

# Issue Brief

## Best Practices to Maximize Consumer Use of Transparency Tools

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**P**rice transparency is a new and important trend in health care. Transparency efforts can help consumers to become aware of the variation in prices and also enable choices that will lessen the financial burden of obtaining care. Price transparency may also influence the pricing behavior of providers, particularly if they believe that consumers are using the information to make choices. The benefits of transparency are only realized, however, if consumers attend to and use the information in making choices. We know from years of experience and decades of research with health care quality transparency efforts, that the way in which information is displayed and presented can make a difference in whether it is understood and used.

A key consideration in price transparency is the difficulty that many people have with numbers. Data from the National Literacy Survey indicate that about half of Americans lack the minimal mathematical skills needed to use numbers embedded in printed materials.<sup>1</sup> Less numerate individuals find it harder to derive meaning from numbers.

Some data presentation approaches that may help consumers understand and use the information in making choices are discussed below, they include: reducing the burden of information processing; interpreting the meaning of the data for the user; and, highlighting best options. Overall these presentation strategies make it easier for consumers to comprehend and use information. People's attention is pulled in many directions; the key is to provide information that is quickly and easily understood, before you lose their attention. The longer it takes, the more effort that is required, the more likely it is that fewer consumers will end up using the information. To make your transparency efforts pay off, make it as easy and simple as possible for consumers to use the information to inform their choices.

## Reducing the Burden of Processing Information

Research shows that processing lots of information and bringing it together into a choice are burdensome cognitive tasks. When faced with this type of burden, consumers often make short cuts in decision-making—they choose on only one factor, ignoring other factors. Often this one factor is something they understand and are familiar with. This “short cut” in decision-making often undermines the individual's own self-interest. If we lessen the burden of using information, fewer people will take these short cuts.<sup>iii</sup> What we know is that “less is more:” providing less information can be more effective. One example of providing fewer data points: simply allowing consumers to narrow their range of options before choosing. Similarly, limiting the parameters of options being compared also helps, as it requires fewer bits of information to be processed. Sometimes this is done by using web-based tools that can narrow options on user-defined preference, such as distance from home, or whether a provider is in a network. Even though we want to give consumers as much information as possible, it is not always an effective approach. Removing comparative information that is less important (nonessential to the decision) also helps make the task easier.<sup>iv</sup> When less numerate consumers see a “sea” of numbers it feels overwhelming. Showing one column of numbers, or no more than two columns, will be less intimidating to low numerate consumers.

Another way to reduce the information-processing burden is to remove all technical terms and jargon and replace them with plain language translations. Reducing the need to have to look up unfamiliar words is a further way to reduce the burden of using the information. It also increases the chances that the information will be understood and used. We like to believe that users will “click here” to find out what a word means, but the reality is that they will more likely just ignore information they do not understand. Translating technical terms and insider jargon into plain language means that your efforts will be more effective.

## Interpret the Data

One of the most helpful strategies for supporting consumer choice is to interpret the data for the user. One of the most effective interpretation approaches is to add an “affective label.”<sup>v</sup> An affective label indicates what is good or bad—interpreting the information for the user. In the case of price transparency, this might be indicating what is a good price and what is not. In health care this is not a straightforward proposition. Research shows that some consumers may use price as a proxy for quality. That is, a significant minority of consumers will assume that higher priced providers or services are also the higher quality options. This consumer belief could undermine one of the goals of price transparency. What is the solution?

The best solution is to always pair price information with quality information. Consumers need to see that they don’t have to pay top dollar to get good quality. The way the data is presented can highlight this important point for consumers. For example, by presenting price information within quality tiers or presenting quality information within cost tiers, either way will show consumers that there is variation in both cost and quality and that higher quality and price are not necessarily linked. Simply showing price and quality side by side is also a good solution.

If you have no quality information to show along with price, you run the risk that many consumers will use price as a proxy for quality. When this happens, not only will it push some consumers to choose the high cost options, *but it will also reduce consumers’ willingness to choose the lowest cost options.* Research shows that absent quality information, consumers are reluctant to go to the lowest cost options.<sup>vi</sup> This may reflect a belief that lower cost providers are “cutting corners” and providing a lower quality service.

## Highlight Best Options

If quality information is paired with price information it is possible to ‘call out’ best value options for consumers (see example below). This is a strong ‘nudge’ that will influence choices by allowing consumers to quickly and easily identify best options.<sup>vi</sup> It is best operationalized by actually showing the price and quality information along with the high value designation, so that consumers can see the reason for the designation.

### INTERPRET THE DATA: CALL OUT VALUE KNEE REPLACEMENT

HOSPITAL	IMPROVED FUNCTIONING	PREVENTION OF COMPLICATIONS	AVERAGE COSTS	HIGH VALUE (high quality and low cost)
EVERGREEN HOSPITAL	Average	Below	\$32,685	
LAKEVIEW HOSPITAL	<b>Better</b>	<b>Better</b>	\$23,815	✓
WOODLAND HOSPITAL	Below	Below	\$44,686	
SIERRA VISTA HOSPITAL	<b>Better</b>	<b>Better</b>	\$25,652	✓
PARKDALE HOSPITAL	Average	Average	\$38,789	

All consumers are helped by these strategies, but those who have less skill are helped the most. Improving consumer choice is a key goal of price transparency. Taking steps to make a report more understandable and useable to a wide consumer audience will mean your transparency efforts will pay off with a greater overall impact. ■

i Kirsch I, Jungeblut A, Jenkins L, Kolstad A. Adult literacy in America: A first look at the findings of the National Adult Literacy Survey. 2002.

ii Hibbard JH, Peters EM. Supporting informed consumer health care decisions: data presentation approaches that facilitate the use of information in choice. *Annu Rev Public Health*. 2003;24:413-433.

iii Peters E, Dieckmann N, Dixon A, Hibbard JH, Mertz CK. Less is more in presenting quality information to consumers. *Med Care Res Rev*. 2007;64:169-190.

iv Damman OC, De Jong A, Hibbard JH, Timmermans DRM. Making comparative performance information more comprehensible: an experimental evaluation of the impact of formats on consumer understanding. *BMJ Qual Saf*. November 2015. doi:10.1136/bmjqs-2015-004120.

v Peters E, Dieckmann NF, Västfjäll D, Mertz CK, Slovic P, Hibbard JH. Bringing meaning to numbers: the impact of evaluative categories on decisions. *J Exp Psychol Appl*. 2009;15(3):213-227. doi:10.1037/a0016978.

vi Hibbard JH, Greene J, Sofaer S, Firminger K, Hirsh J. An Experiment Shows That A Well-Designed Report On Costs And Quality Can Help Consumers Choose High-Value Health Care. *Health Aff*. 2012;31:560-568. doi:10.1377/hlthaff.2011.1168.