CMS’s Chargemaster Posting Requirement:
Implications and Best Practices

Chad Mulvany, FHFMA
Policy Director, Healthcare Financial Practices
Agenda

1) How Did We Get Here?

2) What’s the Requirement?

3) Price Transparency Best Practices

4) Closing Comments
Depressed Wages

Healthcare Cost Increases Are Limiting Income Growth for Many Americans.

Cumulative Increases in Family Premiums and Workers Earnings 1999 - 2017

Source: Kaiser Family Foundation
Increasing Out-of-Pocket
Over the Past Decade, Deductibles Have Tripled.

Figure 7.10
Average General Annual Health Plan Deductibles for Single Coverage, 2006-2017

* Estimate is statistically different from estimate for the previous year shown (p < .05).
NOTE: Average general annual deductible is among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.
Priced Out

Many Households Can’t Afford Costs Related to Health Care.

Percentage of US Population By Federal Poverty Level

Family of Four

- **100% FPL**
  - Income: $24,250
  - Liquid Assets: $700

- **200% FPL**
  - Income: $48,500
  - Liquid Assets: $1,500

- **300% FPL**
  - Income: $72,750
  - Liquid Assets: $3,426

- **400% + FPL**
  - Income: $97,000
  - Liquid Assets: $18,343

How Did We Get Here?
Patient Impact

While Few Patients Are Asked to Pay Full Charges, the CDM “List Price” Increases Healthcare Costs for Some Patients.

Examples When Charges Matter:

- Uninsured but ineligible for financial assistance.
- Uninsured Individuals who receive partial financial assistance.
- Services received from out-of-network providers.
- Cost sharing for percent of charge contracts.
The Foundation of Trust Is Eroding
Affordability Issues and Pricing Opacity Is Eroding the Public’s Degree of Trust in Providers...

Percentage of respondents who agree that the following entities “put patients over profits”

- 36% for Physicians and nurses
- 23% for Hospitals
- 16% for Health insurance plans

Source: www.theharrispoll.com/health-and-life/Pharma-Biotech-Patients-Over-Profits.html
Seeking Alternatives
...Opening Patients and Consumers to Both Market Based and Political Alternatives.

Market Based Alternatives

Political Alternatives

Bloomberg

Democrats Offer ‘Medicare for All’ Bill to Transform Health Care

A leader of House Democrats’ progressive wing introduced “Medicare for all” legislation Wednesday that would replace almost all private health insurance, an idea that’s galvanizing the party’s liberal base and winning endorsements from many of its top presidential contenders. She unveiled the 120-page Medicare for All Act of 2019 at a Capitol news conference Wednesday with 107 co-sponsors, after saying she received assurances from Democratic leaders that the Budget Committees would hold hearings on it.
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Legislative Text

CMS in the 2019 IPPS Final Rule Added the Requirement that Chargemasters Posted to the Internet Must be Machine Readable in Response to Perceived Non-Compliance.

Section 2718 (e) of the Public Health Service Act

“STANDARD HOSPITAL CHARGES.—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, including for diagnosis-related groups established under section 1886(d)(4) of the Social Security Act.”
CMS Guidance

CMS Has Released Two FAQs Clarifying the Requirement for Hospitals to Post Charges.

Key Questions Addressed by CMS’s FAQ

1. Which Hospitals Are Required to Comply?
2. What Happens if A Hospital Doesn’t Comply?
3. What Information Needs to Be Posted?
4. Does CMS Require A Specific Format?
5. What Qualifies as Machine Readable?

Sources:
New Scrutiny

Media Outlets Around the Country Are Identifying, Highlighting, and Calling into Question Significant Charge Variances.

**Price Range of a Liter of IV Fluid**

<table>
<thead>
<tr>
<th>Hospital Type</th>
<th>AMC A</th>
<th>AMC B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Hospital</td>
<td>$264</td>
<td>$383</td>
</tr>
<tr>
<td>AMC A</td>
<td>$272</td>
<td></td>
</tr>
<tr>
<td>AMC B</td>
<td></td>
<td>$9,000</td>
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</table>

**Price Range of a Semi-Private Room**

<table>
<thead>
<tr>
<th>Hospital Type</th>
<th>AMC A</th>
<th>AMC B</th>
</tr>
</thead>
<tbody>
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<td>Community Hospital</td>
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<td>$8,534</td>
</tr>
<tr>
<td>AMC A</td>
<td>$2,858</td>
<td></td>
</tr>
<tr>
<td>AMC B</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Tell Your Story

HFMA Has Developed FAQs to Help Health System Executives Address Media Questions About the Charge Setting Process.

The FAQs are available at: hfma.org/transparency
A Matter of Perspective

While Requirement Exposes Hospitals to Scrutiny, It’s Also an Opportunity to Provide Consumers with Meaningful Price Transparency that Will Improve the Experience of Care.

A Floor, Not a Ceiling

"Hospitals don't have to wait for us to go further in helping their patients understand what care will cost."

