PRICE TRANSPARENCY: ENSURING USEFUL INFORMATION FOR PATIENT CARE DECISIONS

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KEY TAKEAWAYS

- Price transparency is a complicated issue; many stakeholders must work together to ensure patients receive clear, usable information on health care costs.

- Federal and state policymakers have shown interest in increasing price transparency through various policy levers to aid patient in making health care decisions.

- Essential hospitals excel at providing meaningful cost information to their patients in a culturally and linguistically competent way.

INTRODUCTION

Health care decisions are complicated and personal—these choices should be made through meaningful conversations between a patient, their family, and their clinician using timely and relevant information. As federal and state policymakers continue to focus on health care, they increasingly are highlighting the importance of accessible information on price and other elements of health care for patients.

Price transparency empowers patients, but price alone is not a complete metric. Hospital prices might vary for many reasons, and a list price for a service is rarely—if ever—the actual amount a patient pays. A list of prices, in the absence of other information, could confuse patients and might discourage them from seeking appropriate care. Confusion about price is compounded when patients face social, cultural, and economic obstacles that can lead to limited access to primary care, prescription drugs, or transportation to clinical appointments. Essential hospitals are committed to caring for all patients, including the vulnerable and underserved, but providing such care often results in higher costs.

To best help patients make medical decisions, stakeholders should

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communicate about out-of-pocket costs on a case-by-case basis. This information must be shared in a culturally and linguistically competent manner, along with information on available financial assistance. A patient should never forgo necessary care because of fear they might be unable to pay for all or part of a health care bill.

Improving price transparency is complicated; essential hospitals, payers, states, and the federal government must work together to ensure patients have adequate information to make informed health care choices. This brief examines the current state of price transparency efforts and highlights steps essential hospitals have made to better inform patients about the cost of their care.

THE FEDERAL LANDSCAPE

Congressional Interest

Polls consistently find that voters name health care as their highest priority when picking candidates to support, with the greatest concern centered on rising health care costs.[1,2] Policymakers are listening to these concerns and pushing for providers and other stakeholders to offer patients more information. However, Congress has yet to agree on a comprehensive plan to increase health care price transparency.

In the Senate, the Committee on Health, Education, Labor, and Pensions (HELP) released a request for information (RFI) in December 2018 seeking stakeholder feedback on ways to increase health care price transparency. Chair Lamar Alexander (R-TN), who plans to retire in 2020, has made price transparency a centerpiece of his final term. The HELP Committee later incorporated feedback from the RFI into bipartisan legislation aimed at increasing price transparency in the health care industry.

In the House of Representatives, the Committee on Energy and Commerce has released several bills to increase health care price transparency through various mechanisms. The Committees on Ways and Means and Education and Labor, which also hold health care jurisdiction, likely would need to approve any transparency legislation passed by the Energy and Commerce Committee.

More recently, tackling balance billing, or surprise billing, has been the top priority for most lawmakers seeking to increase price transparency. Surprise billing tends to occur when patients have little to no control over their provider, such as in emergency settings. These situations have been brought to the forefront in part by media attention, sparking intense debate in Washington and in state legislatures. In general, surprise billing proposals have aimed to remove patients from dealing with out-of-network payment issues, leaving these discussions to providers and insurers.

While Congress has been interested in but so far unable to advance price transparency efforts, both the president and the Centers for Medicare & Medicaid Services (CMS) have used their authority to instruct hospitals to publish certain pricing information for consumers.

Executive Order

On June 24, 2019, the president issued an executive order about hospital price disclosure and quality measurement.[3] The executive order instructs the Department of Health and Human Services (HHS) to issue a proposal, within 60 days, requiring hospitals to publicly post standard charge information, including charges based on negotiated rates, in a machine-readable format that is understandable and usable by consumers.

The executive order also instructs HHS and the departments of Labor and Treasury to issue, within 90 days, advance notice of proposed rulemaking soliciting comments on a proposal requiring insurance companies and providers to supply cost-of-care information, including expected out-of-pocket costs, to patients before they receive care.

The executive order also directs the departments to:

- develop a comprehensive quality road map to drive improvement across health care programs; and

- propose policies that ensure researchers, innovators, and providers have access to de-identified health care claims data, in a way that protects patient privacy and security while enabling transformation of the health care marketplace through analytics to help improve quality and decrease price.

HHS Rulemaking

Before the executive order, CMS required that, beginning January 1, 2019, hospitals post a list of their standard charges online in a machine-readable format.[4] Hospitals and other stakeholders have questioned the usefulness of posting standard charges (often called a hospital's "chargemaster") as the prices in these documents almost never represent what a patient pays out-of-pocket for services.

