, paid what you thought was your bill, left, and then weeks later gotten a half-dozen or so bills in the mail related to your service at that restaurant? No? You say you haven't? Perhaps you got a bill from the sous chef, who was an independent contractor not working directly for the restaurant? Maybe one from the food expediter, and then the one from the pastry chef, the maitre'd who escorted you to your table, the busboy who cleaned and set the table before you sat down and then cleared dishes after each course and filled water glasses? No? And just think — some of those people were in your preferred

network of restaurant service providers (and you got a good deal on the cost of their services), but some weren't (and you were charged what looks like an exorbitant amount).

So how do we get a cost structure that works?

Competition

A key concept to implement to help bring costs down is **opening state borders** and allowing competition nationwide. At the same time, we need to stop tying health care insurance to employment. These two single advances will foster competition and will spark innovation in the insurance industry and allow those insurers to offer innovative products to benefit consumers. The open market. It will have a much bigger impact on controlling costs.

Perhaps early on, plans may not be available in all states, simply because an insurer is not yet operating within that state. But as long as a plan that is offered and purchased complies with state requirements, any provider should be able to offer plans in any state. This will spur growth in the insurance industry, again through robust competition, which will drive insurance providers to grow their businesses in states they haven't operated in yet. By allowing that kind of competition, insurance plan premiums will drop and consumer satisfaction will go up.

What I just outlined will not be easy, nor will it be widely accepted. There will be push-back from state departments of insurance, there will be push-back from insurance companies, there will be push-back politically, there will be push-back from businesses, and there will even be push-back from consumers. Everyone will talk about the negative impact of these two ideas, and there will be complications to work through. But if we truly want to get costs under control, these things must happen. And when we focus on the benefits — less expensive premiums, lower deductibles, tax breaks for individuals purchasing health care in both pre-tax Health Savings Accounts and deductions for premiums (instead of giving those tax breaks to employers, as they do now) and expanding the pool of network doctors — in the long run it will be worth it. It will change the way we do business in the health care arena, but that would be a worthwhile endeavor.

Let's imagine this: You go into a hospital for tests at the age of 50. You have \$60,000 saved in your HSA after the government, your employer, and you have been contributing pretax dollars. You're diagnosed with needing a coronary artery stent operation, which runs between \$11,000 and \$36,000. Your wife, other family members and friends are ready to contribute to your care from their HSAs if needed. (Remember in a previous article I suggested others should have the ability to contribute to someone's HSA.) How well covered do you feel now?

Think about the nationwide leveling effect those two concepts would provide.

This will be hard to accomplish. That's OK. No great thing that has been done has been without great effort, setbacks and failures along the way. But we absolutely must figure out a better way to manage our health care in this country, because what we have now is proving itself to be unsustainable already.

Coverage

In conjunction with this is the transparency issue mentioned previously. Exactly what is covered and to what degree must be spelled out. Cost estimates, without medical complications, must be given. For example, if you were told you needed a coronary artery stent placement, you should know what kind of cost that is (quoted without complications, because a medical complication with this procedure can obviously escalate costs).

Getting back to my restaurant analogy, who would knowingly do business with a restaurant, or an auto repair shop, or a health care provider, or any business for that matter, where you didn't know the costs of the goods or services being provided? Not I, and not many people, I would suspect. Even in an auto repair shop, you get an estimate up front, before any work is done.

We need simplified, complete and total transparency into the costs of our care when we enter the hospital for a scheduled procedure, or even for emergency treatment. There should be no hidden costs that a patient gets hit with weeks or months after the fact, unless there were unforeseen extenuating circumstances.

Multiplying the factors of price transparency, opening up and allowing full competition across state lines, and putting the power of pre-tax and tax deductible benefits in the pocket of consumers and patients instead of their employers will help solve an equation that has been confounding politicians for decades.

We must set our sights on what works best for the consumer and the patient — accessible, top-quality health care at a reasonable cost — and do what is needed to make that happen.

Let's get government and middlemen out of the way and focus on the center of the epicenter - the doctor-patient relationship. Let's give the patient full control of his health and wallet.

For more about Dr. Sudip Bose, MD, please go to SudipBose.com and visit his nonprofit TheBattleContinues.org where 100% of donations go directly to injured veterans.

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