

ILLINOIS STATE MEDICAL SOCIETY

**Resolution 09.2022-19
(A-23)**

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Subject: Physician and Trainee Literacy of Healthcare Costs

Referred to: Council on Economics

1 Whereas, the cost of medical care continues to increase, now 18% of U.S. GDP^{1,2};
2 and

3
4 Whereas, meta-analyses estimate extraneous healthcare spending between \$706-
5 935 billion USD, about 25% of total healthcare spending³; and

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7 Whereas, price transparency is an important aspect of a functioning market⁴; and

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9 Whereas, federal mandates to publish hospital chargemasters have largely been
10 ignored⁵; and

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12 Whereas, federal mandates to publish health insurer billing data have yet to show
13 market adoption⁶; and

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15 Whereas, many physicians believe they have an obligation to address rising
16 healthcare costs⁷; and

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18 Whereas, physician literacy on health care costs is an important component of
19 informed decision making which may have a significant impact on future discussions of
20 health system reform; and

21
22 Whereas, medical school accreditation does not require medical schools to teach
23 healthcare financing and the costs associated with care⁸; and

24
25 Whereas, medical students are more price sensitive than their senior colleagues
26 and interested in considering a patient's financial health if given the appropriate
27 information^{9,10}; and

28 Whereas, residency accreditation requires institutions to cover healthcare finance
29 but not the billing practices of local or any other healthcare organization¹¹; and

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31 Whereas, U.S. physicians are bad estimators of health costs^{12,13}; and

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33 Whereas, physicians often guide patients to the best medical decision without
34 accurate estimations for cost¹⁴; and

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36 Whereas, patient decisions and health are impacted by whether they can afford
37 the care decided within the physician-patient relationship^{15,16}; and

38
39 Whereas, patients who have concerns about the affordability of their
40 prescriptions may skip doses, decrease doses, or not fill their prescription altogether¹⁷;
41 and

42
43 Whereas, the physician-patient relationship is the ideal place for conversations
44 regarding the cost of care and potential affordable alternatives; and

45
46 Whereas, new healthcare companies are being created to provide clarity in a
47 variety of health services using information readily available^{18,19}; and

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49 Whereas, a Northwestern Wisconsin medical group has called for radical
50 healthcare reform through a series of recommendations, including suggesting that
51 healthcare facilities should be required to list their prices²⁰; and

52
53 Whereas, the Wisconsin Medical Society supports the promotion of healthcare
54 cost transparency, including prices, true costs, Medicare and Medicaid payments for
55 services, drugs, and treatments²¹; and

56
57 Whereas, the Australian Medical Association has developed a process for
58 Informed Financial Consent between doctors and patients to encourage shared decision-
59 making about the costs of medical treatment, physicians' fees, and healthcare benefits²²;
60 and

61
62 Whereas, ISMS policy recognizes the importance of an informed and educated
63 public to health system reform; and

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65 Whereas, ISMS believes that physician input is essential to the evolution of U.S.
66 health system reform; and

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68 Whereas, ISMS believes in incremental changes to health care finance reform;
69 and

70 Whereas, ISMS has historically been amenable to free market ideology to health
71 system reform; and

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73 Whereas, ISMS does not have standing policy on price transparency nor how
74 physicians gain access to price information; therefore, be it

75
76 RESOLVED, that our ISMS endorses price transparency within all sectors of the
77 healthcare market; and be it further

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79 RESOLVED, that our ISMS advocate for all physician employers to allow their
80 prescribers access to accurate and easily understandable costs of any laboratory test,
81 procedure, medication, medical supply, or any other cost related to medical care within
82 and outside their organization; and be it further

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84 RESOLVED, that our ISMS advocate for healthcare financial literacy in medical
85 education; and be it further

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87 RESOLVED, that our ISMS advocate for all physician employers to empower
88 their prescribers to incorporate discussions on health care costs during patient
89 counseling; and be it further

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91 RESOLVED, that our ISMS forward this resolution to the AMA House of
92 Delegates with the appropriate modifications.

