

Title: Effects of Public Price Transparency Tools on Shopping for Health Care

Abstract: Do public-facing price transparency tools actually encourage health care patients to shop around more for care? As health care costs in the United States continue to soar, price transparency initiatives at the state and federal level have continued to gain traction among policymakers. However, little is understood about the efficacy of these more common and less personalized tools on patient behavior and health costs. Focusing on distance traveled to care as a key channel for willingness to shop, I analyze state inpatient records from Arizona and Iowa using a differences-in-differences approach to study how patient behavior and health costs change in response to a unique state price transparency tool timetable. I find that distance to care increases by 3.2 miles when public price transparency tools are implemented, and that this behavior persists even when tools become obsolete. Patients who are wealthier, more rural, or have higher care costs drive further for care with public price transparency tools, while poorer and more urban patients drive less. Additionally, I find that health care costs change disproportionately with respect to changes in distance traveled, suggesting that even effective public price transparency initiatives may not be enough to curtail growing health expenditures.