



Health System Transformation — Consumers' Views on Cost and Quality

**Health Care Costs are a Major Concern for Consumers,
but They Aren't Sure What to Do**

For decades, rising health care costs have strained household, employer and government budgets. Rising costs reduce workers' take-home pay and lead families to skimp on health care they need. In addition, unjustified price and quality variations disadvantage some consumers over others. The evidence is overwhelming: we are not getting sufficient value for our money.

Policymakers and private payers across the country are considering a number of health system transformation strategies to address these problems, but often the voice of the consumer is missing from these discussions. Consumer support is fundamental to the success of policymaker and regulatory action. For successful consumer engagement, we must bring a nuanced understanding of where consumers are starting from—their initial attitudes and awareness of health system problems and solutions.

An October 2014 report from Consumers Union—*Engaging Consumers on Health Care Cost and Value Issues*—fills in the gaps in our understanding about consumers' attitudes and awareness of health system cost and quality problems and solutions.

Health Care Costs are a Major Concern for Consumers

Focus groups and public opinion polls, including work conducted by Consumers Union in 2014, show that Americans associate the health care industry with high costs. Being

able to afford care is a major concern of health care consumers. Nearly one-quarter of Americans (23%) say cost is the most urgent health care problem facing the U.S., surpassing access to care as the most pressing issue. Among all financial problems faced by American families, 14 percent named health care costs as the most important.

Consumers Think About Health Costs on Two Levels

Consumers' knowledge of the "health care system" is based almost exclusively on personal experiences. Hence, they typically think of health care costs in terms of what they pay out-of-pocket, things like premiums, deductibles and copays. However, while they only have a general sense of how we pay for health care overall or how insurance works, consumers are also very aware of overall system costs as being too high.

Consumers Blame Health Insurers, Drug Companies for High Costs

Public opinion polls and Consumers Union's focus groups are surprisingly consistent in identifying health insurers and pharmaceutical companies as the "villains;" they are labeled as "greedy" by consumers. Doctors, on the other hand, are generally not perceived as the cause of high costs. Hospitals are perceived as businesses that should be allowed to make a reasonable profit, but should not profit excessively at the expense of patients.

Quality Problems Not Top-of-Mind for Consumers

Consumers have a limited frame of reference for health care quality. Consumers think about quality in terms of their own doctor and office staff. Good quality is perceived in terms of the patient's experience: the communication style of staff; good listening skills of practitioners, careful attention to medical details and reasonable wait times. Clinical proficiency is important to consumers, but they *assume* that expertise is high and fairly uniform. Surprisingly, Consumers Union's focus groups found consumers did not automatically associate high prices with high quality.

Many people are unaware of big differences in provider quality. Thus, they are not inclined to look for the types of quality measures often used by policymakers and regulators. Most consumers are unaware of measures such as hospital-acquired infection rates, adherence to evidenced-based protocols, registry data, HEDIS or CAHPS measures.

Consumers Support a Wide Range of System Changes

In Consumers Union's 2014 focus groups and nationwide survey, consumers supported a broad range of reforms to address high costs, including:

- price caps,
- provider payment reform (various),
- global budgets,
- establishment of "fair" prices, and
- mandatory, upfront cost estimates.

Consistently, consumers like penalties for poor performing providers better than rewards for good providers.

Consumers are Angry about High Costs but Unsure How to Take Action

Consumers tell us they'd like to get involved and help bring more transparency and value to our health system. But they aren't sure how to take action. They want to be given something to do! To successfully engage consumers around this issue, the information provided must:

- Evoke an emotional response—it can't describe a problem that they don't believe exists or a change that seems completely self-evident;
- Be from a trusted source; and
- Conform to their current beliefs and perceptions or "anchored" to other information they know. Visual information and local information is particularly motivating.

Sources: For a detailed report on Consumers Union findings, as well as a scan of other research in this area, please see: consumersunion.org/consumer-views-on-health-costs-quality-and-reforms/

About This Series

Working to improve value for health care consumers, Consumers Union – the policy and advocacy arm of *Consumer Reports* – has taken a careful look at the evidence and consulted with experts in order to clarify for advocates, media and policymakers the important cost drivers and the promising policy solutions. To learn more about how states are addressing health care costs go to www.HealthCareValueHub.org.

