

---

# Preparing for Price Transparency – Executing and Communicating the Plan

---

Kathy Reep, Senior Manager, PYA

Merle Glasgow, Principal, PYA

James Cervantes, AVP, Jarrard Phillips Cate & Hancock

December 15, 2020



---

# Audience Question

---

# Agenda

---



- **Background**
- **Consider the “Why” – Consumer Survey**
- **Competitive Advantage**
- **Key Considerations**

---

# Price Transparency: Background

---



# 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

# Requirements of the Final Rule: Part 1

---

## Machine-readable file (continued):

- Individual charge level – both actual charge and payer-negotiated charge
  - Five types of “standard charges”
    1. Gross charges – chargemaster rate
    2. 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*
      - Defining third-party payers
    3. De-identified minimum rates
    4. De-identified maximum rates
    5. Discounted cash price – for those who pay cash for services

# Requirements of the Final Rule: Part 1

---

- **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
- **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?

# Requirements of the Final Rule: Part 2

---

- **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**



JARRARD

PHILLIPS  
CATE &  
HANCOCK



# Alternative to Shoppable Services

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”

---

# Price Transparency: Consider the “Why”

---

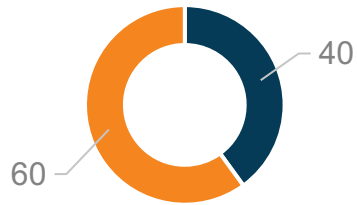


JARRARD

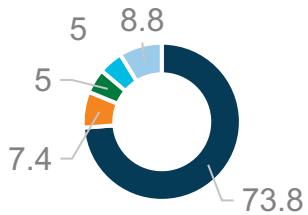
PHILLIPS  
CATE &  
HANCOCK

# Price Transparency Survey

## Audience



■ Male ■ Female



■ White ■ Black ■ Hispanic  
■ Asian ■ Other

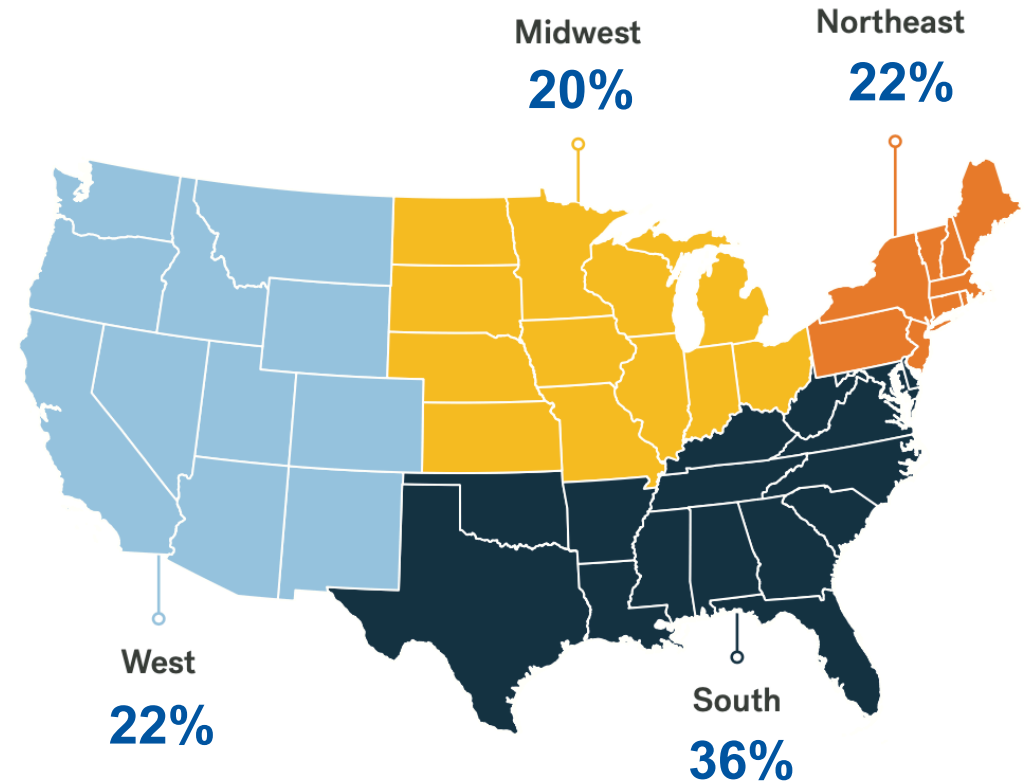
**55%** are parents  
**12%** work in healthcare

