

Implementation of Newly Enacted Hospital Price Transparency Rule

The Hospital Price Transparency Rule required that hospitals list pricing information on a defined list of procedures by January 1st, 2021. CMS stated that the purpose of this new policy is to make it “easier for consumers to shop and compare prices across hospitals and estimate the cost of care before going to the hospital.”¹ 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. Hospitals 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 Strategic Analytics and Value Economics (SAVES) 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 SAVES explored the top 20 largest hospitals in the county (as determined by number of beds from Becker’s Hospital Review). We found the compliance with CMS’ rule 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 downloadable 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.”² 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 SAVES will continue to monitor any guidance from the agency as well as the pricing information that hospitals continue to publish.

Update – May 2021

Since the Hospital Price Transparency Rule went into effect, numerous reports have been published on the lack of compliance by hospitals. Due to the lack of consistency in implementing the policy, CMS released guidance for hospitals on creating and publishing the machine-readable files.³ Additionally, in May 2021, CMS issued its first round of warning letters to hospitals for non-compliance with the rule. With these movements, ADVI SAVES re-analyzed the top 20 hospitals from our initial analysis to see if these hospitals made any notable changes to their published prices and charges. We found that 75% of the hospitals have not made any changes to their files; however, 20% of the hospitals amended their pricing files with additional information. In each of these instances, the updated files still do not fully comply with the rule as prices for individual commercial plans are not available. ADVI also found that 5% of the hospitals removed pricing information from their files that were originally posted in January. This update shows that the hospital-provided data remains difficult to use and that despite additional guidance and warning from CMS, many hospitals are not being fully compliant with the mandate.

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

² https://www.advi.com/wp-content/uploads/docs/ADVI-Chargemaster_Best_Practices-Sep2019.pdf

³ <https://github.com/CMSgov/price-transparency-guide>