BKD
CPAs & Advisors

Price Transparency – Making the Most of New 2021 CMS Requirements

BKD National Health Care Group

April 2, 2020

Presenters

Brenda Christman, RN, CHFP
Managing Director
National Health Care Group
bchristman@bkd.com

Jackie Nussbaum, MHA, CPC, FHFMA
Director
National Health Care Group
jnussbaum@bkd.com

Today’s Topics

1. Focus on Price Transparency – What’s Driving Price Transparency?
2. CMS Price Transparency Requirements & Final Rule
3. Price Transparency Readiness for 2021

Focus on Price Transparency

- There has been great focus recently around hospital pricing & improving the overall price transparency of hospital charges for patients
  - CMS hopes current & future rulemaking will encourage patients to explore & compare charges by having pricing information available
  - Health care providers will be pushed not only by CMS but by private insurance companies, employers & consumers to provide better information around the cost & value of services

What's Driving Price Transparency?

- Rising deductibles & out-of-pocket costs
  - Growth in employer-sponsored, high-deductible plans
  - Patients gaining insurance coverage through the state & federal marketplaces mandated by the Affordable Care Act
- Employer pressure on providers & private payors
- Consumers want to know what their out-of-pocket cost will be & if they can get a better price elsewhere
- Prices being viewed more often as retail

Section 2718(e) Requirements

- Section 2718(e) of the Public Health Service Act, entitled "Bringing Down the Cost of Health Care Coverage" was enacted as part of the Affordable Care Act
- Under Section 2718(e), starting in 2015, "each hospital operating within the United States shall for each year establish (and update) and make public … a list of the hospital's standard charges for items and services provided by the hospital, including for diagnosis related groups (DRGs)"

CMS Price Transparency Requirements

- CMS original interpretation of Section 2718(e), as included in the FY 2015 IPPS Final Rule, required hospitals to either make public a list of their standard charges (whether that be the chargemaster itself or in another form of their choice) or their policies for allowing the public to view a list of those charges in response to an inquiry
- CMS also stated that it expected hospitals to update the information at least annually, or more often as appropriate, to reflect current charges

CMS Price Transparency Requirements, Continued

- CMS FY 2019 IPPS Final Rule updated guidelines from Section 2718(e), requiring all hospitals to list their standard charges on a publicly available domain, effective January 1, 2019
  - List of standard charges for all items & services provided by the hospital (including DRGs, if applicable)
  - Must be updated annually, or more often as appropriate
  - Available to patients via the internet in a “machine-readable format”

Executive Order for Price Transparency

- On Monday, June 24, 2019, President Donald Trump issued an executive order for price transparency expansion efforts
  - Directs HHS to develop rules requiring hospitals to publish prices "that reflect what people actually pay for services in a way that's clear, straightforward and accessible to all"
  - The overall thought behind the order is that price variation exists among health care facilities for the same service, & patients need information to find the cheapest & highest quality care. The administration expects the order to promote competition for health services & lower health care costs

CMS Price Transparency: Proposed Rule to Final Rule

- In accordance with the President's Executive Order, CMS proposed an expansion of hospital price transparency requirements in the CY 2020 OPPS proposed rule
- CMS received comments from thousands of interested parties including consumers, patient advocates, hospitals & health systems, private insurers, employers, medical associations, health benefits consultants, health IT organizations & organizations with price transparency expertise & academic institutions, among others
- CMS did not publish guidelines regarding pricing transparency in the CY 2020 OPPS final rule, but instead published a price transparency rule as a supplement to the CY 2020 OPPS final rule

CMS Price Transparency Final Rule

- On November 15, 2019, CMS finalized policies for making prices for items & services provided by hospitals in the United States more transparent for patients. CMS hopes patients can be more informed about what they might pay for hospital items & services
- CMS believes the impact of the final policies will help increase market competition & ultimately drive down the cost of health care services, making them more affordable for all patients
- Final rule is CMS-1717-F2
- Effective January 1, 2021