### Age

**7%** 18-24  
**28%** 25-34  
**32%** 35-44  
**16%** 45-54  
**17%** >54

### Education

**32%** High School or Less  
**11%** Some College  
**34%** College Grad  
**23%** Post Grad



# Price Transparency Survey

## Do you currently have health insurance?



**N = 500**  
**September 24, 2020**



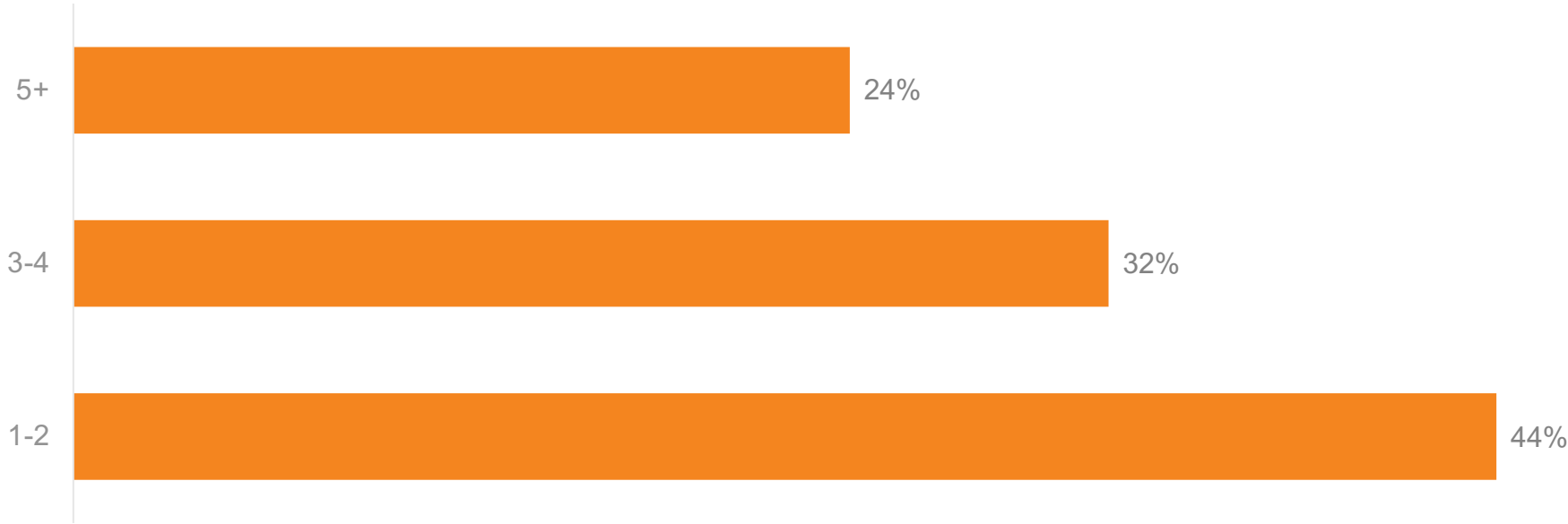
JARRARD

PHILLIPS  
CATE &  
HANCOCK

# Price Transparency Survey

---

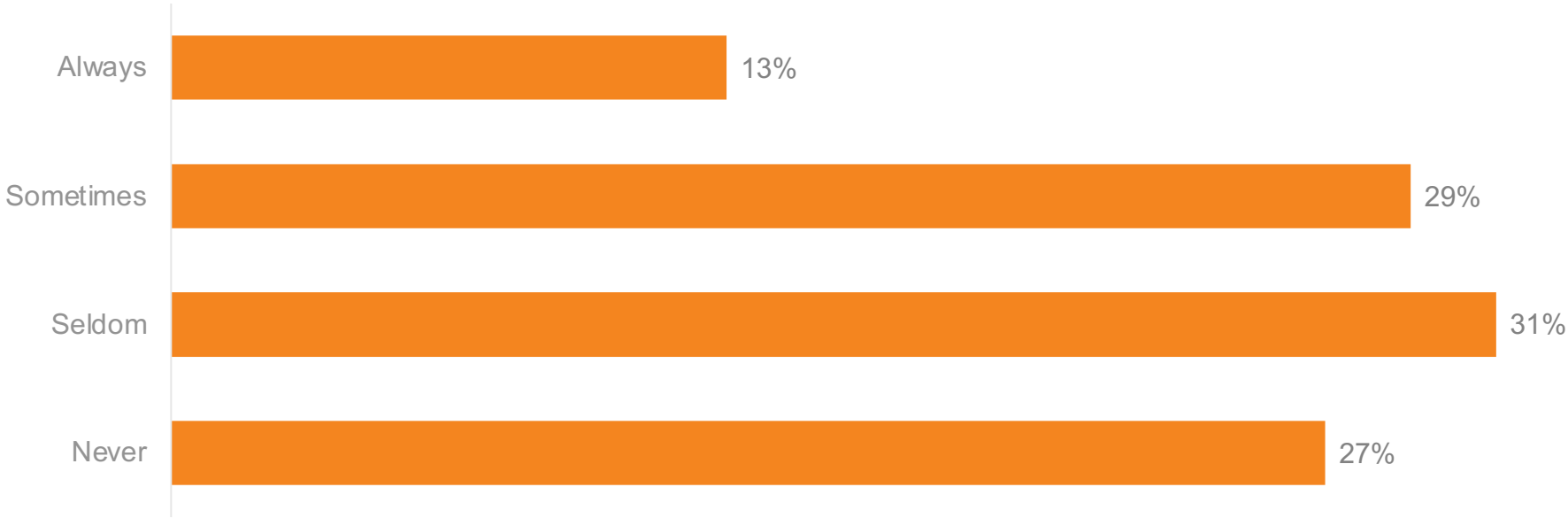
Approximately how many times have you received healthcare services over the last 12 months?



