

An aerial photograph of a suburban neighborhood during sunset. The houses are mostly two-story structures with dark roofs, surrounded by green lawns and trees with vibrant autumn foliage in shades of red, orange, and yellow. The sun is low on the horizon, creating a warm, golden glow over the entire scene.

SHIP TECHNICAL ASSISTANCE: PRICE TRANSPARENCY GUIDE

November 4, 2020

PRESENTERS



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LEARNING OBJECTIVES



Learn the history of price transparency



Discuss the final rule requirements effective January 1, 2021



Discuss suggested approaches and tactics to ensure implementation compliance



Go through the Guide



PRICING TRANSPARENCY

THE 10-YEAR JOURNEY

PRICING TRANSPARENCY IN REGULATION- PUBLIC HEALTH SERVICE ACT (PHS)

ACA (2010)

- “Each hospital operating within the United States shall for each year establish (and update) and make public (in accordance with guidelines developed by the secretary) a list of the hospital’s standard charges for items and services provided by the hospital.”

2015 IPPS Final Rule as part of the ACA

- Not very specific
- Could comply with a facility website link to hospital association data

2019 IPPS Final Rule

- Must post Standard Charges on Website
- Effective January 1, 2019
- Must be in machine readable format (i.e., no pdf files)
- Must be updated at least annually
- PPS hospitals required to publish list of prices by MS-DRG

PRICING TRANSPARENCY IN REGULATION

February 2019 ONC Proposed Rule

- Requested comments on requiring pricing info as part of mandated electronic health information (potential penalties)
- Comments related to whether negotiated rates should be made public – CMS have legal authority to proceed???

June 24, 2019 Executive Order (EO)

- Directed HHS to issues regulations requiring hospitals to post charge information
 - Charges, negotiated rates, and shoppable items and services

2020 OPSS Proposed/Final Rule

- Comments sought for many of the above items plus many others
- Effective January 1, 2021

PRICING TRANSPARENCY IN REGULATION

- 2021 IPPS Final Rule
 - CMS Finalizes Requirements to report Medicare Advantage Plan rates
 - Median negotiated charge by MS-DRG for all Medicare Advantage plans
 - Cost Reporting periods ending January 1, 2021.
 - CAHs are excluded from this requirement since they are not paid on DRGs.

RATIONALE

Health Care Costs

- Continue to rise and spending projected to consume 20% of the economy by 2026
- High deductible health plan enrollees seek price information

States

- >50% have required pricing info for providers and health plans.

Adoption of Proposed Rule

- More informed decisions
- Increase market competition
- Ultimately drive down costs and thus affordable



As health care costs continue to rise, health care affordability has become an area of intense focus.

OPPS Proposed Rule
August 9, 2019

HOSPITAL PRICE TRANSPARENCY

45 Code of Federal Regulations (CFR) Part 180

- Will house the regulations on price transparency
- For purposes of section 2718 (e) of PHS Act.
- High deductible health plan enrollees seek price information

Definitions and Specific Requirements

- Defines Terms
- Defines Format for Reporting
- Defines Elements to Report

Establish Monitoring and Penalties

- Comments on Monitoring and Notification of Noncompliance
- Penalties and Appeals



We believe this will
meaningfully inform patients'
decision making and allow
consumers to compare prices
across hospitals.

OPPS Proposed Rule
August 9, 2019

PUBLIC COMMENT

CMS sought comments

- *From Definitions – to penalties – to time burden for compliance*
- From Website to Openly Published Forum

Standardized Data Elements

- Description of each item or service (individual and packaged)
- IP and OP gross charge
- Corresponding payer-specific negotiated charge
- Any code used for billing (i.e., CPT/HCPCS)
- Rev Code as applicable



We are concerned that the lack of uniformity leaves the public unable to meaningfully use, understand and compare standard charge information across hospitals.

*OPPS Proposed Rule
August 9, 2019*



FINAL RULE — WHERE WE LANDED

FINAL RULE – EFFECTIVE JANUARY 1, 2021

Definitions in the Code

Hospital

Different Reporting Requirements

Standard Charges

Hospital Charges “item and services”

Machine-Readable File

Shoppable Items and Services

Public Disclosure of Noncompliance

Actions Addressing Noncompliance

Appeals of CMPs

HOSPITAL

Hospital

- Licensed as Hospital if you are a hospital
- Federally owned and Indian Health Programs are exempt
- Single license/multiple locations
 - Applies to all locations
 - May be considered as one provider for Medicare - but multiple hospitals based on hospital state licenses.

State

- Each of the several States
- DC, PR, VI, Guam, American Samoa and Northern Mariana Islands

Adoption of Final Rule

- 45 CFR 180.30(c)



We recognize that some small hospitals, and rural hospitals, including CAHs and SCHs may face challenges in implementing these requirements, but we do not believe that such challenges are insurmountable

Per CMS response to commenters:
*OPPS Final Rule/Price
Transparency
November 15, 2019*

CHARGES

First Three Types of Charges

- Gross charges as listed in the hospital Chargemaster “standard charge”
- Negotiated payer specific charges/rates –(per CMS -burden outweighed by public’s need for access to info)
- Cash discounted price – greater applicability to self-pay, out of network, exceeded coverage limits, HDHP, HSA (*price the hospital would charge individuals who pay cash (or cash equivalent)*)

De-identified minimum negotiated charge

- The lowest negotiated charge along a distribution across all payers for an item or service

De-identified maximum negotiated charge

- This would be the highest



The term “rate” is defined in the Oxford dictionary as “a fixed price paid or charged for something, especially goods or services.

