



AMA Journal of Ethics®

November 2022, Volume 24, Number 11: E1031-1033

FROM THE EDITOR

Ethical Dimensions of Pricing Transparency

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As clinicians, we aim to deliver high-quality care to every patient. We are guided by standards of care that are informed by evidence. In daily practice, however, we might be abruptly led to recontextualize clinical recommendations when patients ask, “How much will this cost?” This is a nuanced question. Patients are typically asking about the price they will pay for services—and, more specifically, the out-of-pocket price—rather than the cost, which has different meanings for different parties but typically refers to expenses incurred to produce and distribute services. Patients may be billed unpredictable amounts for health services we deliver. In the United States, high prices for services have fueled discussions of financial harm and **financial toxicity**.^{1,2} In 2018, 2 of 3 adults were worried about affording unexpected bills.³ High health care bills likely contribute to social distrust of health professionals. As researchers, clinicians, and organizations grapple with how to discuss cost-conscious care and what care will cost patients, accurate pricing information is often not reliably, directly, or promptly available.

Several ethical values underlie calls for pricing transparency. First, transparency is a value in itself. An open society values knowledge rather than ignorance and generally prefers data and explanations that illuminate mechanisms of action to a proverbial black box. Second, autonomous informed consent depends—or should depend—upon transparency, since pricing transparency could increase efficiency and improve the value of care within a presumably free-market system of health care. Third, pricing transparency, in theory, could not only lead to more efficient decisions by purchasers, consumers (clinicians or patients), and policymakers, but also promote justice by better aligning resource utilization with social preferences and values to keep health care expenses from driving the sick and injured into poverty. Specifically, pricing transparency could help **improve equitable access** to high-quality care for marginalized populations by increasing competition and thereby reducing prices and preventing price discrimination. Pricing information could also help policymakers design and reform payment and delivery streams to be more user friendly and to better meet needs, thereby encouraging patients to become involved in their own care.

Pricing transparency has bipartisan political support. In 2014, the Healthcare Financial Management Association’s Price Transparency Task Force defined price transparency as “readily available information on the price of healthcare services that, together with other information, helps define the value of those services and enables patients and

other care purchasers to identify, compare, and choose providers that offer the desired level of value.”⁴ Executive Order 13877 of June 2019 aimed to improve pricing transparency by requiring health care organizations to post specified pricing information in both machine-readable and patient-accessible formats to encourage patients to “shop” for nonurgent services.⁵ However, professional associations have resisted regulation, believing that the requirements were overly burdensome and would not provide meaningful information to patients.^{6,7,8}

Defining and implementing pricing transparency is a complicated process requiring cooperation and coordination among insurance companies, pharmaceutical companies, and health centers. Even when **pricing information is readily available**, traditional free-market, utilitarian economic principles don’t often neatly or tidily apply, as neither clinicians nor patients can be assumed to be rational actors in an economic sense. For example, demand for unnecessary services can be driven by clinicians as well as patients. Moreover, variable insurance plans, with differing levels of maximum out-of-pocket costs and cost-sharing agreements, can influence clinicians’ and patients’ motivations to utilize pricing data or seek high-value care. All of these factors influence how feasibly health systems can achieve pricing transparency goals.

This issue of the *AMA Journal of Ethics* explores what pricing transparency means for patients, clinicians, health sector administrators, and policymakers. It illuminates tension among ethical and economic values that underly pricing transparency and the integrity of payment systems and care delivery streams. Contributors propose pricing transparency policies that express the **ethical values** of transparency, efficiency, and equity. The issue explores equitable access to high-quality care, shared decision making that incorporates patient values, and a complex health care market’s ongoing search for value and efficiency. We hope this theme issue will guide future endeavors and policies to better support patients and clinicians when discussing pricing to motivate good health outcomes for patients and communities.

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Citation

AMA J Ethics. 2022;24(11):E1031-1033.

DOI

10.1001/amajethics.2022.1031.

Conflict of Interest Disclosure

Dr Chin co-chairs the Centers for Medicare and Medicaid Services Health Care Payment Learning and Action Network Health Equity Advisory Team. He is also a consultant to the Patient-Centered Outcomes Research Institute and a lead subject matter expert for the Agency for Healthcare Research and Quality. In addition, he is a member of the Bristol-Myers Squibb's Health Equity Advisory Board and Blue Cross Blue Shield's Health Equity Advisory Panel. Dr Scheetz had no conflicts of interest to disclose.

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ISSN 2376-6980