# Price Transparency Survey

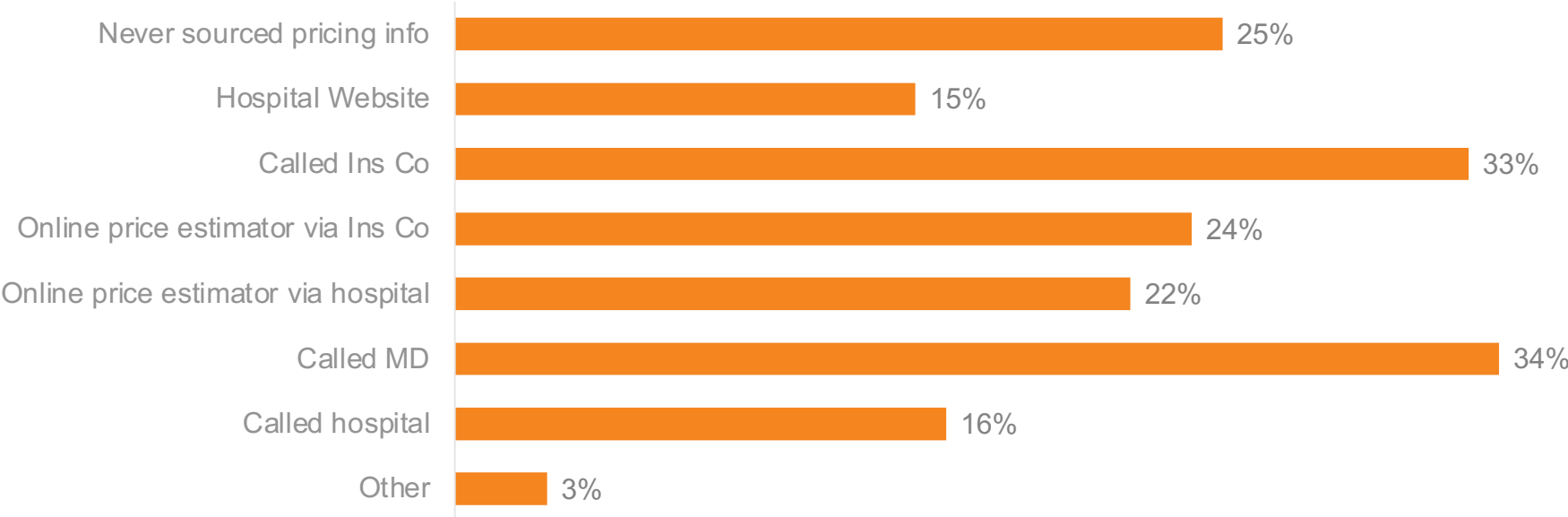
---

## How often do you shop for healthcare prices before receiving care?



# Price Transparency Survey

## Where have you attempted to source information on healthcare prices?



# Price Transparency Survey

## Who do you trust to provide the most accurate information on the price of healthcare services?

	1	2	3	4	Mean
Hospital	164	122	123	91	2.28
Doctor	47	191	185	77	2.58
Insurance Company	185	101	110	104	2.27
Personal contact with a similar experience	104	86	82	228	2.87