We therefore use the terms “rate” and “charge” interchangeably throughout this final rule.

All five are severable.

Per CMS response to commenters:

OPPS Final Rule/*Price*

Transparency

November 15, 2019

CHARGES (CONT'D)

Negotiated payer specific rates:

“The hospital’s billing and accounting systems maintain the negotiated charges for service packages....”

- Rates identified by the payer and product.
- Rates for individual items and /or service packages (DRG, APC, etc.).
- All negotiated rates including commercial payers, Medicare Advantage and Managed Medicaid plans.
- Traditional Medicare and Medicaid rates are excluded as these are already publicly displayed.

ADDITIONAL REQUIREMENTS

Frequency of Updates:

- At least annually, clearly denote date of update

Machine Readable Format (i.e., .XML,.JSON and .CSV):

- Prominently displayed
- Cannot require users to register for a portal or enter identifiable information
- Easily searchable
- Standard naming convention for the file
- Include any code used for accounting or billing for the item or service (i.e., CPT/HCPCS, etc.)

SHOPPABLE ITEMS AND SERVICES

Shoppable Service:

- Scheduled in advance type procedures
- Grouping of related services along with the service – defining ancillary charges
- Make public a list of payer-specific negotiated charges for 70 services published in the proposed rule & as many additional ones selected by the hospital for a combined total of at least 300 (based on 2011 autoworkers claims which identified 350 services).
- *Charges for employed physicians included – “important to preserve flexibility”.....”we decline at this time to codify a definition of “employment.””*



Small or Specialty
Hospitals - list as
many as it provides.

SHOPPABLE ITEMS AND SERVICES (CONT'D)

Shoppable Service Posting Requirements:

- Plain-language description
- Indicator when one or more are not offered by the hospital
- Payer specific negotiated charge
- Discounted cash price
- De-identified minimum negotiated charge
- De-identified maximum negotiated charge
- Location where shoppable service is provided
- Primary code (i.e., CPT, HCPCS, etc.)



Easily accessible,
free of charge,
accessible without
having to provide PII,
searchable by
service.

SHOPPABLE ITEMS AND SERVICES (FURTHER)

Price estimator exception:

- If a hospital has an online price estimator that includes the 70 CMS + others = 300 shoppable services, the hospital will be deemed to have met the requirement to display charges for shoppable services.
- The estimator must provide estimate of what the consumer will have to pay the hospital for the shoppable service.



CMS Price
Transparency call
noted comment that
they believe on
average \$12,500
would be cost to
utilize such a tool.

OTHER THINGS TO NOTE

Format of Display **Was not finalized**

- Recognizing not all consumers have internet.
- Must provide a paper copy (i.e., booklet or brochure) to consumers within 72 hours of request.

Civil Monetary Penalties

- CMS will monitor compliance.
- Written notice of non-compliance and required Corrective Action Plan.
- Failure to comply post notification: \$300 maximum daily dollar CMP.
- PriceTransparencyHospitalCharges@cms.hhs.gov

Burden

- CMS does not expect this to be too involved as it should all be readily available information and in current electronic systems:
 - Estimate 150 hours per hospital at \$11,898.60 year one.
 - Estimate 46 hours per hospital at \$3610.88 subsequent years.
 - Revised these to range of 60-250 hours, 4759.44 to 19,794.40, respectively.



**COVID 19 PANDEMIC
PUBLIC HEALTH
EMERGENCY**

COVID 19

- Waivers
- Telehealth
- Relief Funds
- Payment Protection Program
- Etc.

RELIEF FUNDS/FFRCA/CARES ACT

Relief Funds – Terms and Conditions – **Surprise Billing**

..for all care for a presumptive or actual case of COVID-19, recipient certifies that it will not seek to collect from the patient out-of-pocket expenses in an amount greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network Recipient.

FFRCA/CARES Act – Uninsured Claims – **Balance Billing**

3202(b) of CARES Act diagnostic tests – Providers must post on public internet website cash price. Secretary can impose civil monetary penalties not to exceed \$300 per day non-compliance.



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TRANSPARENCY
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Hospital Price Transparency

Hospital price transparency helps Americans know the cost of a hospital item or service before receiving it. **Starting January 1, 2021**, each hospital operating in the United States will be required to provide clear, accessible pricing information online about the items and services they provide in two ways:

1. As a comprehensive machine-readable file with all items and services.
2. In a display of shoppable services in a consumer-friendly format.

This information will make it easier for consumers to shop and compare prices across hospitals and estimate the cost of care before going to the hospital.

  



- <https://www.cms.gov/hospital-price-transparency>
- For hospitals and consumers
- Includes compliance checklist
- FAQs
- Machine-readable file
- Shoppable Services



**DON'T FORGET
ABOUT STATE
TRANSPARENCY**



GUIDE

WALK THROUGH

CONCLUSION

Understand the Transparency Requirements: Federal and State

Assess Readiness of the key attributes

Establish a plan and governance structure

Utilize Guide and Demonstrate active efforts towards 1/1/2021 compliance

Assume implementation date is firm despite legal actions

Consumer friendly education and commentary strongly encouraged

QUESTIONS?

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THANK YOU

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CPAs & BUSINESS ADVISORS



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