



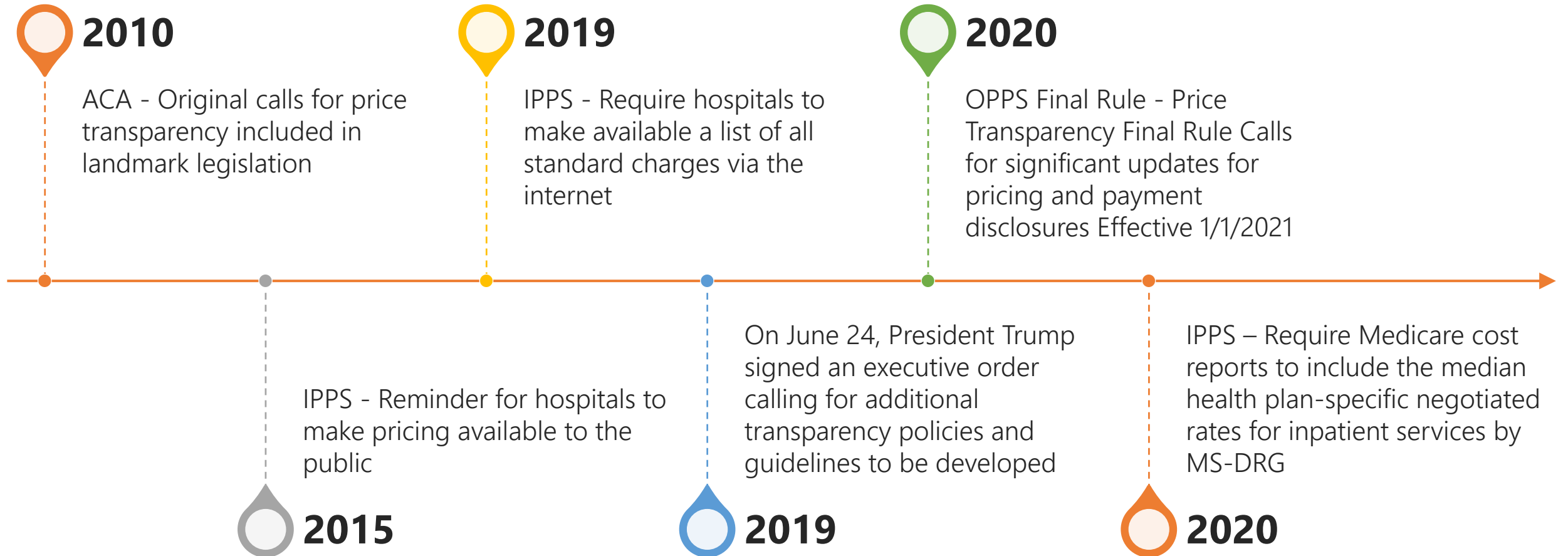
Hospital Charges and the Price Transparency Initiative

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Price Transparency Initiative Timeline



Price Transparency (1/1/2019)

- Post all standard charges via the internet
- Machine readable format
- Update at least annually
- No mandated penalties in 2019 - 2020

Price Transparency Final Rule 2020

On November 15, 2019 CMS finalized policies that lay the foundation for a patient-driven health care system by making prices for items and services provided by all hospitals in the United States more transparent for patients so that they can be more informed about what they might pay for hospital items and services

Final rule

- Further advances the agency's commitment to increasing price transparency
- Requirements apply to each hospital operating in the United States

Price Transparency Final Rule

Effective Date

- January 1, 2021



Price Transparency Final Rule

Final rule (CMS-1717-F2), which can be downloaded from the *Federal Register* at:



<https://www.hhs.gov/sites/default/files/cms-1717-f2.pdf>

Final Rule Definition Revisions

- Hospital
- Standard charges
- Items and Services



Definition of 'Standard Charges'

1

The gross charge (the charge for an individual item or service that is reflected on a hospital's chargemaster, absent any discounts),

2

The discounted cash price (the charge that applies to an individual who pays cash, or cash equivalent, for a hospital item or service),

3

The payer-specific negotiated charge (the charge that a hospital has negotiated with a third-party payer for an item or service),

4

The de-identified minimum negotiated charges (the lowest charge that a hospital has negotiated with all third-party payers for an item or service).

5

The de-identified maximum negotiated charges (the highest charge that a hospital has negotiated with all third-party payers for an item or service).

Required Ways for Making Public Standard Charges

1

Comprehensive Machine-Readable File

- **A single machine-readable file that contains all five types of standard charges for all the items and services provided by the hospital**

2

CMS will deem a hospital as having met the requirements for making public standard charges for 300 shoppable services in a consumer-friendly manner if the hospital maintains an internet-based price estimator tool that meets the following requirements:

- **Provides estimates for as many of the 70 CMS-specified shoppable services that are provided by the hospital and as many additional hospital-selected shoppable services as is necessary for a combined total of at least 300 shoppable services**

3

Consumer-Friendly Shoppable Services

- **A consumer-friendly list of some types of standard charges for a limited set of “shoppable services” (including 70 CMS-specified and 230 hospital-selected) provided by the hospital**
 - **A ‘shoppable service’ is a service that can be scheduled by a health care consumer in advance**

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- Each hospital location operating under a single hospital license that has a different set of standard charges must separately make public the standard charges that are applicable to that location
- Any code used by the hospital for purposes of accounting or billing for the item or service, for example, HCPCS codes, DRG codes, or other common payer identifier

Format Requirements

Format

Machine-readable format means a digital representation of data or information in a file that can be imported or read into a computer system for further processing

Examples of machine-readable formats include, but are not limited to, the following formats:

- .XML
- .JSON
- .CSV

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- The information must be easily accessible, without barriers, including ensuring the data is accessible free of charge, does not require a user to register, establish an account or password or submit PII, and is searchable by service description, billing code, and payer
- Must be updated at least annually

Monitoring and Enforcement for Non-Compliance

- CMS may impose a civil monetary penalty on the hospital not in excess of \$300 per day, and publicize the penalty on a CMS website
- The rule establishes an appeals process for hospitals to request a hearing before an Administrative Law Judge (ALJ) of the civil monetary penalty
 - **The Administrator of CMS, at his or her discretion, may review in whole or in part the ALJ's decision**

2020 IPPS Final Rule

- The IPPS Final Rule finalized the proposal to require hospital Medicare cost reports to include the median health plan-specific negotiated rates for inpatient services, by Medicare Severity-Diagnosis Related Group.
- The requirement applies to rates from Medicare Advantage (MA) plans and other health plans. The requirement would apply to cost-reporting periods ending Jan. 1, 2021 or later.

AHA Response

“We are very disappointed that CMS continues down the unlawful path of requiring hospitals to disclose privately negotiated contract terms,” **Tom Nickels**, executive vice president of the American Hospital Association, said in a written statement. “The disclosure of privately negotiated rates will not further CMS's goal of paying market rates that reflect the cost of delivering care. These rates take into account any number of unique circumstances between a private payer and a hospital and simply are not relevant for fixing fee-for-service Medicare reimbursement.”

Price Transparency

Fact Sheet



<https://www.cms.gov/newsroom/fact-sheets/cy-2020-hospital-outpatient-prospective-payment-system-ops-policy-changes-hospital-price>



Thank You!

Questions