Seema Verma
CMS Administrator
Naming and Shaming

CMS’s enforcement efforts to date rely on crowdsourced reports on the Twitter site #Where’sthePrice.

CMS chief Seema Verma tweets '#WhereThePrice' challenge in price transparency push

CMS Administrator Seema Verma addressed what she called the "Twitterverse" in a tweet Jan. 18, asking individuals to participate in the agency's "#WhereThePrice" price transparency challenge.

"As our latest #PriceTransparency initiative begins to take effect, we're asking the Twitterverse to help us make sure patients have access to the basic hospital pricing information (called the chargemaster) that is now required to be posted online," she wrote.

Ms. Verma's tweet was accompanied by an image that reads: "Here's the challenge: Visit the website of your local hospital. If you can't find their pricing information posted in an electronic format, let me know. Send me a tweet with the hashtag #WhereThePrice and help us drive #PriceTransparency!"

What’s Next?

The ONC proposed “Promoting Interoperability” rule included a “request for information” on requiring the public disclosure of negotiated rates.

Trump Administration Weighs Publicizing Secret Rates Hospitals and Doctors Negotiate With Insurers

The Trump administration is sounding out the medical industry on requiring hospitals, doctors and other health-care providers to publicly disclose the secretly negotiated prices they charge insurance companies for services, a move that would expose for the first time the actual cost of care.

The U.S. Department of Health and Human Services is seeking public comment on whether patients have a right to see the discounted prices in advance of obtaining care, federal officials said. The invitation for comment—outlined in a little noticed passage of a broader patient-data proposal released last month—is a major step toward a possible rule that could require providers to release such information, they said.

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HFMA Price Transparency Task Force
HFMA Price Transparency Task Force Report

• Clarifies basic definitions that are often misused
• Sets forth guiding principles
• Establishes roles for payers, providers, others
• Reflects consensus of key stakeholders

Available at: hfma.org/transparency
Definitions of Key Terms

Cost, charge, and price should not be used as interchangeable terms.

- *Cost* varies by the party incurring the expense.
- *Charge* is the dollar amount a provider sets for services rendered before negotiating any discounts.
- *Price* is the total amount a provider expects to be paid by payers and patients for healthcare services.
An Actionable Definition of Price Transparency

Readily available information on the price of healthcare services, that, together with other information, helps define the value of those services and enables patients and other care purchasers to identify, compare, and choose providers that offer the desired level of value.
Guiding Principles

Price transparency will require the commitment and active participation of all stakeholders.

Price transparency information should:

• Empower patients and other care purchasers to make meaningful price comparisons
• Be easy to use and easy to communicate
• Be paired with other information that defines the value of services for the care purchaser
• Enable patients to understand the total price of their care and what is included in that price
Roles for Key Stakeholders

• **Health plans** should serve as the principal source of price information for their members

• **Providers** should be the principal source of information for uninsured patients and out-of-network care

• **Referring** clinicians should use price information to benefit patients

• All stakeholders can offer a price information resource to consumers
Health Plan Role

Health plans should serve as the principal source of price information for their members. Tools for insured patients should include:

• The total estimated price of the service
• Clear indication of whether a particular provider is in the health plan’s network.
• Clear statement of the patient’s estimated out-of-pocket payment responsibility
• Other relevant information on the provider or service sought
Provider Role

For uninsured patients and out-of-network care, providers should:

• Offer an estimated price for a standard procedure and make clear how complications may increase the price.
• Clearly communicate pre-service estimates of prices.
• Clearly state what services are included in an estimate.
• Give patients other relevant information, where available.
All Stakeholders Can Offer a Pricing Resource to Consumers

- Describes how to request price estimates, step by step
- Clarifies what estimates may or may not include
- Explains in-network and out-of-network care
- Defines key terms
- Available for posting on your website at no charge
- Hardcopies available for purchase in bulk at a nominal price through AHA’s online store

hfma.org/consumerguide
Consumer Education Should Extend to Avoiding Surprise Out-of-Network Bills

- Helps consumers understand questions to ask to avoid surprise bills
- Features examples of common procedures
- Includes practical tools and tips

hfma.org/consumerguide
Not Helpful

While This Meets the Technical Requirements of the Regulation, It Does Not Provide Useful Information to Consumers.

Example of One Health System’s Compliance Efforts

```json
{"CDM":[{"FACILITY":"ABMC","CMS_PROV_ID":"XXXXX","HOSPITAL_NAME":"ABC Medical Center - ABC Medical Center","SERVICE_SETTING":"DRG","CDM":"DRG-064","DESCRIPION":"INTRACRANIAL HEMORRHAGE OR CEREBRAL INFARCTION W MCC","REVENUE_CODE":"","CHARGE":94946.00},{"FACILITY":"ABMC","CMS_PROV_ID":"XXXXX","HOSPITAL_NAME":"ABC Medical Center - ABC Medical Center","SERVICE_SETTING":"DRG","CDM":"DRG-189","DESCRIPION":"PULMONARY EDEMA & RESPIRATORY FAILURE","REVENUE_CODE":"","CHARGE":52947.00}, {"FACILITY": "ABMC", "CMS_PROV_ID": "XXXXX", "HOSPITAL_NAME": "ABC Medical Center - ABC Medical Center", "SERVICE_SETTING": "DRG", "CDM": "DRG-190", "DESCRIPTION": "CHRONIC OBSTRUCTIVE PULMONARY DISEASE W MCC", "REVENUE_CODE": "", "CHARGE": 54264.00},]
```
A Better Approach

The University of Utah Health System meets the CMS requirements by posting their CDM in an accessible “easy” to understand manner and encourages patients to contact the health system for an estimate of prices.

