

New CMS rule requires hospitals to post pricing data online

By **Rob Borkowski** - February 15, 2019 3:04 am



FIRST STEP: Rhode Island Business Group on Health Executive Director Al Charbonneau says a federal rule requiring hospitals to post pricing data online is the first of many steps to price transparency. Next to Charbonneau is Hospital Association of Rhode Island President Teresa Paiva Weed. / PBN PHOTO/MICHAEL SALERNO

The Centers for Medicare & Medicaid Services requires hospitals' pricing data to be posted to their websites, billed as the first step toward a more cost-transparent health care system. But several steps, including those governing enforcement, funding and standardization, remain before reality matches that vision.

CMS announced it was considering the rule requiring hospitals to post the information in a machine-readable form in April 2018, but the requirement lacked detailed guidance on how that should be done, how it would be enforced, or the penalties for not following the rule when it was implemented in May 2018.

Rhode Island hospitals followed the rule despite the lack of oversight, guidance or penalty.

Medicare Administrator Seema Verma described the rule as a first step intended to give third parties the raw figures from each hospital's price master document needed to create a user-friendly presentation. For example, each insurance company's payments on services and procedures, an integral part of the process determining what most consumers will pay.

"We set the stage for third parties to provide tools and resources that are more meaningful and actionable than a list of codes and prices," said Verma.

But CMS did not provide guidance on how that should be performed, plan out how it would be enforced, or identify which third parties it expected to take the project to the next step.

At Lifespan Corp., Daniel Moynihan, vice president of contracting, said that while CMS' stated price transparency goal is important, the rule focuses on the wrong data. A hospital's price master list of services by cost isn't going to give the average person an accurate idea of the ultimate cost.

"The ultimate price is determined by the regulation or the insurer," Moynihan said.

Most of the information is already publicly held within the CMS itself, he said. Many patients are insured for health care through Medicaid and Medicare, and information on what they pay for care is already in CMS' possession.

At Lifespan, about 60 percent of services are paid for by Medicaid or Medicare, he said.

"They could publish that today if they chose," Moynihan said.

The rest of the market pricing is governed by the amount health insurers negotiate with hospitals to pay for services. That information is part of contracts that often invoke proprietary

information. Insurance companies would need to make those public.

So far, Moynihan said, there have not been any inquiries about Lifespan's price master information posted online.

"Most are covered by Medicaid and Medicare and are not interested in the cost," Moynihan said.

"The initial data hospitals are required to publish may not translate immediately for health care consumers, but we expect the mandates around these regulations to expand moving forward, likely providing patients with better information and allowing them to make more-informed decisions," said Dr. James Fanale, president and CEO of Care New England Health System.

"While online pricing lists will give an idea of costs, consumers should pay attention to quality of care by seeking personal references and checking resources such as Medicare's Hospital Compare tool available at Medicare.gov," said Meghan Connelly, spokesperson for the R.I. Office of Health and Human Services.

Al Charbonneau, executive director of the Rhode Island Business Group on Health, said the CMS rule is the first of many steps the system will need to take to reach price transparency.

Also, he said, it's not helpful in controlling costs, because the individual consumer doesn't have much influence in the system. Rather, he said, projects such as HealthFacts RI, the state's all-payer claims database, will be more helpful in managing health care costs.

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AL CHARBONNEAU, Rhode Island Business Group on Health executive director

According to HealthFacts RI, private insurance pays on average \$1,154 per preventable emergency room visit, while Medicare and Medicaid pay \$667 and \$368, respectively. The price difference shows both the importance of preventing unnecessary emergency room visits and highlights the significant power the government has over medical cost rates.

"This is where I think prices can be effectively used to pressure hospitals to be more cost conscious," Charbonneau said.

Charbonneau also pointed to the recent Compact to Reduce the Growth in Health Care Costs and State Health Care Spending in Rhode Island, signed by leaders of Blue Cross & Blue Shield of Rhode Island, Coastal Medical Inc., Lifespan, Rhode Island Foundation, Rhode Island Public Expenditure Council, Rhode Island Parent Information Network, Care New England, Neighborhood Health Plan of Rhode Island, Rhode Island Medical Society, Rhode Island Business Group on Health, Tufts Health Plan, the R.I. Office of Health Insurance Commissioner, The Wilson Organization LLC, Bank Newport, Hospital Association of Rhode Island and UnitedHealthcare of New England Inc.

With the compact in place, Charbonneau said he hopes to get the Rand Corp. to perform an analysis of hospital pricing in Rhode Island, similar to what the organization did in Indiana, with the input and cooperation of a similarly organized group of hospitals, insurers and their employer clients.

"I'm going to suggest to the state that we use the Rand appraisals," Charbonneau said.



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