TO: Members of the Kansas Congressional Delegation
 FROM: Tom Bell, President and CEO  
 Chad Austin, Senior Vice President, Government Relations
 DATE: November 19, 2018
 RE: Health Care Transparency

Last month the Kansas Hospital Association wrapped up its latest round of district meetings across the state. During these meetings, KHA gathered feedback from Kansas hospital executives on advocacy and membership issues. One discussion topic that we concentrated on dealt with health care pricing transparency. We wanted to share with you some of the observations that were raised by the KHA membership.

Kansas hospitals recognize the continued trend towards consumerism and health care transparency. Our members believe the burden of providing health care price transparency to consumers is too weighty to be borne by hospitals alone. The goal of health care price transparency, on its face, would seem to be the creation of good health care consumers, who purchase based on the value they attribute to services provided. While some elective services can be treated in this manner, for the most part patients enter the health care system in crisis and are often dealing with acute or life-threatening conditions that do not lend themselves to the price shopping one would expect to occur with the purchase of other goods and services.

The most useful information for patients is not charges, but their out-of-pocket costs - what the patient will pay once all factors are considered. The recent final Inpatient Prospective Payment System rule states that hospitals must make available standard charges in a machine-readable format. During our latest discussions, KHA members reiterated that simply providing charge master data is not likely to benefit patients, given that the hospital charge master is the beginning, not the end, of the calculation of what the patient will actually pay.

Estimates are just that – estimates. While hospitals can provide estimates based on uninsured costs they cannot estimate for unforeseen circumstances. The health of the patient, the type of condition and complications that may arise from pre-existing conditions all impact the final cost of care to a patient – and are often not within the control of the hospital or health care providers.

In addition, Insurers should have a significant role in pricing transparency. Effective cost estimates should be made available on a patient-by-patient basis, as each patient’s insurance situation is unique. While hospitals can provide relatively accurate information to uninsured and cash pay only patients, insured patients cannot receive an accurate estimate of their individual costs without contacting their
insurer. The estimate of the final out-of-pocket costs to patients can only be determined when co-pays and deductibles are taken into account - information not available to hospitals and other providers.

The Centers for Medicare and Medicaid Services’ final IPPS rule puts yet another unfunded administrative burden on hospitals in regards to transparency, without achieving the intended goal. The cost of health care to patients is not a simple equation, nor is it the same for every patient. Only by engaging both providers and private and public health insurers can we meet the goal of health care price transparency for Americans. On behalf of the members of the Kansas Hospital Association, we ask you to urge CMS to reconsider their unreasonable policy that adds administrative burdens to providers and does not result in meaningful information for the patient. Instead, CMS should be convening a group of stakeholders to work on solutions towards meeting transparency goals. By doing this, we could potentially avoid unnecessary regulations and develop meaningful information that provides value to the public.

Thank you for your consideration of our comments.