American Association of Preferred Provider Organizations

Position Statement on Transparency of Health Care Information in Preferred Provider Organizations

The American Association of Preferred Provider Organizations (AAPPO) is the leading national association of preferred provider organizations (PPOs) – payers and networks. It was established in 1983 to advance awareness of the benefits — greater access, choice and flexibility — that PPOs bring to American health care. PPOs have worked in collaboration with the medical community, respecting the sanctity of the patient-provider relationship.

Currently, more than 204 million individuals are enrolled in a PPO program. 69 percent of all Americans having medical coverage receive their healthcare services through a PPO delivery system. PPOs are offered as a cost-saving component part of many insurance arrangements, including health savings accounts and consumer directed health plans. PPOs have delivered exactly what the public has called for — choice, flexibility and a balance between the delivery of appropriate care and cost control. That is the primary reason for this growth.

AAPPO supports national initiatives to increase transparency of information available to consumers to aid them in making health care decisions. By transparency, AAPPO means making available information to assist patients and payers in making decisions based on cost and quality, while preserving the rights of organizations to keep competitive business information confidential. AAPPO believes that competition is healthy and necessary in the health care arena, and that transparency should not affect confidentiality of appropriate business arrangements between health care plans or providers.

AAPPO recognizes that transparency can only be achieved through the commitment of and partnership between governments, payers, health care organizations, and providers. This partnership will result in better quality, more efficient, and more transparent health care processes. The result will be that consumers have information on quality and cost of health care in order to make wise decisions about health care. A more efficient and effective system, with functional capability to offer transparency of information, will require:

- Improved health information technology, particularly “interoperable” electronic health records;
- Increased information available to consumers, with increased opportunity for consumers to make information-driven, meaningful choices between health care providers and health plans;
- Improving methods to standardize reporting of health care prices, with a concurrent increase in availability of pricing information;
- Better systems for measuring and reporting quality;
- Alignment of financial and other incentives to promote delivery of quality services, and consumer selection of higher quality providers.

AAPPO urges policy makers to consider the following principles as they move forward in designing a more transparent health care system:

- The health care system is made up of diverse organizational approaches and diverse provider types, all responding to the needs and demands of payers and consumers. Efforts to organize information flow should encourage this diversity, and not result in mandates that require services be provided only by certain types of health care plans or provider types.
- Efforts to promote transparency of cost information should rely on standardized categories of information e.g. for common diagnoses or for common provider types, but should not require disclosure of individual pricing or contract terms. Alternatively, a range of pricing information...
could be offered to consumers, by region, with the guidance that consumers can discuss specific prices directly with their provider. Disclosure of individual business arrangements would have an anti-competitive impact that would ultimately be harmful to the innovation and diversity of the health care industry, and could foster anti-trust concerns.

• All entities in the health care system – payers, providers, and vendors - should be encouraged to adopt technology that facilitates appropriate information sharing and disclosure. Incentives for adopting technology should apply to health care providers of all types and should be awarded for systems that are interoperable and standardized.
  
  o Incentives should take into account the different models of insurance (e.g. fully insured, self insured, and administrative only), health plan delivery type (HMO, PPO, HSA, etc.) and size of purchaser (large employer, small employer). There are different opportunities to leverage funding and information in each of these entities.
  
  o AAPPO particularly encourages initiatives that facilitate appropriate information sharing among providers to promote quality of care for patients with multiple conditions. This includes information exchange to promote better coordination and quality of care for individuals with chronic disease and mental health disorders.

• AAPPO supports the efforts of the American Health Information Community to develop health information technology standards. Information on specialty care services must be incorporated into the national plan for interoperable health records.

• AAPPO supports the concept of standardized measurement and reporting on provider quality. This will facilitate quality-based decision-making by both consumers and provider networks. We note, however, that current quality measurement efforts rely on claims data, which was not created to differentiate providers on the basis of quality. Many PPOs do not have access to claims data, and cannot report on provider activities. As national entities are developing more sophisticated data collection approaches, we urge purchasers, accrediting agencies, and policy makers to proceed judiciously to ensure that new approaches are valid, fair, and not unduly burdensome.

• Because of limitations on PPO data access, AAPPO encourages its members to participate in multi-payer data sharing agreements as appropriate, and to promote sources of information for consumers (such as Medicare Compare) that rely on multi-payer data where such information is available.

In short, AAPPO applauds national efforts to engage consumers in health care decisions by moving towards a more transparent health care system. We encourage policy makers to recognize the healthy diversity of the health care system, including involvement of a variety of specialty health organizations, and to develop approaches that promote competition and improvement on the basis of cost combined with quality.
Updated July 18, 2012