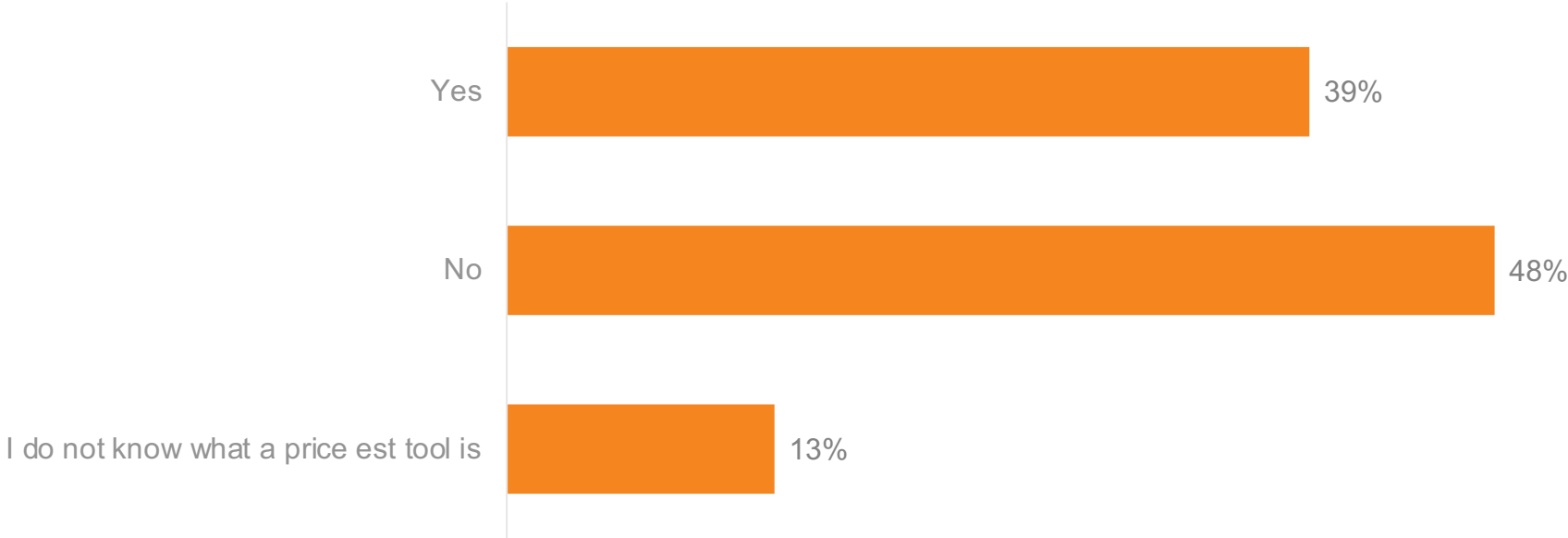
\* 1 is high 4 is low



# Price Transparency Survey

---

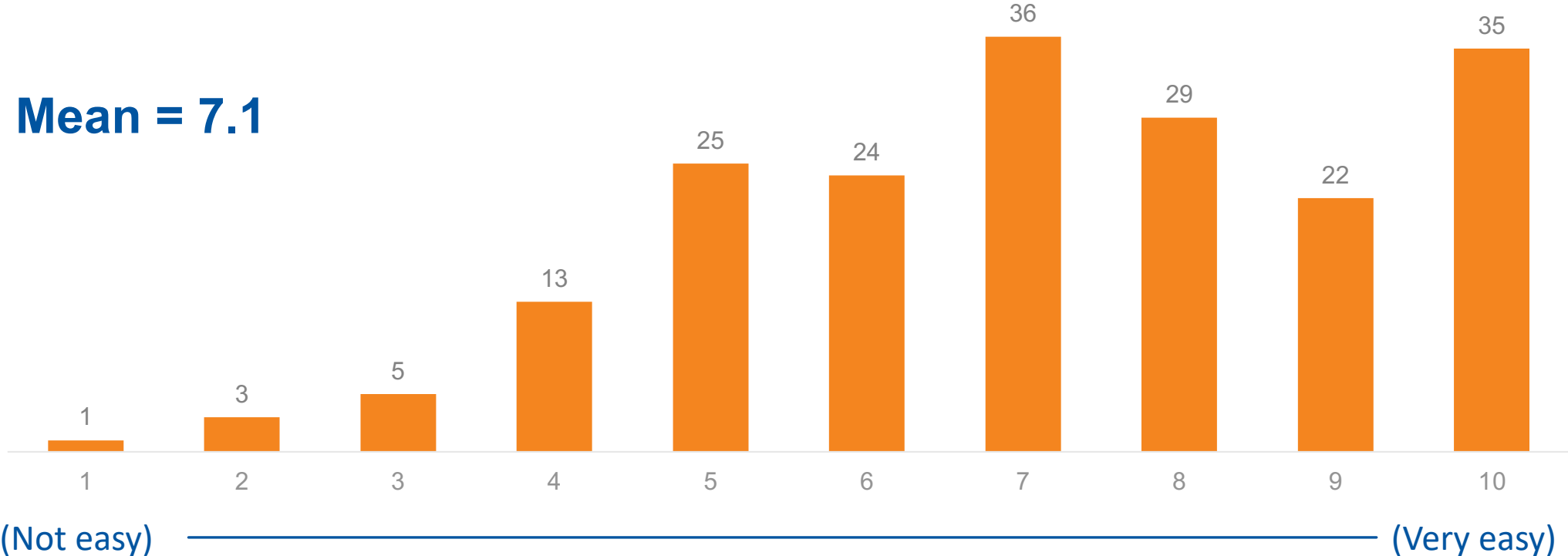
Have you used an online price estimation tool through a hospital, health system or insurance provider?



