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# **CMS Price Transparency: Beyond the Final Rule(s)**

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November 12, 2020**



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# Price Transparency: Background

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# Requirements of the Final Rule: Part 1



Final rule effective January 1, 2021

Requires charge data to be posted in a single machine-readable file

- No barriers to access
  - Free of charge, no account or password required
  - No PHI required to access
- Formats include .XML, .JSON, .CSV
  - .PDF format is not machine readable
- Items and services
  - Includes both individual items and service packages provided to either an inpatient or an outpatient
  - Includes both hospital services and physician/professional fees, if employed by the hospital

- Machine-readable file (continued):
  - Individual charge level – both actual charge and payer-negotiated charge
    - Five types of “standard charges”
      - Gross charges – chargemaster rate
      - Payer-specific negotiated rates – applies to all third-party payers other than Medicare and Medicaid fee-for-service
        - Also excludes WC and VA *if non-negotiated*
      - De-identified minimum rates
      - De-identified maximum rates
      - Discounted cash price – for those who pay cash for services

- Machine-readable file (continued):
  - Corresponding common billing and accounting codes, as applicable
  - Updated at least annually and show date of last update on file
  - Required of each hospital location if there is a different set of standard charges

- Displaying shoppable services
  - Standard charges for at least 300 shoppable services or bundles
  - Defined as a service that can be scheduled by a health care consumer in advance
  - Services selected for display should be those commonly provided to that hospital's patients
  - 70 bundles identified by CMS – provider must have total of at least 300 even if not all 70 are offered at facility
    - Easily searchable and consumer-friendly
- No barriers to access
- Information updated at least annually

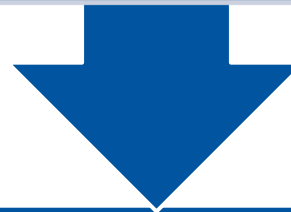
Provider deemed to meet this requirement if it maintains an Internet-based price estimator tool

Must include estimates for any of the identified 70 services as are provided by the hospital plus additional services to total at least 300 shoppable services

Estimator would allow consumer to determine what they will be expected to pay for the service

Prominently displayed on hospital website

- Without barriers to access such as a fee, registration or establishing user account



Providers still required to post machine-readable file tied to chargemaster detailing “standard charges”

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# Price Transparency: Key Compliance Questions/Considerations

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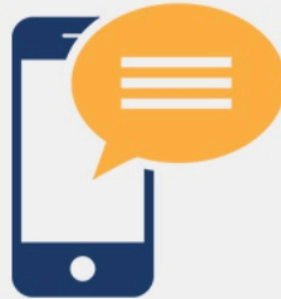


- Capturing pharmacy charges
- Defining third-party payer
- Inclusion of charges for “employed” physicians
  - CMS declined to codify a definition for “employment”
  - Not limited to chargemaster: physician charges may be elsewhere within hospital accounting and billing system or in contracts/rate sheets with third party payers
  - Who establishes and negotiates the charges?
  - Who retains the payments for professional services?

- Potential per day penalty for non-compliance - \$300
  - Likely to first receive initial written warning
  - Request for corrective action plan
- Inclusion of disclaimer language: price estimator
  - Availability of financial assistance
  - Limitation of charge information presented/guarantee
- Making standard charge information available in languages other than English

## Non-compliance noted on CMS website

- September 24 Executive Order calls for posting within 180 days of order
- New CMS transparency webpage asks consumers/others to report non-compliance



## Contact Us

Have a question about Hospital Price Transparency? Email the [hospital price transparency team](#). Can't find your hospital's pricing information online? We want to know. Contact us beginning on January 1, 2021.

[Contact Us](#)

- Requires HHS to post on Hospital Compare within 180 days –
  - Whether the hospital is in compliance with the Hospital Price Transparency Final Rule
  - Whether, upon discharge, the hospital provides patients with a receipt that includes a list of services received during a hospital stay
  - How often the hospital pursues legal action against patients, including to garnish wages, to place a lien on a patient's home, or to withdraw money from a patient's income tax refund

# The Future of Price Transparency



Impact on future contract negotiations



Impact on physician referral patterns



Inclusion of quality information



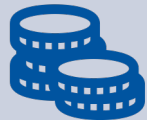
Benchmarking

# The Future of Price Transparency



Impact on consumers

Will they opt for low cost?



Impact on future pricing

Can your hospital  
withstand lower prices?



Expanded transparency across provider  
types

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# Price Transparency: Cost Report Revisions

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- Collecting hospitals' median payer-specific negotiated inpatient service charges for Medicare Advantage organizations – TRANSPARENCY!
  - Proposed rule would have required median rate for all third-party payers as well
  - Hospitals to report this data on their Medicare cost reports
    - Cost reporting periods ending on or after January 1, 2021
    - Penalty for non-compliance – future payments at risk
    - Convert other payment models to MS-DRG
    - How to address capitated arrangements
  - CMS intends to use this information to set MS-DRG relative weights beginning with FY2024



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# Transparency in Coverage

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# Transparency in Coverage Final Rule

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- Requires non-grandfather group health plans and health insurance issuers make available –
  - Machine-readable file – January 2022
    - In-network negotiated rates
    - Billed charges/allowed amounts for out-of-network providers
    - Negotiated rates and historical net prices for drugs
    - Personalized out-of-pocket cost information
    - Applies to rates for all provider types
  - Internet-based self-service tool – January 2023
    - 500 shoppable services
  - Expanded self-service tool – January 2024
    - All other procedures, services, drugs, DME, etc.
- Final rule posted October 29

Questions:  
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