

December 11, 2018

## REMINDER: New CMS Price Transparency Requirements Go Into Effect Jan. 1

On Jan. 1, 2019, new price transparency requirements for hospitals will go into effect. These requirements were included in the Centers for Medicare & Medicaid Services' (CMS) fiscal year 2019 inpatient prospective payment system (IPPS) final rule, which updated federal guidelines to comply with the statutory requirement that "each hospital operating within the United States" make its standard charges available on an annual basis.

**As of Jan. 1, 2019, hospitals must make available a list of their current standard charges via the Internet in a machine-readable format at least annually. In addition, IPPS hospitals also are required to make available charges for diagnosis-related groups (DRG).**

This advisory again reviews highlights of CMS's new price transparency requirements, previously shared and updated in November. It also includes talking points on pricing you can customize and use to help prepare your staff to answer questions about your pricing policies. We also are including CMS's newly released [frequently asked questions](#) on the new requirements, as well as CMS's initial [frequently asked questions](#), which provide additional guidance. Those FAQs are included at the end of this advisory.

If you have questions, please contact Ariel Levin, AHA senior associate director of policy, at [alevin@aha.org](mailto:alevin@aha.org).

### *Key Takeaways*

- The updated price transparency guidelines go into effect Jan. 1, 2019.
- Hospitals will be required to publish standard charges for all items and services on a public-facing website in a machine-readable format. IPPS hospitals also are required to publish charges for DRGs.
- These requirements apply to all hospitals, including critical access hospitals, inpatient rehabilitation facilities, and inpatient psychiatric hospitals.
- CMS has indicated that additional policymaking related to price transparency is likely.

## HIGHLIGHTS OF THE NEW REQUIREMENTS

**Key Changes to the Requirements.** Effective Jan. 1, 2019, hospitals are required to make available to the public their “standard charges” via the Internet in a “machine-readable” format and update this information at least annually. CMS’s new guidance builds on a requirement established under the Affordable Care Act for hospitals to make their standard charges for items and services publicly available. The agency had not previously required standard hospital charges to be available in a machine-readable format, nor had it required that the list be posted on a public-facing website. Instead, hospitals could meet prior guidance by providing charges upon request.

**Format.** Hospitals may choose the specific format of the list of standard charges (e.g., how to display the information in the document), as long as it is machine readable and includes the charges for all items and services provided by the hospital, including drugs and biologicals. It is at the hospital’s discretion whether or not they choose to include additional information, e.g., quality information or a disclaimer on the limitations of the data.

Hospitals are not required to publish all fields in their chargemaster; however, the chargemaster must be the source of the charge information, when available, for what the hospital posts.

**Posting Standard Charges for Diagnosis-Related Groups (DRG).** In the second set of FAQs, CMS clarified that IPPS hospitals also must make public their “standard charges” for each DRG and points to data on the CMS website as a potential format for hospitals to use (for more information, see the FAQ on page 6 below).

**Machine-Readability.** A “machine-readable format” is a format that can be easily integrated into a computer system or statistical program (e.g., XML, CSV). Traditional word processing formats (e.g., PDF) cannot be easily imported or read into a computer system so would require information to be re-entered manually; therefore, they are not considered machine readable.

**Definition of “Hospital” for Purposes of These Guidelines.** This provision of federal law applies to “each hospital operating within the United States.” According to CMS, no hospitals are exempt from this requirement, including critical access hospitals, sole community hospitals, inpatient rehabilitation facilities and inpatient psychiatric hospitals.

**Enforcement.** CMS has not indicated how it will enforce these requirements. However, through the RFI process, CMS sought comments on the appropriate mechanisms for CMS to enforce price transparency requirements. The agency reiterated in the new FAQs that enforcement mechanisms may be included in future policymaking.

**State Transparency Efforts.** Per the agency’s FAQs, participation in an online state price transparency initiative does not satisfy the federal requirement. Hospitals participating in such initiatives will still need to post their standard charges.

**Use of Current Procedural Terminology (CPT) Codes.** Some hospitals have asked whether posting the chargemaster will require a new licensing arrangement with the American Medical Association (AMA), which owns the copyright to the CPT codes.

[According to the AMA](http://info.commerce.ama-assn.org/ama-data-file-request-0-0), “organizations that have a valid and current CPT license for their chargemaster (which typically is a component of a revenue cycle management system) are permitted to post their chargemaster for the limited purpose of complying with the 2019 IPSS/LTCH final rule, effective Jan. 1, 2019 (i.e., solely to the extent necessary to make available a list of their current standard charges via the internet in a machine readable format and to update this information at least annually, or more as appropriate). Organizations that do not have a current license for their revenue cycle management system which uses CPT content, please contact the AMA <http://info.commerce.ama-assn.org/ama-data-file-request-0-0>.”

**Use of UB-04 Revenue Codes.** While not required, providers could choose to publish a list of charges that contains UB-04 Revenue codes for the purpose of complying with the new guidance. This would not be in violation of current license agreements; however, it does require that the AHA Copyright notice found [here](#) be posted for reference. For questions regarding licensure for other uses, please contact [ub04@aha.org](mailto:ub04@aha.org).

## TALKING POINTS

- Patients should have access to the information they need to make the best care decisions for themselves and their families.
- Hospitals and health systems are committed to improving patients’ access to information on the price of their care, and, specifically, on what the patient will pay out-of-pocket.
- As consumers take on greater responsibility for the cost of their care, hospitals have a responsibility to communicate with consumers upfront.
- This includes providing patients with information that:
  - Is easy to access, understand and use;
  - Creates common definitions and language describing hospital price information for consumers;
  - Explains how and why the price of patient care can vary;
  - Encourages patients to consider price information as just one factor, along with quality and safety, when making decisions about hospitals and health plans; and

- Directs patients to more information about financial assistance with their hospital care.
- America's hospitals and health systems have been proactive in improving price transparency for patients. Recently, the AHA, in partnership with Healthcare Financial Management Association and America's Health Insurance Plans, recently released a new [consumer guide](#) to help patients avoid unexpected out of network balance bills for health care services received. The guide provides patients with a step-by-step process to help patients navigate the health care system and raise questions about their health plan coverage and how to avoid out of network care.