CMS Price Transparency Final Rule, Continued

- Hospital definition
  - A “hospital” is defined as an institution in any state in which state or applicable local law provides for the licensing of hospitals, that is licensed as a hospital pursuant to such law, or is approved, by the agency of such state or locality responsible for licensing hospitals, as meeting the standards established for such licensing
    - All licensed hospitals, *e.g.*, general acute hospitals including critical access hospitals (CAH) & sole community hospitals (SCH), psychiatric hospitals, rehabilitation hospitals & others previously identified in CMS guidance, are covered under this requirement

CMS Price Transparency Final Rule, Once More

- Hospital definition
  - Requirement does not apply to federally owned or operated hospitals that do not typically provide services to the general public & the established payment rates for services are not subject to negotiation, *e.g.*, Veterans Affairs (VA), Department of Defense (DOD) or Indian Health Service (IHS) facilities.
  - Requirement also does not apply to entities such as ambulatory surgical centers (ASCs) or other nonhospital sites-of-care from which consumers may seek health care items & services

CMS Price Transparency Final Rule, Again

- Items & services definition
  - All items & services, including individual items & services & service packages, that could be provided by a hospital to a patient in connection with an inpatient admission or an outpatient department visit for which the hospital has established a standard charge
  - Example items & services include, but are not limited to
    - Supplies & procedures
    - Room & board
    - Use of the facility & other items (generally described as facility fees)
    - Services of employed physicians & employed nonphysician practitioners (generally reflected as professional charges)
    - Any other items or services for which a hospital has established a charge

CMS Price Transparency Final Rule, Further

- Standard charges definition
  - The regular rate established by the hospital for an item or service provided to a specific group of paying patients. The term “rate” is defined in the Oxford dictionary as “a fixed price paid or charged for something, especially goods or services.” CMS therefore uses the terms “rate” & “charge” interchangeably throughout the final rule
- **Five types of standard charges**
  - **Gross charge:** The charge for an individual item or service that is reflected on a hospital’s chargemaster (or outside the CDM in the case of pharmaceuticals), absent any discounts
  - **Payor-specific negotiated charge:** Charges that the hospital has negotiated with third-party payors for an item or service

CMS Price Transparency Final Rule, Extended

- Standard charges definition

- **Five types of standard charges**
  - **Discounted cash price:** The standard charge offered by the hospital to a group of individuals who are self-pay. The discounted cash price reflects the discount rate published by the hospital (the self-pay “walk-in” rate), unrelated to any charity care that a hospital may choose to apply to an individual’s bill
  - **De-identified minimum negotiated charge:** The lowest charge that a hospital has negotiated with all third-party payors for an item or service
  - **De-identified maximum negotiated charge:** The highest charge that a hospital has negotiated with all third-party payors for an item or service

CMS Price Transparency Final Rule, Additionally

- Hospitals will make public their standard charges in two ways
  1. A comprehensive (one single, digital) machine-readable file that makes public all standard charge information (gross charges, payor-specific negotiated charges, discounted cash prices, de-identified minimum negotiated charge, de-identified maximum negotiated charge) for all hospital items & services provided by the hospital; **AND**
  2. A consumer-friendly format that displays & packages payor-specific negotiated charges, discounted cash prices, de-identified minimum negotiated charge & de-identified maximum negotiated charge for 300 “shoppable” services

CMS Price Transparency Final Rule, Supplemental

- Shoppable services
  - Shoppable defined as nonurgent services that can be scheduled in advance
  - CMS requires hospitals to post at least 300 shoppable services, including 70 CMS-selected shoppable services & 230 hospital-selected shoppable services (based on the utilization or billing rate of the services in the last year)
  - The final rule creates a policy to deem hospitals that offer internet-based price estimator tools as having met the requirement to post charges in a consumer-friendly format if the tool meets specific requirements.