# Price Transparency Survey

How easy was the price estimation tool to use? (scale 1-10; n=193)

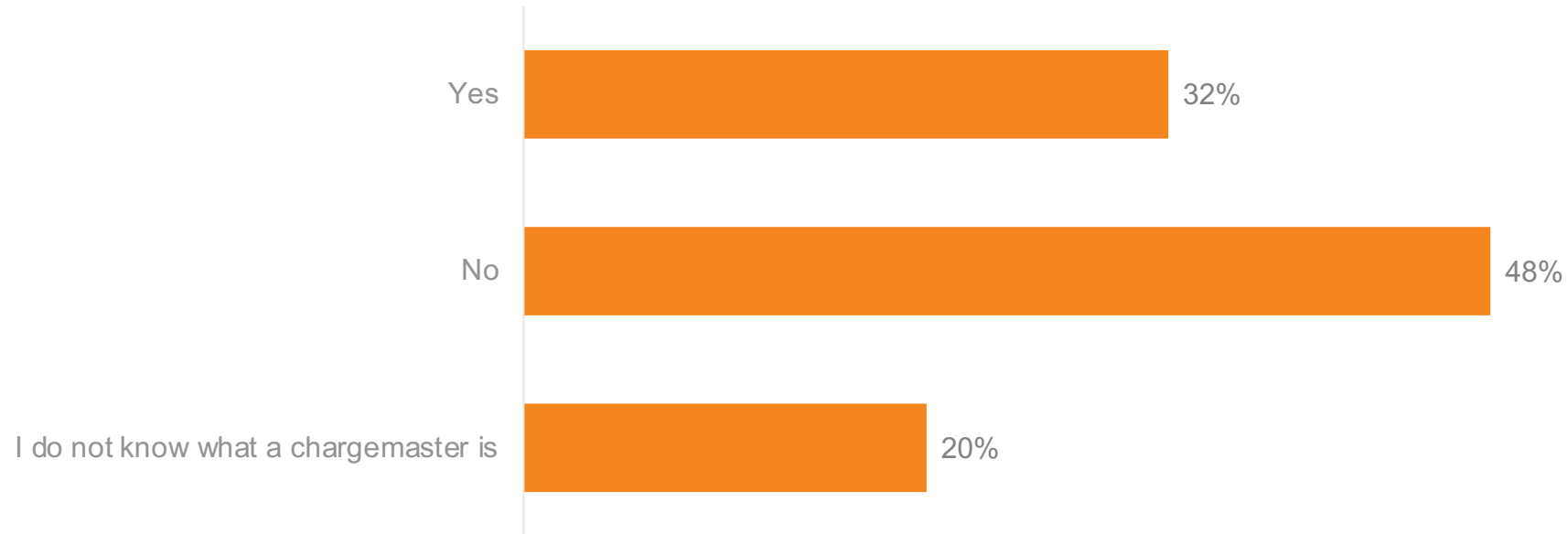
Mean = 7.1



# Price Transparency Survey

---

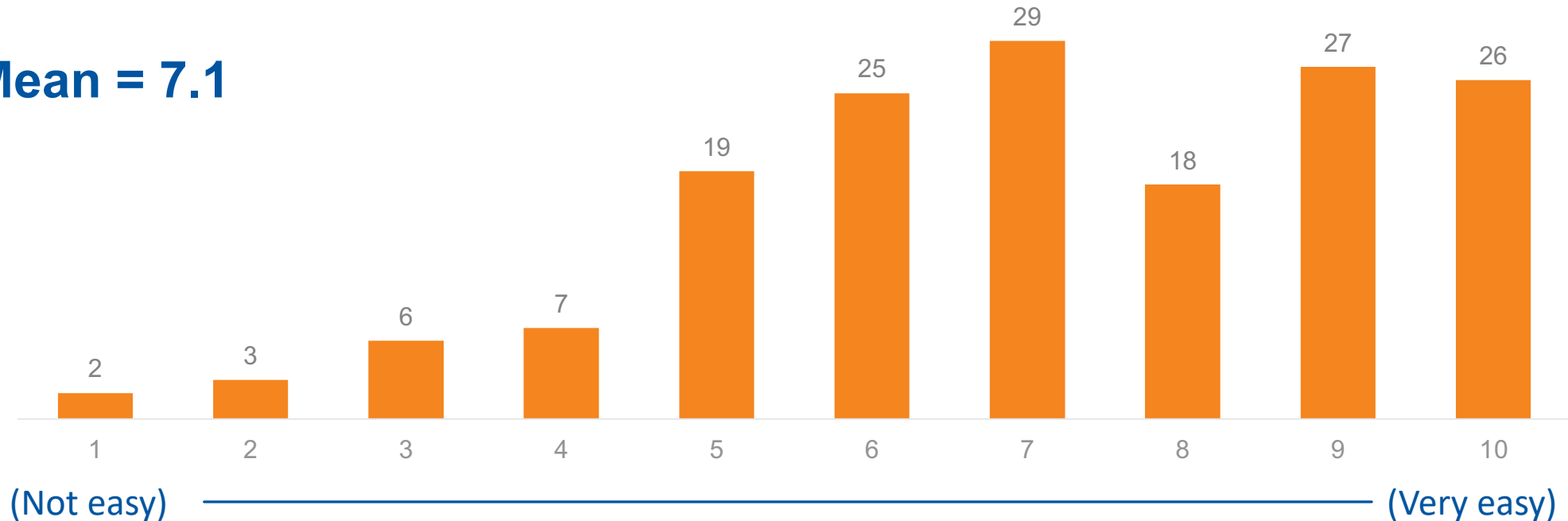
Have you viewed a health system's online chargemaster to estimate price?



# Price Transparency Survey

How easy was the chargemaster to use and understand? (scale 1-10; n=162)

