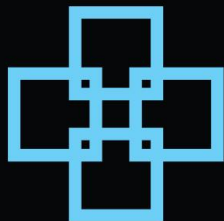




Hospital Price Transparency Requirements

*Regulatory and Statutory
Requirements for Hospitals*



**Kentucky
Hospital
Association**

October 26, 2022



Kentucky Hospitals Support Price Transparency

- ▶ **Hospitals have long had processes to provide patients with price estimates upon request**
- ▶ **Hospitals have financial assistance policies to assist patients with bills, both uninsured and insured**
- ▶ **Hospitals screen uninsured patients for public assistance**



CMS Hospital Price Transparency Rule

POSTING OF PRICES – 1/1/2021

HOSPITALS will post the “**STANDARD CHARGES**” online in a machine-readable file, easily accessible on the public website with the following data points:

Gross Charges

- Chargemaster Price

Discounted Cash Prices

- Self-pay/ Cash price

Payer-Specific Negotiated Charges

- Hospital negotiated price by third party payer

De-Identified Minimum Negotiated Charges

- Lowest third-party payer negotiated price

De-Identified Maximum Negotiated Charges

- Highest third-party payer negotiated price

CMS Compliance Date Delayed: 7/1/2022 – to align with No Surprises Act

Machine-Readable File

▶ Files will Differ by Hospital

- **Insurers pay differently**
 - DRG, % charge, per diem, fee schedule
- **Payers will differ by hospital**
 - Same plans not offered statewide
 - Hospital may not be in same plan as another hospital
- **Size of files and Service array will differ by hospital**
 - Large hospitals will have more services and charge codes than a CAH

▶ **NOT** consumer friendly



CMS Hospital Price Transparency Rule

SHOPPABLE SERVICES – 1/1/2021

- ▶ A **“Shoppable Service”** – is one that can be scheduled in advance, routinely provided in non-urgent situations
 - 300 services - 70 specified by CMS + 230 selected by the hospital

- ▶ **Two Methods to Comply:**
 - **Post a Public File:**
 - Payer-specific negotiated charges, de-identified minimum and maximum negotiated charges, and discounted cash prices
 - Data Elements: Plain language description , any primary code for billing, typical ancillary services
 - **Internet-based Price Estimator – Nearly all Kentucky hospitals using this method**
 - Provides estimates for as many of the 70 CMS selected services that are provided by the hospital + additional to equal 300
 - Consumers can obtain an estimate of the amount they will be obligated to pay
 - CMS Delayed Enforcement of Price Estimator: 1/1/2023

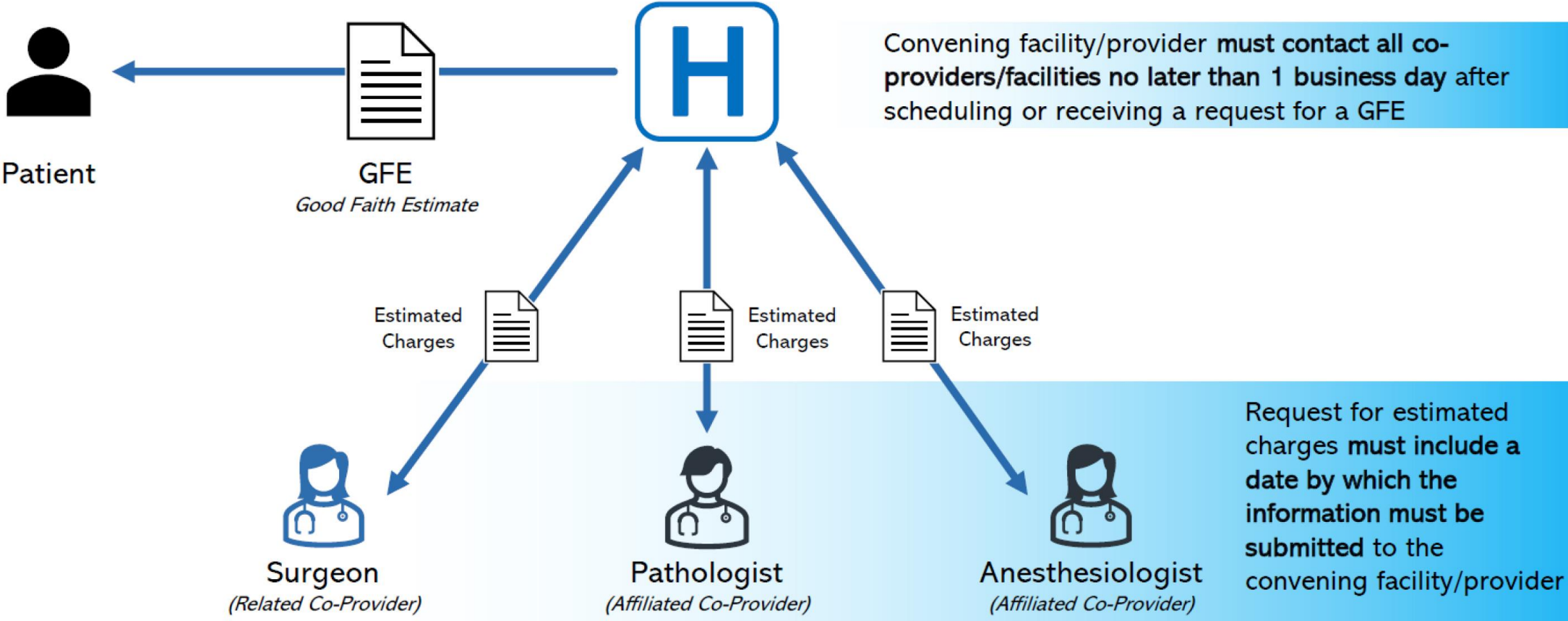
No Surprises Act – (effective 1/1/2022)

