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The Baker Institute Issue Brief, “Making ‘Cents’ for the Patient: Improving Health Care through Consumerism,” co-authored by Anaeze C. Offodile II, M.D., MPH, and Vivian Ho, Ph.D., was published in March 2018. The paper can be downloaded from the Baker Institute website. Offodile is a nonresident scholar in health policy at the Baker Institute Center for Health and Biosciences and an assistant professor in plastic surgery and executive director for clinical transformation at The University of Texas MD Anderson Cancer Center. Ho is the James A. Baker III Institute Chair in Health Economics and director of the Baker Institute Center for Health and Biosciences.

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HEALTH POLICY research

Rice University's Baker Institute for Public Policy-Baylor College of Medicine
Joint Program in Health Policy Research

Is there a role for consumerism in the emerging value-based health care landscape?

“Yes,” says Anaeze Offodile II M.D., MPH, assistant professor in plastic surgery and executive director for clinical transformation at MD Anderson Cancer Center. “Consumerism will prove to be one of the decisive societal and market forces that ultimately drives the shift in health care from an orientation that rewards activity (‘fee for service’) to one that is aligned with attaining quality outcomes at a reasonable cost (‘value-based care’).” This is because an engaged patient population is a necessary complement to the ongoing restructuring of how health care is organized, financed and delivered.

Offodile anticipates that policy instruments such as consumer-directed health plans, which increase the portability of health information and the availability of quality and cost data, will become even more prevalent in the future. This is because these plans are designed to incentivize patients to become more conscientious about their discretionary health care consumption. The expectation is that a more informed consumer will “shop around” to find reasonably priced health care options. This will help curtail rising health care costs (almost 18% of the GDP) and reduce variations in health care utilization.

Admittedly, evidence on the effectiveness of this strategy remains mixed. A recent nationwide survey suggests that despite high public support (72%) for the availability of health care price information, only a small fraction of non-elderly adults (13%) stated that they researched out-of-pocket costs. Part of the problem may be that the current publicly available cost and quality data are inadequate. These data need to be clear and easy to understand in order to be able to generate actionable insight and minimize

misinterpretation. A good example is the star-rating system for Medicare Advantage programs.

The health IT landscape will also need to change to keep up with the ongoing health care transformation. Specifically, increasing patient access to their own data and improving the many electronic health platforms are necessary infrastructural changes. Fortunately, there are encouraging signs that these efforts are underway, such as the FHIR platform by the Center for Medicare and Medicaid Services and Veteran’s Administration.

Lastly, there are inefficiencies in the health care market that prevent consumerism from having a larger influence on health delivery. Examples include knowledge asymmetry between patients and providers and an exceedingly complex and fragmented health system. Also consumer perceptions and biases around health care consumption need to be addressed, such as the idea that higher cost care is not necessarily higher quality care. However, the authors believe that initiatives such as a thoughtful redesign of benefits plan (i.e. financially incentivizing patients to “price shop”), direct patient-physician contracting for price information and transparent clinical decision-making can go a long way.

We live in an age where consumers have unprecedented ability to curate most aspects of their lives. It should therefore come as no surprise that they bring similar expectations to their interactions with health care. The rise of retail clinics, health-related apps, telemedicine and patient experience surveys speak to this reality. More importantly, they bolster the argument that consumerism will significantly impact health care in the future.

HEALTH POLICY research presents a summary of findings on current health policy issues. It is provided by **Vivian Ho, Ph.D.**, James A. Baker III Institute Chair in Health Economics and director of the Center for Health and Biosciences at Rice University's Baker Institute for Public Policy, in collaboration with **Laura Petersen, M.D., MPH**, chief of the Section of Health Services Research in the Department of Medicine at Baylor College of Medicine.

This publication aims to make research results accessible to regional and national health policymakers. The views expressed herein are those of the study authors and do not necessarily represent those of the Baker Institute or of Baylor College of Medicine.

The Baker Institute and Baylor College of Medicine's Section of Health Services Research work with scholars from across Rice University and Baylor College of Medicine to address issues of health care — access, financing, organization, delivery and outcomes. Special emphasis is given to issues of health care quality and cost.

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