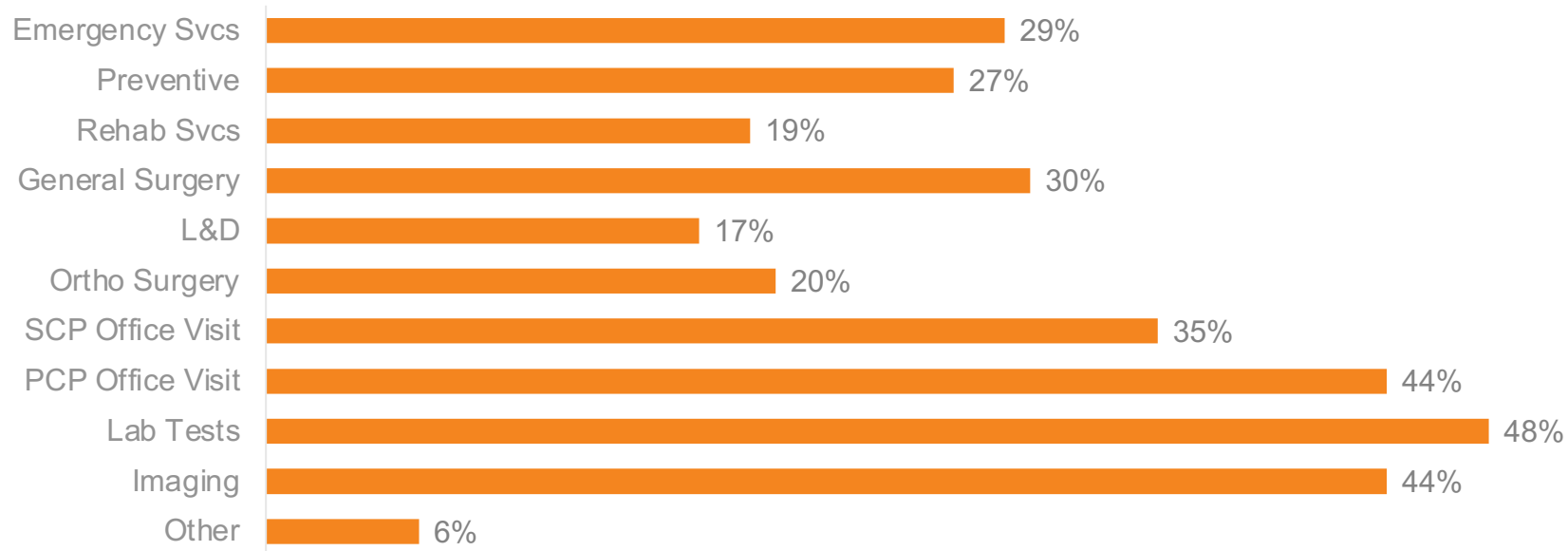
Mean = 7.1



# Price Transparency Survey

---

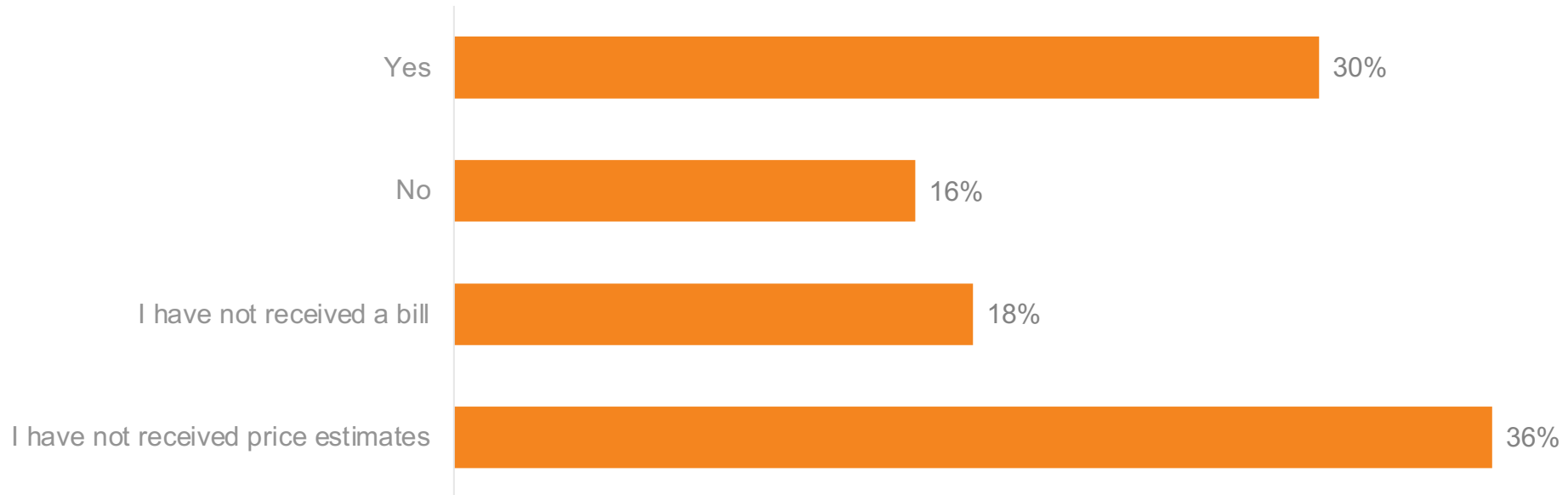
## For what types of services are you most likely to search for pricing?