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Fiscal Note:

None

Existing ISMS policy related to this issue:

The Illinois State Medical Society believes that an informed and educated public is critical to the creation and maintenance of a healthcare system that is defined by quality, availability, choice, efficiency, fiscal stability and sustainability. (2020 Annual Meeting; BOT 2020-JAN; Last BOT Review 2020)

The Illinois State Medical Society supports efforts by the American Medical Association (AMA) to educate physicians and the public about health system reform and related issues. (2020 Annual Meeting; BOT 2020-JAN; Last BOT Review 2020)

House of Delegates adopted Resolution 77 (A-06), as amended, which directed that the ISMS oppose efforts by the current State of Illinois leadership to convert health care to a single payer system; and that the ISMS urge the Adequate Health Care Task Force to investigate free market reforms to health care access and funding challenges in Illinois. (HOD 2006)

Health care must continue as a priority item of funding at the national, state, and local levels. Health care coverage must be expanded to all citizens of the United States. As our health care delivery system evolves, direct, meaningful and obligatory physician input is essential and must be present at every level of debate. The private practice of medicine must be permitted as the U.S. health care delivery system evolves. (HOD 2008; BOT 2015-JAN; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2016; Reaffirmed 2018; Last BOT Review 2015)

ISMS supports the following health care system reform principles: 1. Health care delivery and finance system reform should use the current public-private system as a basis and focus on incremental evolutionary change. 2. All patients should have access to a health benefit plan that would include catastrophic coverage as well as preventive services, appropriate screening, primary care, immunizations, and prescription drug coverage. 3. Health insurance reform is needed to allow public and private plans to develop innovative coverage plans, including the development of health savings accounts and other high deductible plans to encourage patients, physicians, and other health care providers to pursue high value care. 4. All health care expenditures should receive equal treatment for purposes of tax deduction and tax credits. 5. Professional liability reform – including caps on noneconomic damages – should continue to be pursued and defended as a way to reduce direct and indirect costs (defensive medicine) and to address the adverse effect the current medical liability system has on the physician-patient relationship and access to health care. 6. Use of information technology in health care delivery should be encouraged to improve quality and safety of care, enhance efficiency, and control costs. 7. Health care education and literacy must be an important part of any medical care financing and delivery system reform. 8. Health care reform proposals should include provisions for physicians to set and negotiate their own fees in order to adequately compensate physicians and other health care providers for the promotion of personal and public health. 9. Evidence-based protocols should support, not replace the patient-physician relationship. 10. ISMS objects to third party insurance carriers interfering with the practice of medicine and the patient-physician relationship. (HOD 2007; BOT 2015-JAN; Revised 2008; Reaffirmed 2011; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2016; Reaffirmed 2017; Reaffirmed 2018; Reaffirmed 2019; Last BOT Review 2015)

The Illinois State Medical Society encourages the Illinois Department of Public Health, the Illinois Department of Financial and Professional Regulation, and other stakeholder agencies in the State to verify the qualifications and licensure status of the individuals and commercial entities which sell patient-directed self-service testing products and services in Illinois, and apply the necessary penalties as needed to ensure that the citizens of Illinois are not exposed to or fall victim to unscrupulous agents who are involved in the sale and promotion of these products. (2020 Annual Meeting; BOT 2020-JAN; Last BOT Review 2020)

Board of Trustees did not approve for distribution to ISMS members the Illinois ACP-sponsored survey assessing physicians' views on various payment models/Medicare for All/single payer system. (BOT - JUNE 2017)

ISMS supports consumers' right to purchase health insurance across state lines in order to allow people to choose the health insurance plan that best suits them, thereby offering the best form of consumer protection for all. (HOD 2008; BOT 2015-JAN; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2016; Reaffirmed 2018; Last BOT Review 2015)

Relevant AMA Policy:

H-155.998 Voluntary Health Care Cost Containment

(1) All physicians, including physicians in training, should become knowledgeable in all aspects of patient-related medical expenses, including hospital charges of both a service and professional nature. (2) Physicians should be cost conscious and should exercise discretion, consistent with good medical care, in determining the medical necessity for hospitalization and the specific treatment, tests and ancillary medical services to be provided a patient. (3) Medical staffs, in cooperation with hospital administrators, should embark now upon a concerted effort to educate physicians, including house staff officers, on all aspects of hospital charges, including specific medical tests, procedures, and all ancillary services. (4) Medical educators should be urged to include similar education for future physicians in the required medical school curriculum. (5) All physicians and medical staffs should join with hospital administrators and hospital governing boards nationwide in a conjoint and across-the-board effort to voluntarily contain and control the escalation of health care costs, individually and collectively, to the greatest extent possible consistent with good medical care. (6) All physicians, practicing solo or in groups, independently or in professional association, should review their professional charges and operating overhead with the objective of providing quality medical care at optimum reasonable patient cost through appropriateness of fees and efficient office management, thus favorably moderating the rate of escalation of health care costs. (7) The AMA should widely publicize and disseminate information on activities of the AMA and state, county and national medical specialty societies which are designed to control or reduce the costs of health care.

H-155.966 Controlling Cost of Medical Care

The AMA urges the American Hospital Association and all hospitals to encourage the administrators and medical directors to provide to the members of the medical staffs, housestaff and medical students the charges for tests, procedures, medications and durable medical equipment in such a fashion as to emphasize cost and quality

consciousness and to maximize the education of those who order these items as to their costs to the patient, to the hospital and to society in general.

D-155.994 Value-Based Decision-Making in the Health Care System

1. Our AMA will advocate for third-party payers and purchasers to make cost data available to physicians in a useable form at the point of service and decision-making, including the cost of each alternate intervention, and the insurance coverage and cost-sharing requirements of the respective patient....

H-110.991 Price of Medicine

Our AMA: (1) advocates that pharmacies be required to list the full retail price of the prescription on the receipt along with the co-pay that is required in order to better inform our patients of the price of their medications; (2) will pursue legislation requiring pharmacies, pharmacy benefit managers and health plans to inform patients of the actual cash price as well as the formulary price of any medication prior to the purchase of the medication; (3) opposes provisions in pharmacies' contracts with pharmacy benefit managers that prohibit pharmacists from disclosing that a patient's co-pay is higher than the drug's cash price; (4) will disseminate model state legislation to promote drug price and cost transparency and to prohibit "clawbacks"; (5) supports physician education regarding drug price and cost transparency, manufacturers' pricing practices, and challenges patients may encounter at the pharmacy point-of-sale; and (6) work with relevant organizations to advocate for increased transparency through access to meaningful and relevant information about medication price and out-of-pocket costs for prescription medications sold at both retail and mail order/online pharmacies, including but not limited to Medicare's drug-pricing dashboard.

D-155.987 Price Transparency

1. Our AMA encourages physicians to communicate information about the cost of their professional services to individual patients, taking into consideration the insurance status (e.g., self-pay, in-network insured, out-of-network insured) of the patient or other relevant information where possible.

2. Our AMA advocates that health plans provide plan enrollees or their designees with complete information regarding plan benefits and real time cost-sharing information associated with both in-network and out-of-network provider services or other plan designs that may affect patient out-of-pocket costs.

3. Our AMA will actively engage with health plans, public and private entities, and other stakeholder groups in their efforts to facilitate price and quality transparency for patients and physicians, and help ensure that entities promoting price transparency tools have processes in place to ensure the accuracy and relevance of the information they provide.

4. Our AMA will work with states and the federal government to support and strengthen the development of all-payer claims databases.