CMS Price Transparency Final Rule, Furthermore

- Shoppable services
  - Rule requires hospitals to group the primary shoppable service with the ancillary services customarily provided by the hospital. Charges should be displayed as a grouping of related services
    - Ancillary items & services may include laboratory, radiology, drugs, delivery room, operating room (including PACU & recovery), therapy services, hospital fees, room & board charges & charges for employed professional services

CMS Price Transparency Final Rule, Expanded

- CMS methods for monitoring the charge posting requirements may include, but are not limited to the following
  - CMS evaluation of complaints made by individuals or entities to CMS
  - CMS review of individuals' or entities' analysis of noncompliance
- As CMS gains experience with monitoring compliance with the requirements, it may consider self-initiating audits of hospitals' websites as a monitoring method. Therefore, monitoring methods may include CMS audit of hospitals' websites

CMS Price Transparency Final Rule, Extra

- If a hospital is found to be noncompliant, CMS may take the following steps
  1. CMS may provide a written warning notice to the hospital of the specific violation(s)
  2. CMS requests a corrective action plan (CAP) from the hospital if its noncompliance constitutes a material violation of one or more requirements
  3. If the hospital fails to respond to CMS' request to submit a CAP or comply with the requirements of a CAP, CMS may impose a civil monetary penalty (CMP) on the hospital of up to $300 per day for noncompliance. It may also publicize the penalty on a CMS website

CMS Price Transparency Final Rule, Final

- Summary of costs

  First year

  CMS estimates the total burden for hospitals to review & post their standard charges for the first year to be 150 hours per hospital at $11,898.60 per hospital for a total burden of 900,300 hours (150 hours X 6,002 hospitals) & total cost of $71,415,397 ($11,898.60 X 6,002 hospitals)

  Subsequent years

  CMS estimates the total annual burden for hospitals to review & post their standard charges for subsequent years to be 46 hours per hospital at $3,610.88 per hospital for a total annual burden for subsequent years of 276,092 hours (46 hours X 6,002 hospitals) & total annual cost of $21,672,502 ($3,610.88 X 6,002 hospitals)

Price Transparency Readiness for 2021

- Identify & calculate the five types of standard charges
  - Gross charge
  - Payor-specific negotiated charge
  - De-identified minimum negotiated charge
  - De-identified maximum negotiated charge
  - Discounted cash price
- Identify & calculate 300 shoppable services
  - Primary service
  - Ancillary service
  - CPT/HCPCS
  - Standard charges by plan

Price Transparency Readiness for 2021

Shoppable Services – Plain Language Requirement

- The consumer-friendly file includes the payor-specific negotiated charge, de-identified minimum & maximum charges & discounted cash price that applies to each shoppable service
- If the hospital does not provide one or more of the CMS-specified shoppable services, the hospital may indicate “N/A” for the corresponding charge or otherwise make it clear that the service is not provided by the hospital. If a hospital doesn’t provide 300 shoppable services, the hospital must list as many shoppable services as it provides
- Each payor-specific charge must be clearly associated with the name of the third-party payor
- A list of all the associated ancillary items & services that the hospital provides with the shoppable service, including the payor-specific negotiated charge for each ancillary item or service

Price Transparency Readiness for 2021

Shoppable Services – Plain Language Requirement, Continued

- The location at which each shoppable service is provided by the hospital
  - Example: Smithville Campus or XYZ Clinic, including whether the standard charges for the shoppable service applies at that location in the inpatient setting, the outpatient department setting, or both
  - If the standard charges for the shoppable service varies based upon location or whether the hospital provides the shoppable service in the inpatient versus the outpatient setting, the hospital would be required to separately identify each standard charge
- Any primary code used by the hospital for purposes of accounting or billing for the shoppable service, including, but not limited to, the CPT code, the HCPCS code, the DRG or other commonly used service billing code

Price Transparency Readiness for 2021

Table 1 – Sample Display of Gross Charges

Description	CPT/ HCPCS Code	NDC	OP/ Default Gross Charge	IP/ER Gross Charge	ERx Charge Quantity
HB IV INFUS HYDRATION 31-60 MIN	96360		$1,000.13	$1,394.45	
HB IV INFUSION HYDRATION ADDL HR	96361		$251.13	$383.97	
HB IV INFUSION THERAPY 1ST HR	96365		$1,061.85	$1,681.80	
HB ROOM CHARGE 1:5 SEMI PRIV				$2,534.00	
HB ROOM CHG 1:5 OB PRIV DELX				$2,534.00	
HB ROOM CHG 1:5 OB DELX 1 ROOM				$2,534.00	
HB ROOM CHG 1:5 OB DELX 2 ROOMS				$2,534.00	
SURG LEVEL 1 1ST HR 04	Z7506			$3,497.16	
SURG LEVEL 1 ADDL 30M 04	Z7508			$1,325.20	
SURG LEVEL 2 1ST HR 04	Z7506			$6,994.32	
PROMETHAZINE 50 MG PR SUPP	J8498	713013212	$251.13	$383.97	12 Each
PHENYLEPHRINE HCL 10 % OP DROP		17478020605	$926.40	$1,264.33	5 mL
MULTIVITAMIN PO TABS		10135011501	$0.00	$0.00	100 Each
DIABETIC MGMT PROG, F/UP VISIT TO MD	S9141		$185.00		
GENETIC COUNSEL 15 MINS	S0265		$94.00		
DIALYSIS TRAINING/COMPLETE	90989		$988.00		
ANESTH, PROCEDURE ON MOUTH	00170		$87.00		

