

Price Transparency



December 2018

Background

The Kansas Hospital Association has been working with other states, the American Hospital Association (AHA) and the Centers for Medicare & Medicaid Services (CMS) to develop resources to assist our members in complying with the updated federal guidelines outlined in the final 2019 IPPS rule regarding price transparency. The rule requires that by January 1, 2019, all hospitals operating in the United States must make available a list of their current standard charges via the Internet in a machine readable format (CSV, XML or JSON format) at least annually.

Talking Points

- Over the past year, there has been considerable public and policymaker focus on the issue of health care price transparency. While public focus on this issue is not new, trends in the health care marketplace are heightening its importance.
- Price transparency has been a longstanding issue for uninsured patients, but growing enrollment in plans with higher levels of deductibles and coinsurance is creating a greater demand for meaningful price information for insured patients as well.
- Federal law requires that hospitals charge the same prices to all patients as a condition of participation in the federal Medicare program. Hospital across the nation charge the same amount for any particular service regardless of the source of payment.
- Non-governmental or private (commercial) health plans pay rates that are negotiated between the payer and the hospital through contracts. Patients with insurance will likely see an adjustment reflecting the difference in the hospital's charges and the amount the insurance company has negotiated for services rendered.
- Government payers, like Medicare and Medicaid, pay the lowest rates and tell hospitals the amount they will be paid for services, which usually does not cover the cost of the service. Medicare rates are pre-determined and are non-negotiable. Medicaid pays a predetermined fixed amount for services based on a patients' diagnoses and treatments. Payments are not guaranteed to cover costs.
- The amount uninsured and underinsured patients are requested to pay often does not cover the cost of their care.
- Sharing meaningful information to patients can be challenging because hospital care is specifically tailored to the needs of each patient. For example, a gall bladder operation for one patient may be relatively simple, but for another patient, it could be fraught with unforeseen complications, making meaningful "up front" pricing difficult and, perhaps, confusing for patients. Moreover, hospital prices do not include physician and other professionals' costs or, most importantly, how much of the cost a patient's insurance company may cover.
- Consumers and their families deserve helpful information about the price of their hospital care and hospitals are committed to providing it. But more can, and should, be done to share health care information with the public, including, but not limited to, hospital pricing information.

- Hospitals provide financial counseling to patients about their bills and make the availability of such counseling widely known. Hospitals respond promptly to patients' questions about their bills and to requests for financial assistance.
- Hospitals help patients qualify for financial assistance. Under the ACA, non-profit hospitals must have a written financial assistance policy that includes eligibility criteria, the basis for calculating charges and the method for applying for financial assistance. Hospitals also have written policies to help patients determine if they qualify for public assistance programs or hospital-based assistance programs.



Kansas Hospital Association
December 3, 2018