

# Price Transparency



## ***Background***

Hospitals and health systems are committed to empowering patients and their families with all the information they need to live their healthiest lives. This includes ensuring they have access to accurate and timely price information when seeking care.

Hospitals and health systems have made important progress in adopting federal price transparency requirements that require they both publicly post machine-readable files with a wide range of rate information and provide more consumer-friendly displays of pricing information for at least 300 shoppable services.

Hospitals and health systems are working to comply with both state and federal price transparency policies, which include the federal Hospital Price Transparency Rule and provisions in the No Surprises Act.

## ***Talking Points***

- Federal law requires hospitals to charge the same prices to all patients as a condition of participation in the federal Medicare program. As a result, hospitals across the nation charge the same amount for any service regardless of the payment source.
- Kansas hospitals support price transparency efforts that help patients access clear, accurate cost estimates when preparing for hospital care. Kansas hospitals also support aligning federal price transparency requirements to avoid patient confusion and duplication of effort that adds unnecessary cost and burden to the health care system.
- Kansas hospitals are fully committed to price transparency and meeting all federal requirements. Patients deserve accurate information, and Kansas hospitals are proactive in addressing any compliance concerns to ensure they meet federal standards and patient expectations.
- Despite hospitals' increasingly successful efforts to provide transparency to patients, third parties continue to issue reports mischaracterizing compliance with the Hospital Price Transparency Rule.
- Hospitals maintain that the most meaningful price transparency for a patient is to answer the out-of-pocket price for those who have insurance coverage. For those who don't have insurance coverage, hospitals assist patients to learn about their eligibility for financial assistance for free or discounted care.
- Kansas hospitals have always provided cost estimates to patients upon request for services provided. The exception would be for emergency services, in which patients do not have advance notice to seek an estimate.
- Hospitals provide financial counseling to patients about their hospital bills and make the availability of such counseling widely known. In addition, hospitals respond promptly to patients' questions about their bills and requests for financial assistance.
- Changes to the Centers for Medicare & Medicaid Services' Hospital Price Transparency Rule took effect July 1, 2024. Hospitals are required to use a standard machine-readable file format, which includes some new data elements, such as the negotiated rate methodology and an accuracy and completeness statement.

- According to current regulations, a hospital should place its price transparency file on its website in the root folder of the homepage's footer. There are two parts to price transparency:
  1. Machine-Readable files that are intended to be utilized by data experts in a standardized format.
  2. Price Estimates of the 300 most shoppable services.

The second (price estimates) is what is utilized by patients and consumers to determine estimates of the cost of a service. Many hospitals provide these price estimates through a Price Estimator software on their website.

- CMS has actively reviewed over 60 percent of Kansas hospitals (74 hospitals) for price transparency compliance – more than any neighboring state. When CMS has identified any issues, Kansas hospitals have addressed them promptly, ensuring continued compliance. Often, the issues flagged in reviews are minor technical details, like file formatting, which do not impact the accuracy of price estimates shared with patients.
- CMS regularly releases the results of an update to its assessment of hospital compliance. It is important to note that CMS is the only official arbiter of compliance with the hospital price transparency rule. Unfortunately, some misinformation has come from third parties, often with little experience working in hospitals and a weak grasp of the rules that often directly conflict with the policy and technical requirements.
- What CMS has found is that hospital compliance with the requirements has increased dramatically since the regulations first went into effect on Jan. 1, 2021. CMS found that in 2022, 70% of hospitals had complied with both the consumer-friendly display of shoppable services information and the machine-readable file requirements, up from 27% in 2021.
- Kansas hospitals are committed to providing patients with accurate price estimates, and the most effective way for patients to receive a clear picture of their estimated out-of-pocket costs is by simply calling your local hospital. When a patient asks about receiving a price estimate before they receive care, what they most often want is their out-of-pocket costs. Many times, this question can best be answered by their insurance payer.
- Insurers need to be a part of the solution to price transparency so that patients have a full and complete picture of their out-of-pocket cost for health care.
- Hospitals help patients qualify for financial assistance. Under the Affordable Care Act, 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.
- Government payers such as Medicare and Medicaid pay the lowest rates and inform hospitals of the amount they will be paid for services, which usually does not cover the cost of the service.
- Medicare rates are predetermined and are non-negotiable. Medicare reimbursement rates do not cover the actual cost of the care provided, are slow to respond to inflationary pressure, and can be subject to political pressure and changes.
- Medicaid pays a predetermined fixed amount for services based on a patient's diagnoses and treatments. Payments are not guaranteed to cover costs.

- Commercial health insurers are adding substantial administrative costs to hospitals and health systems and too often delaying and denying payment for care provided by adopting utilization management, excessive prior authorization rules and other policies that require staff and technology resources to manage.
- The amount uninsured and underinsured patients are requested to pay often does not cover the cost of their care.
- Sharing meaningful information with patients is essential but 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; however, 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. 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.
- Kansas hospitals strive to provide patients and consumers with the price information they need specific to their course of treatment. Hospitals and health systems have invested considerable time and resources to comply with the Hospital Price Transparency Rule, which requires online access to both a machine-readable file and a list of shoppable services. Recent data from Turquoise Health shows that 93.4 percent of hospitals have met the requirement to post a machine-readable file.
- Patient Rights Advocate - Price transparency rules apply to two areas – pricing information for patients and consumers ... and pricing information for data analysts and pricing consultants. In the November 2024 PRA report, 97 percent of hospitals were compliant with the rule associated with pricing information for patients and consumers (page 5 of study). This is an excellent compliance rate and shows that hospitals are focusing on making sure patients are informed about the price of their health care services. While the second priority is continuously updating the pricing files that are utilized by data analysts and pricing consultants, this is more difficult as it deals with technical compliance and information technology compliance that changes frequently such as technical file formatting.
- Kansas hospitals share concerns about rising health care costs and are actively advocating for reforms that address the true drivers of these expenses, such as administrative burdens and prescription drug prices. Hospitals are committed to working with policymakers and stakeholders to address these issues and ensure patients have access to affordable care and reduce unnecessary costs.
- Patients are encouraged to reach out to their local hospitals for personalized estimates and information.