- *Note: This example shows only one type of standard charge (specifically the gross charges) that a hospital would be required to make public in the comprehensive machine-readable file*

- ***Hospitals must also make public***
  - ***Payor-specific negotiated charges,***
  - ***Discounted cash prices,***
  - ***De-identified minimum negotiated charges,***
  - ***De-identified maximum negotiated charges***

Price Transparency Readiness for 2021

Table 2 – Sample Display of Shoppable Charges

Shoppable Service	Primary Service and Ancillary Services	CPT/ HCPCS Code	[Standard Charge for Plan X]
Colonoscopy	primary diagnostic procedure	45378	$750
	anesthesia (medication only)	[code(s)]	$122
	physician services	Not provided by hospital (may be billed separately)	
	pathology/interpretation of results	Not provided by hospital (may be billed separately)	
	facility fee	[code(s)]	$500
Office Visit	New patient outpatient visit, 30 min	99203	$54
Vaginal Delivery	primary procedure	59400	[$]
	hospital services	[code(s)]	[$]
	physician services	Not provided by hospital (may be billed separately)	
	general anesthesia	Not provided by hospital (may be billed separately)	
	pain control	Not provided by hospital (may be billed separately)	
	two day hospital stay	[code(s)]	[$]
	monitoring after delivery	[code(s)]	[$]

Price Transparency Readiness for 2021

Table 3 – Shoppable Services

TABLE 3—FINAL LIST OF 70 CMS-SPECIFIED SHOPPABLE SERVICES

Evaluation & Management Services	2020 CPT/HCPCS Primary Code
Psychotherapy, 30 min	90832
Psychotherapy, 45 min	90834
Psychotherapy, 60 min	90837
Family psychotherapy, not including patient, 50 min	90846
Family psychotherapy, including patient, 50 min	90847
Group psychotherapy	90853
New patient office or other outpatient visit, typically 30 min	99203
New patient office of other outpatient visit, typically 45 min	99204
New patient office of other outpatient visit, typically 60 min	99205
Patient office consultation, typically 40 min	99243
Patient office consultation, typically 60 min	99244
Initial new patient preventive medicine evaluation (18-39 years)	99385
Initial new patient preventive medicine evaluation (40-64 years)	99386

Laboratory & Pathology Services	2020 CPT/HCPCS Primary Code
Basic metabolic panel	80048
Blood test, comprehensive group of blood chemicals	80053
Obstetric blood test panel	80055
Blood test, lipids (cholesterol and triglycerides)	80061
Kidney function panel test	80069
Liver function blood test panel	80076
Manual urinalysis test with examination using microscope	81000 or 81001
Automated urinalysis test	81002 or 81003
PSA (prostate specific antigen)	84153-84154
Blood test, thyroid stimulating hormone (TSH)	84443
Complete blood cell count, with differential white blood cells, automated	85025
Complete blood count, automated	85027
Blood test, clotting time	85610

Price Transparency Readiness for 2021

Table 3 – Shoppable Services, Continued

Radiology Services	2020 CPT/HCPCS Primary Code
CT scan, head or brain, without contrast	70450
MRI scan of brain before and after contrast	70553
X-Ray, lower back, minimum four views	72110
MRI scan of lower spinal canal	72148
CT scan, pelvis, with contrast	72193
MRI scan of leg joint	73721
CT scan of abdomen and pelvis with contrast	74177
Ultrasound of abdomen	76700
Abdominal ultrasound of pregnant uterus (greater or equal to 14 weeks 0 days) single or first fetus	76805
Ultrasound pelvis through vagina	76830
Mammography of one breast	77065
Mammography of both breasts	77066
Mammography, screening, bilateral	77067

