The Future of Pricing Transparency

Is Price Transparency a Tool to Help Control the Cost of Health Care?

Price transparency might have the single biggest effect in informing the public about health care costs and could support a more transparent health care delivery system United States.

More and more people are becoming increasingly curious about the price of their health care, and understand that more does not necessarily mean better. But people still do not think that health care significantly between the same services.

The cost of health care is expected to rise by more than 85% over the next 20 years.
CMS Requires Online Price Transparency

“These proposed rules are just the beginning of our plan to move to a value-based system and as we make this transition, our administration is empowering patients because patients should be at the center of cost and quality decisions and have the information they need to make decisions for themselves and their families,” said CMS Administrator Seema Verma.

Hospital Price Transparency Timeline

• 2006 – HHS starts a new effort to expand the availability of information on health care quality and pricing in its 2007 IPPS Proposed Rule.

• 2009 – Discussion in Washington about controlling the costs of care.

• 2010 – Affordable Care Act (ACA) passed.

• 2014 – AHA issues a report from the HFMA Price Transparency Task Force entitled *Price Transparency in Health Care*.

• 2015 IPPS Final Rule – “Our guidelines ... are that hospitals either make public a list of their standard charges (whether ... chargemaster itself or in another form of their choice), or their policies for allowing the public to view a list of those charges in response to an inquiry.”

• 2019 IPPS Final Rule – Effective January 1, 2019, hospitals must make a list of their current standard charges available via the internet. (OPPS)
Price Transparency Law

**Standard hospital charges** - Each hospital operating within the United States shall for each year establish (and update) and make public (in accordance with guidelines developed by the Secretary) a list of the hospital’s standard charges for items and services provided by the hospital, including for diagnosis-related groups.

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Do you have a plan for compliance by January 1?

- Yes
- No

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The Regulations - 2019 IPPS Rule

• **ALL** Hospitals must put their current standard charges online.
  – Any form the hospital chooses, but must be charges as reflected in the chargemaster.
  – Does not require hospitals to publish their entire chargemaster.
  – Includes all items and services provided by the hospital and, at a minimum, an identifier for the item or service associated with each charge, such as a corresponding description.
  – CMS has clarified that diagnosis-related groups or any other way of grouping charges would NOT satisfy this requirement.

• Information must be in machine readable format
  – That means it must be downloadable by a computer – like xml or csv, not pdf.

Online Updates to Hospital Charges

• Hospitals must update the charges at least annually.
• CMS says the information online must represent the hospital’s “current” standard charges as reflected in its chargemaster.
• What is the best practice?
• Consider including text stating date of information and how often it is updated.
• Include text about who in the hospital to contact for more information.
• KHA will provide model disclaimer language on charges – after District Meetings that can be added to websites.
Who Administers the Law?

• Unlike the 501(r) regulations, which are enforced by the IRS, the price transparency law is administered by the Department of Health and Human Services.

• There are not yet any penalties for non-compliance, but HHS is working on creating them.

“Just the Beginning” of Health Care Price Transparency

• “When you go to receive a health care service, there are always going to be situations where you can’t know what the costs will be, especially around emergency situations and some acute situations,” she said. “But for a lot of us, we’re going in for planned procedures. You should be able to know what it’s going to cost you.”

• The patient experience should mimic that of other industries when it comes to price transparency and the ability to compare services, she added.

• “If you’re buying a car or pretty much anything else, you’re able to do some research,” she remarked. “You’re able to know what the quality is. You’re able to make comparisons. Why shouldn’t we be able to do that in health care? Every health care consumer wants that.”
**Do you currently have your hospital charges online?**

- 100% of our charges (our complete charge master) is online.
- Some of our actual charges are online.
- Some of our average charges (hi, med, lo) are online.
- None of our charges or averages are online.

**What is the primary reason you have or have not decided to put charges online?**

- We put charges online because it is the law.
- We put charges online because the data is helpful to patients.
- We have NOT put charges online yet because the data is NOT helpful to patients.
- We have NOT put charges online yet because we do not have the resources.
- We have NOT put charges online yet because there is currently no penalty.
CMS Requests for Information

• CMS has issued multiple requests for information (RFI) as part of each of its 2019 payment rules to gather public input on ways to increase price transparency for consumers. The AHA has submitted comments on the agency’s RFI.

• To date, the agency has not summarized, responded to or developed new policy as a result of the comments. However, CMS has indicated that it expects to engage in future policymaking on price transparency. This could occur next year in the 2020 payment rules or under separate policymaking that could be released at any time.

• The federal agency has asked stakeholders to comment on health care price transparency issues, such as what price transparency information is the most useful and how can hospitals develop and implement patient-facing interfaces that allow consumers to easily access relevant health care data and compare providers.

State Price Transparency Law

• 2014 HB 2668 – Predetermination of Health Care Benefit Act – Passed (KSA 40-2143)
  – Established a request and information transaction process. Health plans that receive an electronic health predetermination request would be required to provide to the requesting health care provider the amounts of expected benefits coverage on the procedures specified in the request that is accurate at the time of the health plan’s response. Any such request provided in good faith would be deemed to be an estimate only and would not be binding upon the health plan with regard to the final amount of benefits actually provided by the plan.
Unanswered Questions In the IPPS Rule

• What is the “best” way to share standard charges?

• Out of pocket costs are most beneficial to patients - will hospitals be required to tell patients what their out of pocket costs are before the procedure?

• What is the appropriate enforcement mechanism?

• What other questions do you have? ???

KHA Resources on Price Transparency

• KHA Activities – Template language to use online with charges/chargemaster

• Nov. 14 Noon Briefing – Hospital Pricing Policies - pricing strategies and how you articulate them

• Talking Points – to use with the media/public on hospital variations with charges

• What else do you need?
HFMA Resource

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