Source: https://healthcare.utah.edu/pricing/
Provide Easy Access to Information

In addition to meeting the posting requirement, Unity Point arms patient financial counselors with the tools to provide price estimates and makes them readily available.

At St. Luke’s, we understand that price transparency is important. If you need help determining how much a procedure will cost, contact St. Luke’s price line at (319) 369-7513. You may also register for free text relay service for people with hearing loss or speech disability.

Ready to help

St. Luke’s has 15 full- and part-time financial counselors available to answer questions. Our Financial Counselors generally need one to two business days to provide an answer.

- E-mail St. Luke’s Financial Counselors

Uninsured and Underinsured

St. Luke’s Hospital provides patient care to a growing number of uninsured and underinsured patients. If you’re carrying a greater burden of your healthcare costs through increasing out-of-pocket deductibles or you lack the financial resources to secure health insurance, St. Luke’s Hospital has developed financial policies to seek fair and equitable payment based on your ability to pay.

St. Luke’s assists patients who cannot reasonably pay for some or all of the care they receive. To find out if you qualify for discounts...
Automate High Volume Services

University of Colorado Health makes it possible to receive an estimate, by location and payer, for select common services via the web and a mobile app.

Source: https://www.uchealth.org/billing-and-pricing-information/
One Stop Shopping

University of Utah Health’s estimate provides cost sharing for both the professional and technical component.

Source: https://healthcare.utah.edu/pricing/calculate.php#/
Providing Assistance

They provide a link to financial assistance materials.

Based on the information you entered ...

Insurance Type: COMMERCIAL
Deductible: $5,000
Co-insurance: 10%
Copay: NA
Remaining Out of Pocket: $10,000.00

CT scan abdomen
Average Allowed Amount $1,315

DEDUCTIBLE
$5,000

COPAY
NA

COINSURANCE
0

Estimated Patient Responsibility
$1,315

Have questions regarding financial assistance?

Please note we strive to provide the most accurate pricing information possible but this information is subject to change without notice. This estimate was prepared on (March 7, 2019).
Duly Noted

Mayo Clinic’s estimates provide appropriate caveats to help patients understand the limits of their price estimator tool.

Mayo Clinic offers visitors to our site the chance to see estimated prices and payments for health care services at our facilities. The information on the following pages includes estimates based on information you provide, not quotes or guarantees. You should not rely upon those estimates. Your actual costs may be higher or lower depending on many factors, including, but not limited to, your physician's treatment choices, actual services rendered, complications, your particular health care needs, and the details of your insurance coverage, if any.

You will be held responsible for the actual amount you owe based on services rendered to you or your insured dependents (as applicable), and this site does not form a contract for the actual amount that you may be required to pay. Please check with your health insurance to confirm whether you're covered, and the costs that you may be charged, for the requested service or procedure at the desired Mayo location. You are responsible for costs that are not covered and for getting any pre-authorizations or referrals required by your health plan. There is no guarantee that your insurance will provide coverage, so please reach out to them to understand and confirm your plan details.

Source: https://costestimator.mayoclinic.org/carepaths/257/Rochester/cost?
Make It Known

Saint Alphonsus Health System’s CEO used an op-ed article to raise awareness in the community about how to receive a price estimate.

Idaho Statesman

Understanding cost transparency from the perspective of a Catholic health care system

Using the price estimator tool is a good first step, but we highly recommend calling your insurance carrier or hospital registration team for more personalized information. At Saint Alphonsus, our Patient Registration Team can be reached at 208-367-COST (or 888-204-2678 toll free) to get the most accurate estimate of the cost of your care and out-of-pocket expenses. Representatives will meet with you to discover important variables in your care decision. These include the following, to name a few:

▪ Scope of the specific service or procedure.
▪ Physician or team of specialists involved.
▪ Insurance coverage.
▪ Preferred location for the service.

To learn more, visit www.saintalphonsus.org/online-price-estimator.

Source: https://www.idahostatesman.com/opinion/readers-opinion/article225205395.html
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Closing Comments

The charge posting requirement presents a unique opportunity to position your organization to be more consumer centric.

- Perspective Matters
- Multiple Ways to Meet Consumer Needs
- Link to Financial Assistance Policy
- Communicate Clearly and Frequently
Build Your Organizational Capabilities
Adopt Best Practices

hfma.org/dollars