# Price Transparency Survey

---

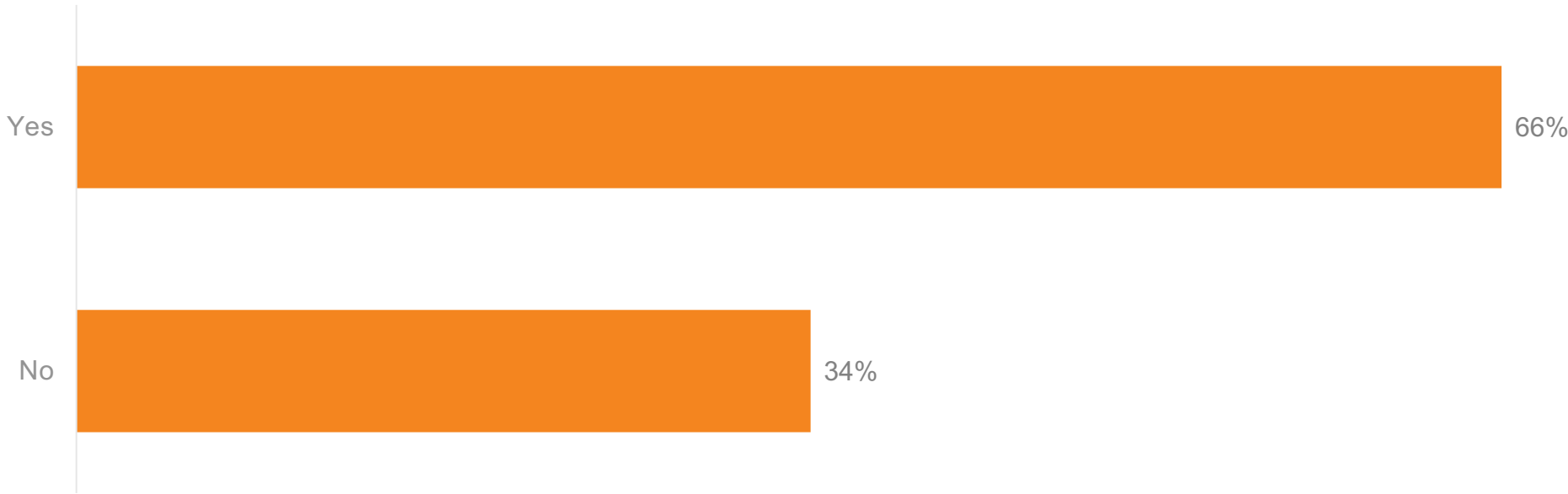
**If you have received a price estimate from a price estimator tool or chargemaster, did it prove to be accurate once you received your bill?**



# Price Transparency Survey

---

Does the cost of healthcare services impact where you choose to receive care?



---

# Price Transparency: Competitive Advantage

---





# The Consumer Competitive Advantage

---

This is an opportunity to connect with consumers and patients to drive a better experience and outcome.



**Create a better understanding of not only cost but overall value**



**Simplify the complex**



**Foster patient understanding and connectivity**



**Leverage the trust patients have with providers**

# Consider the “How”

---

How are you sharing this information? Consider the following:



**Context**



**Communication**



**Clarity**



**Technology**

---

# Price Transparency: Key Considerations

---



JARRARD

PHILLIPS  
CATE &  
HANCOCK

# The Future of Price Transparency

---



**What is the impact on future contract negotiations?**



**What is the impact on physician referral patterns?**



**Is there other information that should be included in the required posting?**

- Inclusion of quality information
- Disclaimers
- Financial assistance policies
- Multiple languages

# The Future of Price Transparency

---



## Impact on consumers

- Will they opt for low cost?



## Impact on future pricing

- Will your hospital conduct benchmarking?
- Can your hospital withstand lower prices?



## Expanding transparency

- What does this mean for payors?
- Will additional provider types be included?

# Pricing is Complex: Arming Your Organization

---

- » Do your physicians and staff have the tools they need to answer questions from patients?
- » Is your Board prepared to respond to questions?
- » How will you handle media inquiries?



---

Questions???

---



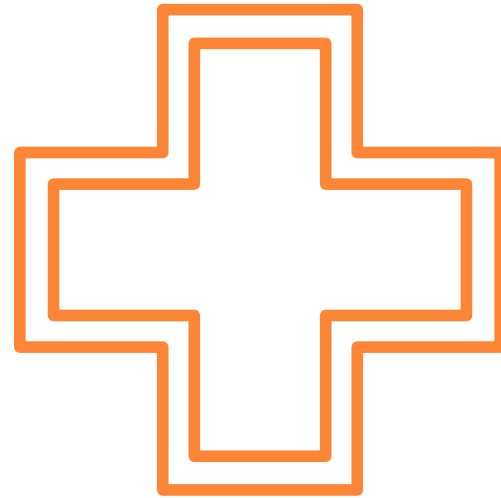
JARRARD

PHILLIPS  
CATE &  
HANCOCK

# A Reminder and a Final Thought

---

**How does this work  
advance your mission?**





# Contact Us

Kathy Reep

[kreep@pyapc.com](mailto:kreep@pyapc.com)

Merle Glasgow

[mglasgow@pyapc.com](mailto:mglasgow@pyapc.com)

James Cervantes

[jcervantes@jarrardinc.com](mailto:jcervantes@jarrardinc.com)



PYA, P.C.

800.270.9629 | [www.pyapc.com](http://www.pyapc.com)

Atlanta | Kansas City | Knoxville | Nashville | Tampa

JARRARD

PHILLIPS  
CATE &  
HANCOCK

[www.jarrardinc.com](http://www.jarrardinc.com)

Nashville: 615.254.0575 | Chicago: 312.419.0575