

## **“Price Check: The Mystery of Hospital Pricing” Frequently Asked Questions**

### **1. Why did the California HealthCare Foundation (CHCF) undertake this mystery shopper study of hospital pricing?**

CHCF undertook this project to see how well hospitals communicate prices, financial assistance policies, and billing practices to patients. Although some of the shoppers had positive experiences, overall the project revealed a communications gap between hospitals and their patients—a gap that has negative implications for patients who must pay all or part of their medical bills.

### **2. Why did CHCF decide to use mystery shoppers instead of some other vehicle for the survey?**

Mystery shopping has long been an established market research tool that uses anonymous “live” shoppers to obtain information and provide detailed feedback to businesses. It captures an immediate snapshot and records a human, close-up view of the people, service, systems, and environment encountered by patients and guests who visit or call a hospital. The California HealthCare Foundation undertook this mystery shopper study to obtain qualitative findings to determine how well the sample hospitals were communicating pricing and financial assistance information to consumers.

### **3. How was the mystery shopper study conducted?**

Between April and August of 2005, CHCF sent 622 would-be patients to 64 hospitals throughout California to evaluate hospital pricing practices. These “mystery shoppers” posed as uninsured patients who needed to find a hospital for an upcoming test or procedure. They were instructed to seek answers to three questions:

- How much would a specific medical procedure cost?
- Was any financial assistance available and under what terms?
- Did the hospitals post notices about financial assistance?

### **4. What were the services shopped at the hospitals?**

The mystery shopper project included elective procedures ranging from relatively simple ones, such as radiology tests, to more complex ones, such as cardiac catheterizations.



**5. Why were these hospitals selected?**

CHCF wanted a sampling of hospitals that would be representative of hospitals throughout the state. Five regions were selected: Los Angeles; Riverside and San Bernardino; Sacramento and Stockton; San Diego and Orange County; and the San Francisco Bay Area. To be part of the sample, a hospital had to have more than 100 beds and be medical and surgical in nature. The sample included for-profit and not-for-profit hospitals, public and private hospitals, and general and children's hospitals. Kaiser Permanente hospitals were not included because they primarily serve their own HMO subscribers.

**6. Is there a summary of the study findings?**

Yes. It is posted on the California HealthCare Foundation Web site at [www.chcf.org](http://www.chcf.org).

**7. Is the study saying that the hospitals are failing to comply with the 2003 Payers' Bill of Rights (AB1627), which requires hospitals to provide information to patients on fees for common services and to post notices informing patients that the information is available to them?**

No. The study did not narrowly focus on compliance with this specific law, but on a broader question of how patients feel about the experience of shopping for price. Some of the procedures included in our study were covered through AB1627 but others were not.

**8. The California Hospital Association (CHA) just released a report on how well its hospitals were complying with the voluntary guidelines most of them agreed to implement in 2004. Why were CHA's findings so very different from the mystery shopper results?**

Both studies show that hospitals still have work to do in communicating their policies. The difference is that the survey CHA conducted earlier this year focused on charity care guidelines and discounts for the uninsured. The CHCF mystery shopper study focused on consumers who wanted to find out the price of an elective procedure or test and any financial assistance policies available for those who needed help.

**9. What are the implications of the mystery shopper study for consumers?**

As more consumers begin taking on a greater portion of their medical costs, they need to know what those costs are, or they may not seek care. To help ensure that they get the health care services they need, consumers need to realize that they can shop for hospital services and find out costs. But, they will have to be persistent, ask the right questions, and be prepared to spend time trying to get the information.

**10. What are consumer-directed health plans?**

Consumer-directed health plans are a relatively new type of plan that typically includes high deductibles and requires members to pay more out of pocket before medical expenses are covered by the plan.



### **11. What are the implications of the mystery shopper study findings for hospitals?**

The mystery shopper study results are a wake-up call to hospitals that they must be more attuned to the needs of consumers and understand that their patients are customers who are increasingly paying all or part of the bill. Pricing between hospitals should be consistent so consumers can compare prices, hospital employees need more education on how their facility provides prices, and postings on financial assistance need to be more visible and accessible.

### **12. What are the implications of the mystery shopper study for payers?**

As consumer-directed health care becomes more common, health plans are recognizing the need for greater transparency to help consumers get the pricing information they need to make decisions about their health care. The health plans are working with hospitals to make this happen. Additionally, health plans are stepping into the role of helping educate consumers to be smart shoppers.

### **13. What are CHCF's recommendations for consumers on how to approach hospitals for answers?**

The California HealthCare Foundation has posted a list of eight tips for consumers on obtaining pricing from hospitals at [www.chcf.org](http://www.chcf.org).

### **14. Which hospitals were shopped?**

The complete list of 64 hospitals, a statistically relevant number, is below.

#### **Los Angeles**

Brotman Medical Center	Cedars-Sinai Medical Center
Centinela Daniel Freeman Memorial Hospital	Children's Hospital of Los Angeles
Downey Regional Medical Center	Encino-Tarzana Regional Medical Center-Tarzana
Glendale Adventist Medical Center	Good Samaritan Hospital-Los Angeles
Huntington Memorial Hospital	LAC/USC Medical Center
Little Company of Mary Hospital	Long Beach Memorial Medical Center
Northridge Medical Center	Pomona Valley Hospital Medical Center
Providence Saint Joseph Medical Center-Burbank	Queen of Angels-Hollywood Presbyterian Medical Center
Saint John's Health Center-Santa Monica	Sherman Oaks Hospital
St. Vincent Medical Center	UCLA Medical Center
Valley Presbyterian Hospital	West Hills Hospital & Medical Center
White Memorial Medical Center	



**Riverside/San Bernardino**

Community Hospital of San Bernardino	Hemet Valley Medical Center
Loma Linda University Medical Center	Riverside Community Hospital

**Sacramento/Stockton**

Methodist Hospital of Sacramento	St. Joseph's Medical Center-Stockton
Sutter General Hospital	Sutter Roseville Medical Center
University of California Davis Medical Center	

**San Diego/Orange County**

Alvarado Hospital Medical Center	Anaheim Memorial Medical Center
Children's Hospital of Orange County	Fountain Valley Regional Medical Center
Hoag Memorial Hospital	Palomar Medical Center
Paradise Valley Hospital	Scripps Memorial Hospital
Scripps Mercy Hospital	Sharp Chula Vista Medical Center
Sharp Grossmont Hospital	Sharp Memorial Hospital
St. Joseph Hospital-Orange	Tri City Medical Center
UCSD Medical Center	University of California Irvine Medical Center
Western Medical Center-Santa Ana	

**San Francisco Bay Area/San Jose/Oakland**

Alameda Hospital	California Pacific Medical Center
Children's Hospital of Northern California	Good Samaritan Hospital-San Jose
Lucile Packard Children's Hospital of Stanford	Mercy General Hospital
Mills Peninsula Medical Center	O'Connor Hospital
Regional Medical Center of San Jose	Saint Francis Memorial Hospital
San Mateo General Hospital	St. Luke's Hospital
Stanford Hospital	Summit Medical Center (Alta Bates)
University of California, San Francisco Medical Center	