Price Transparency Readiness for 2021

Table 3 – Shoppable Services, Furthermore

Medicine and Surgery Services	2020 CPT/HCPCS/DRG Primary Code
Cardiac valve and other major cardiothoracic procedures with cardiac catheterization with major complications or comorbidities	216
Spinal fusion except cervical without major comorbid conditions or complications (MCC)	460
Major joint replacement or reattachment of lower extremity without major comorbid conditions or complications (MCC).	470
Cervical spinal fusion without comorbid conditions (CC) or major comorbid conditions or complications (MCC).	473
Uterine and adnexa procedures for non-malignancy without comorbid conditions (CC) or major comorbid conditions or complications (MCC)	743
Removal of 1 or more breast growth, open procedure	19120
Shaving of shoulder bone using an endoscope	29826
Removal of one knee cartilage using an endoscope	29881
Removal of tonsils and adenoid glands patient younger than age 12	42820
Diagnostic examination of esophagus, stomach, and/or upper small bowel using an endoscope	43235
Biopsy of the esophagus, stomach, and/or upper small bowel using an endoscope	43239
Diagnostic examination of large bowel using an endoscope	45378
Biopsy of large bowel using an endoscope	45380
Removal of polyps or growths of large bowel using an endoscope	45385
Ultrasound examination of lower large bowel using an endoscope	45391
Removal of gallbladder using an endoscope	47562
Repair of groin hernia patient age 5 years or older	49505
Biopsy of prostate gland	55700
Surgical removal of prostate and surrounding lymph nodes using an endoscope	55866
Routine obstetric care for vaginal delivery, including pre-and post-delivery care	59400
Routine obstetric care for cesarean delivery, including pre-and post-delivery care	59510
Routine obstetric care for vaginal delivery after prior cesarean delivery including pre-and post-delivery care	59610
Injection of substance into spinal canal of lower back or sacrum using imaging guidance	62322-62323
Injections of anesthetic and/or steroid drug into lower or sacral spine nerve root using imaging guidance	64483
Removal of recurring cataract in lens capsule using laser	66821
Removal of cataract with insertion of lens	66984
Electrocardiogram, routine, with interpretation and report	93000
Insertion of catheter into left heart for diagnosis	93452
Sleep study	95810
Physical therapy, therapeutic exercise	97110

Price Transparency Readiness for 2021 - Timeline

Understand Final Rule requirements

January ‘20 – February ‘20

February ‘20 – April ’20

Review pricing strategy;

Identify standard charges & shoppable services

Assess price estimation tool option

March ‘20 – April ‘20

April ‘20 – November ’20

Refine pricing strategy;

Prepare standard charge files

January 1, 2021

Meet all requirements of Final Rule

Health Plan Price Transparency Proposed Rule

- On November 15, 2019, CMS published a **proposed rule** to require most insurance plans & employer-based health groups to disclose price & cost-sharing information
- Required elements
  - Out-of-pocket cost sharing
  - Accumulated amounts
  - Out-of-network allowed amounts
  - Services included in estimate
  - Applicable notifications

Health Plan Price Transparency Proposed Rule, Continued

- **Internet-based self-service tool**
  - Covered item/service/procedure-specific
  - Out-of-network (OON) allowable
  - Geographic relevance
  - Paper method
- **Public disclosure information**
  - Negotiated rate file
    - Plan/employer identifier
    - Service identifier
    - Negotiated rate
  - OON allowed amount file
    - Plan/employer identifier
    - Service identifier
    - Unique OON allowed amount
    - OON allowed amounts

Questions?

Stay Connected

- Last year, BKD published **100+** health care articles, webinars & tools
- Subscribe to Health Care, Home Care & Hospice & Long-Term Care & Senior Living newsletters to stay informed
- **bkd.com/subscribe**

Thank You!

bkd.com/hc | @BKDHC

BKD
CPAs & Advisors