

Doctors' list puts a price on care

A decision by a major medical group to post rates could push rivals to do the same, letting Californians shop.

By LISA GIRION
Times Staff Writer

California's largest private physician practice has become one of the first doctor groups in the nation, and almost certainly the largest, to make prices for its medical procedures widely available to consumers.

The move by Torrance-based HealthCare Partners Medical Group, which serves more than 500,000 patients, puts a significant crack in the ages-old reluctance by doctors and other medical providers to let consumers comparison shop for services such as chest X-rays, baby vaccinations and Pap smears.

HealthCare Partners quietly posted on its website last week prices for 58 common procedures.

Patients can go on the group's website and find that a chest X-ray runs \$61 and that a physical examination for a middle-aged patient ranges from \$140 to \$160. Flu vaccinations are listed at \$15, although HealthCare Partners notes that it adds a \$31 administrative fee for the first vaccination and \$18 for each additional shot on the same visit.

HealthCare Partners' effort could prompt other physician groups to follow suit, given the competitive nature of Southern California's healthcare market,

some experts said.

"It feels like the right thing to do," said Robert Margolis, a founding physician and chief executive of the medical group.

The move was motivated in part by the rapid advance of walk-in medical clinics at drug-store chains and discount retailers, such as CVS Caremark Corp. and Wal-Mart Stores Inc., where the prices of blood pressure checks and flu shots are as easy to spot as those for rubbing alcohol and cat food.

HealthCare Partners' price list also answers calls from President Bush and others to give consumers the information to make better healthcare choices. Proponents believe that shifting medical costs to patients, along with price tags, will blunt the nation's runaway medical bill by curbing unnecessary care and infusing price competition into the marketplace.

But although some insurers such as Aetna Inc. have begun posting prices for certain procedures in some regions, physicians have been loath to develop or disclose retail prices because of a perception that it would demean the profession. Also, until recently, patients weren't asking because insurers paid most of their bills.

Now, employers are increasingly shifting costs onto employees through higher deductibles and co-payments and [See *Healthcare*, Page A13] through so-called health savings accounts, said Chris Ohman, chief executive of the California Assn. of Health Plans, a trade group that represents insurers.

"Before, if you had a \$10 or \$5 co-pay, it didn't hit your pocketbook," he said. "But if now you have to pay the first \$2,000, the cost of an office visit matters to you a lot more."

HealthCare Partners hopes its price list makes it easier for patients facing higher out-of-pocket expenses to budget for their medical needs.

The price list also was seen as a way to demonstrate the value of the 500-physician primary care group, backed by a network of specialists, in an increasingly crowded marketplace. Physician

groups such as HealthCare Partners offer a much more comprehensive array of services than retail clinics.

Clinics offer walk-in appointments, are open nights and weekends and typically provide a short menu of simple services, often employing nurse practitioners rather than physicians. They cater mostly to people with suspected ear infections, strep throat and urinary tract infections.

It's hard to compare retail clinic prices with those of physician practices because they offer different but complementary services, said Mary Kate Scott, a healthcare consultant in Los Angeles. And their business models drive very different cost structures.

Retail clinics keep costs down by limiting services, which allows them to lower their labor expenses by staffing with nurses rather than doctors, Scott said. Physicians must maintain expensive equipment and supplies — and lease or buy the space to house them — because they diagnose and treat a wide variety of conditions. In addition, almost a third of physician groups' overhead is the cost of submitting and collecting on bills to insurers and government programs, she said.

Although physicians may be reluctant to list prices, Scott said it could actually give their patients a greater appreciation of their value.

"It shows them, 'This is why I'm paying more,'" she said. "They are giving me more."

Margolis said the list prices are, in most cases, more than what government programs pay the group and less than or equal to the rates commercial insurers have negotiated. They represent the practice's cost plus a small margin that varies by procedure, he said.

"This was an attempt to have fair and standardized pricing that people paying out of pocket would find attractive and valuable," he said.

Some critics, however, say the value of prices for consumers is limited because physicians treat

conditions — and don't sell procedures. Without knowing the steps necessary to diagnose and treat a condition ahead of time, patients are unable to get a good estimate of probable charges.

That's why HealthCare Partners' price list is limited to common and routine tests and preventive care services. The group also acknowledges that additional tests and procedures deemed necessary by a physician will add to the patient's bottom line. And the group offers a toll-free support line that patients can call for answers and more detailed information on costs.

With 39 offices in Los Angeles and Orange counties, five urgent care centers and a surgery center, the sprawling group could inspire a price-listing war, at least locally, because Southern California is one of the nation's most competitive physician marketplaces, experts said.

"People are more used to bare-knuckles competition here," University of California health economist Glenn Melnick said. "I'm not surprised this innovation is starting here."

Donald Crane, president of the California Assn. of Physician

Groups, a trade group that counts HealthCare Partners as a member, said he was not aware of any other practices posting fees.

"HealthCare Partners is ... definitely in the vanguard across the state and nation," he said. "When HealthCare Partners does something, people will pay attention."

Still, the idea might take a while to catch on in markets where physicians don't have to compete for patients, said Maribeth Shannon, a California Healthcare Foundation program director.

"HealthCare Partners has such a good reputation for quality, they can put prices out there and it won't draw any criticism that they are a discount health-care provider," she said. "A lot of other providers don't want to compete on price because they think it cheapens the medical field."

Many healthcare professionals, including HealthCare Partners' Margolis, believe that consumerism has its limitations and is no cure-all for escalating healthcare costs. That's because

the biggest cost drivers are the

chronically ill, who are often unable to comparison shop and quickly reach even the highest commercial deductibles every year, or are so impoverished by medical expenses that they are

on government programs.

Consumerism "has a nice ring to it," Margolis said. "But it's very shallow in its effect, in my view."

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— MARIBETH SHANNON
*California Healthcare Foundation
program director*



IRFAN KHAN *Los Angeles Times*

SELLING POINT: Josef Bernal holds 5-month-old daughter Noel as Dr. Jovi Cacino checks her at a Healthcare Partners clinic in Glendora. Listing prices for services was seen as a way to show the value of the 500-physician group, which has offices in Los Angeles and Orange counties.