GOOD FAITH ESTIMATES (GFE) of Expected Charges

UNINSURED AND SELF-PAY PATIENTS (Insured patient not using insurance)

- Applies to all health care facilities and providers
- Available upon patient request, or required when scheduling occurs
- **GFE Outlines - expected charges** (primary service and those provided in conjunction), including any anticipated discounts or adjustments (ie., hospital financial assistance policy)
 - **Knee Surgery:** Physician professional fee, assistant surgeon fee, anesthesiologist professional fee, facility fee, prescription drugs, and DME
- **If billed charges for a provider exceed the GFE by \$400, it may be eligible for federal dispute resolution**

Complicated Process for Providers to Generate Compliant GFE



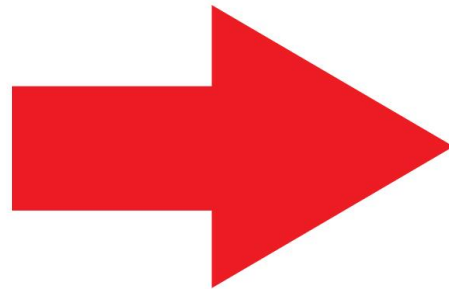
No Surprises Act Advance EOB for Insured Patients

- **Designed to give insured patients advance notice** of how much they likely will have to pay out of pocket for a particular test or procedure
- **Triggered when a provider or facility notifies the insurer** that an enrollee is scheduled to receive a service
- **Providers send the good faith estimate to the insurer** who sends the advanced EOB to the enrollee
- **Elements of the Notice:**
 - Network status of provider or facility
 - Contracted rate for the item or service
 - Good faith estimate from the provider
 - Good faith estimate of amount of plan/coverage; cost sharing
 - Disclaimers if coverage subject to medical management
- **CMS HAS DEFERRED ENFORCEMENT** until they issue further rulemaking in recognition of the lack of the technical infrastructure for providers and facility to transmit information to plans
 - CMS issued an RFI on September 16, 2022, seeking advice and comment on standards, provider burden, etc.