Despite these concerns, CMS expanded the requirements in its annual outpatient payment final rule for 2020.[5] Beginning January 1, 2021, hospitals also will be required to post, in a consumer-friendly format, charges based on rates negotiated with third-party payers for at least 300 common shoppable items and services. The agency provides a list of 70 CMS-specified shoppable services; under the rule, hospitals must make public as many of these 70 services and as many additional shoppable services as necessary to reach a combined total of at least 300. CMS also finalized actions to monitor compliance and address hospital noncompliance.

Meanwhile, HHS and the departments of Labor and Treasury issued a proposed rule that would require most insurance plans to disclose price and cost-sharing information to plan participants, beneficiaries, and enrollees. The proposal would require plans to provide personalized access to cost-sharing information, including cost-sharing liabilities, for all covered health care services in real time through an online tool and in paper format, at the consumer's request. In addition, the proposal calls for plans and issuers to disclose on a public website their negotiated rates for in-network providers and allowed amounts paid for out-of-network providers.

THE STATE PERSPECTIVE

State policymakers also are prioritizing health care price transparency as a strategy for containing or lowering costs. At least 28 states have enacted laws requiring hospitals and health plans to disclose certain charges and fees, such as a chargemaster; disclose average provider reimbursement rates; and estimate treatment costs for patients.

Price transparency has recaptured state policymakers' attention in recent years partly due to media reports on isolated cases of unexpectedly high medical bills. Today, at least 25 states have enacted laws to address surprise medical bills. Further, state

State Case Study: New Hampshire

New Hampshire has one of the most comprehensive and oldest hospital price transparency laws in the United States.[8] The state posts prices charged by individual hospitals for certain medical services on the state-run website, NH HealthCost, in an effort to assist patients in making decisions about their health care.[9]

In 2003, New Hampshire created one of the nation's first all-payer claims databases to collect health care price information. Leveraging these data, New Hampshire's Insurance Department began publicly publishing health care prices online in 2007. On the NH HealthCost website, consumers can search for approximately 120 medical services and compare prices by hospital and health insurance company. Although the website has existed for more than a decade, a recent study found that only 8 percent of residents use prices on NH HealthCost to make care decisions.[10]

Consumers also can use the site to find median prices for common medical procedures across New Hampshire. To reduce the chances of a consumer receiving an unexpected medical bill, the state provides each median price a score—low, medium, or high. These scores indicate the level of confidence that the estimate is accurate and are based on historical experience and a statistical pricing analysis.

New Hampshire has struggled with which prices to feature on the website because bills for one procedure can include prices for numerous services, such as care from medical specialists, imaging, and lab tests.[11] The state's website now includes price information for a bundle of services related to an individual procedure.

An additional 20 states now have similar laws, but only six operate consumer-price websites and few publish as many prices by providers and health plans as New Hampshire.

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State Case Study: Colorado

On March 28, 2019, Colorado Gov. Jared Polis (D) signed a law requiring hospitals to make more of their financial information publicly available.[7] This action was the first step outlined in the governor's road map to reducing patient costs. The law aims to enable state policymakers to analyze and compare health care prices between hospitals across the state, adopt policies to lower health care costs, and track whether savings from these efforts are passed on to consumers.

The law, which took effect August 2, 2019, requires the Colorado Department of Health Care Policy and Financing, in consultation with the state's Healthcare Affordability and Sustainability Enterprise Board, to develop and prepare an annual report on uncompensated hospital costs and expenditures in the state. The department will use publicly available data sources when possible, in addition to certain information the state will require each hospital to provide, such as:

- inpatient statistics, including discharges and patient days by payer group and number of inpatient surgeries, births, and admissions from hospital-based and free-standing emergency departments (EDs);

- outpatient statistics, including hospital-based and free-standing ED visits, ambulatory surgery visits, home health visits, and all other outpatient visits;

- bad debt and charity write-offs;

- operating expenses;

- balance sheets;

- staffing information; and

- transaction prices of acquired hospitals.

Although it had bipartisan sponsors in Colorado's House and Senate, the legislation largely was passed by Democrats in the state's Democratic-controlled chambers. In previous years, the Republican-led Senate voted against financial transparency legislation. Notably, the legislation struggled to advance until the state hospital association expressed support.

policymakers increasingly have pursued consumer protection laws to address this issue. In 2019 alone, six states enacted laws to mitigate the impact of surprise medical bills on patients.[6]

States are expected to continue focusing on price transparency amid mounting fiscal pressures.

For example, Colorado lawmakers last year enacted a measure requiring hospitals to report financial information to the state, including prices and reimbursement rates. However, these efforts are not new— New Hampshire in the early 2000s was the first state to enact a law targeting increased hospital price transparency.

Overall, states have struggled to design and advertise user-friendly websites, resulting in low consumer engagement. While transparency continues to be an area of great interest, some hospitals have taken initiative to drive price transparency on their own.