## **NEXT STEPS**

The AHA continues to engage with CMS to offer feedback and gain clarification on the new guidelines and other federal price transparency efforts. We will continue to update members as additional information becomes available.

If you have further questions, please contact Ariel Levin, AHA senior associate director of policy, at [alevin@aha.org](mailto:alevin@aha.org).

## Attachment 1

### **CMS Frequently Asked Questions Regarding Requirements for Hospitals to Make Public a List of Their Standard Charges via the Internet**

**Q. What format is a hospital required to use to make public a list of their standard charges via the Internet?**

A. The format is the hospital's choice as long as the information represents the hospital's current standard charges as reflected in its chargemaster.

**Q. Do the requirements apply to all items and services provided by the hospital?**

A. The current requirements apply to all items and services provided by the hospital.

**Q. Do the requirements restrict a hospital from posting quality information or additional price transparency information?**

A. CMS encourages hospitals to undertake efforts to engage in consumer friendly communication of their charges to help patients understand what their potential financial liability might be for services they obtain at the hospital, and to enable patients to compare charges for similar services across hospitals. A hospital is not precluded from posting quality information or price transparency information in addition to its current standard charges in its chargemaster.

**Q. What is the definition of "machine-readable" for purposes of the requirements?**

A. By definition, machine readable format is a digitally accessible document but more narrowly defined to include only formats that can be easily imported/read into a computer system (e.g., XML, CSV). A PDF, on the other hand, can be a digitally accessible document but cannot be easily imported/read into a computer system.

**Q. What hospitals are required to make public a list of their standard charges via the Internet?**

A. In the FY 2015 IPPS/LTCH proposed rule and final rule (79 FR 28169 and 79 FR 50146, respectively), CMS noted that section 2718(e) of the Public Health Service Act, which was enacted as part of the Affordable Care Act, requires that each hospital operating within the United States, 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. There are no hospitals operating within the United States with exemptions from this requirement under the current policy.

**Q. Does participation in a state online price transparency initiative satisfy the federal requirements?**

A. CMS is fully supportive of and encourages state price transparency initiatives. However, under the current guidelines, participation in an online state price transparency initiative does not exempt a hospital from the requirements.

## Attachment 2

### **Additional Frequently Asked Questions Regarding Requirements for Hospitals To Make Public a List of Their Standard Charges via the Internet**

**Q. Are Inpatient Rehabilitation Facilities and Inpatient Psychiatric Hospitals required to make public a list of their standard charges via the Internet?**

A. Yes, this requirement applies to all hospitals operating within the United States.

**Q. Are Critical Access Hospitals and Sole Community Hospitals required to make public a list of their standard charges via the Internet?**

A. Yes, this requirement applies to all hospitals operating within the United States.

**Q. Do the requirements apply to drugs and biologicals?**

A. Yes, the current requirements apply to all items and services provided by the hospital.

**Q. Is a hospital required to post its standard charges for drugs, biologicals, or other items and services that it provides if those standard charges are not reflected in its chargemaster?**

A. Yes, it is the responsibility of the hospital to establish (and update) and make public a list of the hospital's standard charges for all items and services provided by the hospital, including all drugs, biologicals, and all other items and services provided by the hospital.

CMS encourages hospitals to undertake efforts to engage in consumer friendly communication of their charges, including for drugs and biologicals, to help patients understand what their potential financial liability might be for services they obtain at the hospital, and to enable patients to compare charges for similar services across hospitals. A hospital is not precluded from posting additional price transparency information in addition to its current standard charges.

**Q. In addition to establishing (and updating) and making public a list of the hospital's standard charges for all items and services provided by the hospital, what hospitals are required to establish (and update) and make public a list of their standard charges for each diagnosis-related group established under section 1886(d)(4) of the Social Security Act?**

A. All hospitals operating within the United States are required establish (and update) and make public a list of their standard charges for all items and services provided by the hospital. Under current guidelines, subsection (d) hospitals are additionally required to establish (and update) and make public a list of their standard charges for each diagnosis-related group established under section 1886(d)(4) of the Social Security Act.

The format for standard charges for each diagnosis-related group is the hospital's choice. CMS posts information regarding inpatient charges for subsection (d) hospitals at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/Inpatient.html>. Subsection (d) hospitals may, but are not required to, use this format with respect to the additional requirement that the hospital establish (and update) and make public a list of the hospital's standard charges for each diagnosis-related group established under section 1886(d)(4) of the Social Security Act.

**Q. Why isn't a PDF considered machine readable?**

A. We have defined a machine readable format as a digitally accessible document that includes only formats that can be easily imported/read into a computer system (e.g., XML, CSV). A PDF does not satisfy this definition because although it is a digitally accessible document, it cannot be easily imported/read into a computer system.

**Q. What happens if a hospital does not make public a list of its standard charges via the Internet?**

A. The hospital will not be in compliance with the law. In the FY 2019 IPPS/LTCH proposed rule (83 FR 20549), CMS sought comment on the most appropriate mechanism for CMS to enforce price transparency requirements. As indicated in the FY 2019 IPPS/LTCH PPS final rule (83 FR 41686), specific additional future enforcement or other actions that we may take with the guidelines will be addressed in future rulemaking.