Hospital Prices

- ▶ Healthcare does NOT operate in a free market
- ▶ EMTALA requires hospitals to treat everyone regardless of ability to pay

80%
of patients in Kentucky
hospitals are covered by
a government program



ONLY
85-90%
of the **COST OF CARE** is covered
by these programs

Hospital Prices

- Narrow lines of service where **the revenue covers the money losing services:**
 - Obstetrics
 - NICUs
 - emergency departments
- Hospitals are **forced to shift costs to small pool of privately insured patients**
- Kentucky has a consolidated insurance market **leaving hospitals with little negotiating power**
- Even with these issues, **The Motley Fool rates Kentucky as the least expensive state for health care.**



Shopping for Services

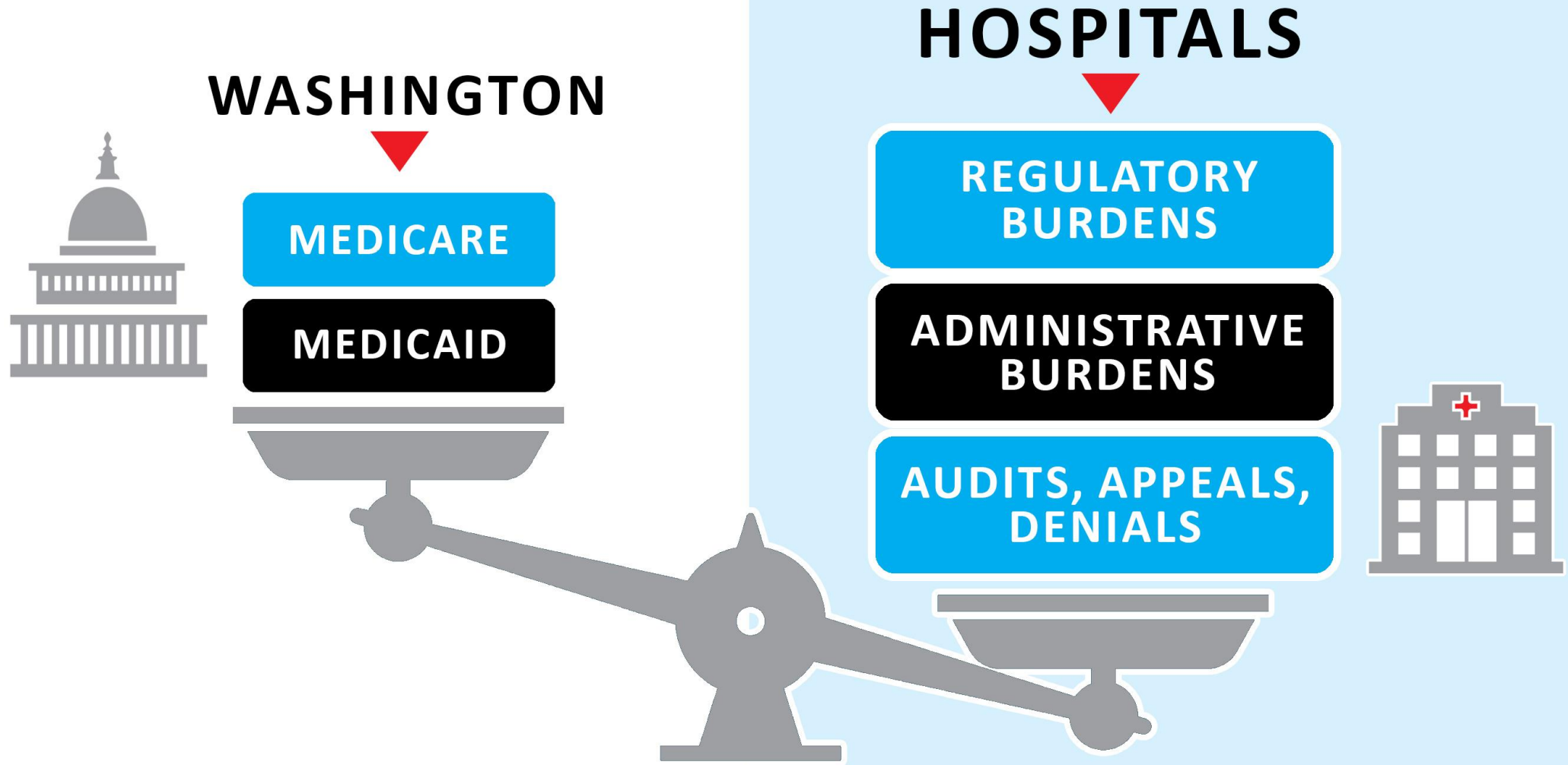
What Patients Want:

- High Quality Care
- Follow Physician's Recommendation

What Insurers Want:

- Lowest Price

A Washington-Based System



Are there any questions?

Thank you for having us.