ESSENTIAL HOSPITALS LEAD THE WAY

Essential hospitals understand the importance of sharing relevant and accurate information to empower patients to make informed decisions about their care. In 2017, essential hospitals treated 23.9 million patients living below the poverty line and 17.1 million patients without health insurance. They serve communities in which more than 360,000 individuals are homeless and 10 million have limited access to healthy food.[12] Racial and ethnic minorities account for more than half of discharges at essential hospitals. Communities served by essential hospitals include a disproportionate share of non–English speaking patients and those with limited English proficiency. For patients facing these social risk factors, providers must ensure that cost information is conveyed in a culturally competent way that includes all available charity care and financial assistance opportunities. Patients should be aware of their financial obligations, but never discouraged from receiving appropriate care because of the price.

Leveraging Technology

Given their limited means, essential hospitals are constantly innovating to provide important information to their patients in a timely manner. Two health systems in particular have used new technology as a cost-effective way to increase patients' access to price information.

At Indiana University (IU) Health, in Bloomington, Ind., patients can access a cost estimation tool by filling out a web-based form that asks for the patient's insurance information and procedure; the service also is available by phone or email. A dedicated team of IU staff uses the information to create a personalized estimate of the patient's out-of-pocket costs. The team took an incremental approach to implementing the tool, beginning in 2015 with lab services and scaling up in the following years. It now includes about 90 percent of the services within the health system, with plans to capture costs for the remaining services and physician groups over time.

In 2018, IU Health produced 37,000 estimates and they are on track to produce up to 50,000 in 2019. When appropriate, the team produces multiple estimates based on various foreseeable circumstances. Audits are integral to the accuracy and credibility of IU's tool. A recent audit found that 90 percent of cost estimates were within 5 percent of the ultimate out-of-pocket cost to the patient. Of the remaining 10 percent, the procedure often required different services than previously anticipated, or the patient's insurer denied payment.

At Memorial Healthcare, in Hollywood, Fla., efforts to increase transparency also emerged in 2015. The health system worked with an outside contractor to develop a price and quality transparency tool. An interdisciplinary team, as well as a patient and family advisory committee, determine what patients and their families would consider the most useful information for making important care decisions. The tool can generate cost estimates for about 320 services, including hospital, physician office, diagnostic, and outpatient care. Memorial's ultimate goal is to achieve "transparency plus certainty" for its patients.

Creating a Culture of Transparency

Both IU Health and Memorial Healthcare credit their success to buy-in at all levels, starting with leadership. Even before transparency entered the national dialogue, both health systems identified transparency as a key strategy to improve patient experience and grow trust with their patients and communities.

The hospitals also understand the importance of integrating these tools into daily operations and workflows. IU Health is working to ensure front-line staff know about the cost-estimator tool and can direct patients to it. At Memorial, a "soft launch" of the tool helped to ensure it worked before encouraging wide usage within the system. To date, Memorial's transparency tool has garnered about 7,000 requests per quarter, and there are plans to ramp up marketing using search engine optimization and other strategies to ensure patients can easily find the tool on their own.

Transparency does not come with a one-size-fits-all solution and essential hospitals are well-equipped to work in tandem with their communities to create tailored solutions that increase transparency in a meaningful way.

Adapting to Community Needs

To better serve their communities, both the Memorial and IU Health transparency tools integrate the hospitals' respective financial assistance programs, a critical piece of the puzzle for many patients. Essential hospitals offer robust financial assistance programs, accounting for 23 percent of charity care and 17.4 percent of uncompensated care nationwide—despite making up only 6 percent of hospitals. Charity and uncompensated care are provided at reduced rates or no cost for low-income patients without insurance or the means to cover their cost-sharing responsibilities. Integrating financial assistance programs into cost estimates is crucial to ensure patients have all relevant information to make decisions about their care.

Both web-based tools required large investments of capital and staff time. Other essential hospitals have found success with patient navigators and other face-to-face communications to increase price transparency.

Transparency does not come with a one-size-fits-all solution and essential hospitals are well-equipped to work in tandem with their communities to create tailored solutions that increase transparency in a meaningful way. Essential hospitals benefit from the flexibility to meet their unique community needs.

Challenges and Lessons Learned

Both Memorial Healthcare and IU Health approached these projects with patience and thoughtfulness. The hospitals started small, with tools covering a narrow variety of services, and took ample time to solve routine technical issues before expanding the tools or making them available for patient use. Running multiple tests and working closely with third-party vendors was critical to ensuring the tools could deliver accurate, timely estimates for their patients.

TRANSPARENCY EFFORTS CONTINUE

Policymakers at the federal and state levels are just getting started on these price transparency efforts. Approaches might differ, but stakeholders agree with the need to ensure patients have access to timely, relevant information about their financial responsibility and are not further confused by information that might deter them from receiving proper care.

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