

# Reference pricing changes consumers' choices

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(HealthDay)—Consumer cost sharing resulting from reference pricing redirects patient volumes and reduces hospital prices for orthopedic surgery, according to research published in the August issue of *Health Affairs*.

James C. Robinson, Ph.D., M.P.H., and Timothy T. Brown, Ph.D., from the University of California at Berkeley, evaluated the impact of reference pricing on the use of and prices paid for knee and [hip replacement surgery](#) by members of the California Public Employees' Retirement System (CalPERS) from 2008 to 2012. Enrollees in Anthem Blue Cross were used as a comparison group.

The researchers found that, in the first year after implementation, surgical volumes for CalPERS members increased by 21.2 percent at

low-price facilities and decreased by 34.3 percent at high-price facilities. There was a decline of 5.6 percent in prices charged to CalPERS members at low-price facilities, and a decline of 34.3 percent at high-price facilities. In 2011, reference pricing accounted for \$2.8 million in savings for CalPERS and \$0.3 million in lower cost sharing for CalPERS members.

"This article shows that reference pricing does change consumers' choices and thereby the market shares of low-price and high-price hospitals," the authors write.

**More information:** [Abstract](#)  
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