5. Our AMA encourages electronic health records vendors to include features that assist in facilitating price transparency for physicians and patients.
6. Our AMA encourages efforts to educate patients in health economics literacy, including the development of resources that help patients understand the complexities of health care pricing and encourage them to seek information regarding the cost of health care services they receive or anticipate receiving.
7. Our AMA will request that the Centers for Medicare and Medicaid Services expand its Medicare Physician Fee Schedule Look-up Tool to include hospital outpatient payments.

D-295.316 Management and Leadership for Physicians

- ...2. Our AMA will work with key stakeholders to advocate for collaborative programs among medical schools, residency programs, and related schools of business and management to better prepare physicians for administrative, financial and leadership responsibilities in medical management.
3. Our AMA: (a) will advocate for and support the creation of leadership programs and curricula that emphasize experiential and active learning models to include knowledge, skills and management techniques integral to achieving personal and professional financial literacy and leading interprofessional team care, in the spirit of the AMA's Accelerating Change in Medical Education initiative; and (b) will advocate with the Liaison Committee for Medical Education, Association of American Medical Colleges and other governing bodies responsible for the education of future physicians to implement programs early in medical training to promote the development of leadership and personal and professional financial literacy capabilities....

H-155.960 Strategies to Address Rising Health Care Costs

Our AMA:

- (1) recognizes that successful cost-containment and quality-improvement initiatives must involve physician leadership, as well as collaboration among physicians, patients, insurers, employers, unions, and government;
- (2) supports the following broad strategies for addressing rising health care costs: (a) reduce the burden of preventable disease;
- (b) make health care delivery more efficient; (c) reduce non-clinical health system costs that do not contribute value to patient care; and
- (d) promote "value-based decision-making" at all levels;
- (3) will continue to advocate that physicians be supported in routinely providing lifestyle counseling to patients through: adequate third-party reimbursement; inclusion of lifestyle counseling in quality measurement and pay-for-performance incentives; and medical education and training;
- (4) will continue to advocate that sources of medical research funding give priority to studies that collect both clinical and cost data; use evaluation criteria that take into account cost impacts as well as clinical outcomes; translate research findings into

useable information on the relative cost-effectiveness of alternative diagnostic services and treatments; and widely disseminate cost-effectiveness information to physicians and other health care decision-makers;

(5) will continue to advocate that health information systems be designed to provide physicians and other health care decision-makers with relevant, timely, actionable information, automatically at the point of care and without imposing undue administrative burden, including: clinical guidelines and protocols; relative cost-effectiveness of alternative diagnostic services and treatments; quality measurement and pay-for-performance criteria; patient-specific clinical and insurance information; prompts and other functionality to support lifestyle counseling, disease management, and case management; and alerts to flag and avert potential medical errors;...

(9) Our AMA will, in all reform efforts, continue to identify appropriate cost savings strategies for our patients and the health care system.

H-450.938 Value-Based Decision-Making in the Health Care System

PRINCIPLES TO GUIDE PHYSICIAN VALUE-BASED DECISION-MAKING

1. Physicians should encourage their patients to participate in making value-based health care decisions.
2. Physicians should have easy access to and consider the best available evidence at the point of decision-making, to ensure that the chosen intervention is maximally effective in reducing morbidity and mortality.
3. Physicians should have easy access to and review the best available data associated with costs at the point of decision-making. This necessitates cost data to be delivered in a reasonable and useable manner by third-party payers and purchasers. The cost of each alternate intervention, in addition to patient insurance coverage and cost-sharing requirements, should be evaluated.
4. Physicians can enhance value by balancing the potential benefits and costs in their decision-making related to maximizing health outcomes and quality of care for patients.
5. Physicians should seek opportunities to improve their information technology infrastructures to include new and innovative technologies, such as personal health records and other health information technology initiatives, to facilitate increased access to needed and useable evidence and information at the point of decision-making.
6. Physicians should seek opportunities to integrate prevention, including screening, testing and lifestyle counseling, into office visits by patients who may be at risk of developing a preventable chronic disease later in life.