

# Implementation of Newly Enacted Hospital Price Transparency

## Background

The Hospital Price Transparency Rule required that hospitals list pricing information on a defined list of procedures by January 1<sup>st</sup>, 2021. CMS stated that the purpose of this was to make it “easier for consumers to shop and compare prices across hospitals and estimate the cost of care before going to the hospital”<sup>1</sup>. Hospitals must list the price they charge for at least 300 “shoppable services,” and explain these services in understandable language. A core 70 services are mandated for disclosure, but the hospital must post at least another 230. Hospital should include the discounted cash price for people paying on their own without insurance coverage as well as the negotiated price a hospital has reached with payers. Hospitals should also show their highest and lowest negotiated rate for each service.

ADVI examined the top 20 largest hospitals in the county to evaluate compliance as well as analyze the usefulness of this new data.

## Analysis and Results

ADVI Analytics explored the top 20 largest hospitals in the county (as determined by number of beds from Becker’s Hospital Review). We found the results varied greatly amongst the hospitals as some made the required information obvious on their websites while other seemingly buried the links. All of the top 20 hospitals published some type of pricing information but not all appeared to completely comply with the mandate and show information for 300 shoppable procedures. Other issues that we identified with the data included: data was not able to download in a useable format, hospitals did not provide HCPCS codes for services, and variability in hospitals’ terms for the pricing information. Among the data we analyzed, we found the price of code 99203 (Level 3 Evaluation and Management code), one of the most commonly billed services in Medicare, ranged from \$200 to \$1534. Another high-volume radiology code, 70450 (CT, head or brain, without contrast) ranged from \$90 to \$2,033.

These findings are consistent with ADVI’s analysis of another requirement around hospital transparency. In September 2019, ADVI published “A Review of Hospital Standard Charges and Recommendations for Best Practices to Improve Health Care Transparency.”<sup>2</sup> That analysis found similar issues around hospital compliance with federal transparency mandates around the publication of hospital chargemaster documents.

While transparency in hospitals’ pricing may be beneficial to the average consumer and healthcare researchers, the implementation of this policy by hospitals has many hurdles to overcome before it can be useful. CMS announced that they are auditing the compliance of this policy on a select sample of hospitals and they are cognizant of complaints since its rollout at the beginning of January. ADVI Analytics will continue to monitor any guidance from the agency as well as the pricing information that hospitals continue to publish.

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<sup>1</sup> <https://www.cms.gov/hospital-price-transparency>

<sup>2</sup> [https://www.advi.com/wp-content/uploads/docs/ADVI-Chargemaster\\_Best\\_Practices-Sep2019.pdf](https://www.advi.com/wp-content/uploads/docs/ADVI-Chargemaster_Best_Practices-Sep2019.pdf)