FEATURE

Price Transparency Compliance

Spur improved compliance

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Price transparency compliance continues to elude hospitals two years after its effective date on January 1, 2021. While the Hospital Price Transparency (HPT) rule was met with great debate within the industry, the Centers for Medicare and Medicaid Services (CMS) continues its initiatives for ensuring greater transparency in healthcare. An audit of price transparency can prompt further compliance for your organization.

State governments are following the example of CMS, with many mirroring or expanding beyond the federal hospital price transparency requirements. Colorado's House Bill 22-1285, for example, prohibits a hospital or other person or entity from collecting on patient debt incurred if the hospital is not in compliance with federal requirements at the time of service.

Hospitals continue to meet the price transparency reporting requirements with great variability. Organizations conducting research on hospitals' adherence with pricing transparency requirements (primarily the HPT-required machine-readable file) have determined various ranges of compliance (25–55 percent).

In February 2023, a report from PatientRightsAdvocate.org found that 75 percent of hospitals remain noncompliant overall, with more than 5 percent of those hospitals in complete noncompliance. Turquoise Health reported, in quarter three of 2022, that 55 percent of hospitals maintain complete machine-readable files, with others at varying stages, from *partially incomplete* at 13 percent and *partially complete* at 8 percent, to *mostly complete* at 24 percent.

In both reports, the variability cited is due in part to hospitals' reluctance to provide comprehensive pricing and reimbursement detail, as well as the ambiguity within the rule that lends itself to interpretation towards what, where and how information is made available.

Basics of the rule

The HPT rule requires hospitals to publicly provide their standard charges in two ways:

- A comprehensive machine-readable file, and
- A shoppable services display

Hospitals may meet the shoppable services display requirement if the hospital maintains an internet-based price estimation tool that:

- Provides estimates for as many of the 70 CMS-specified shoppable services as are provided by the hospital, plus as many additional shoppable services as would be necessary to reach a total of at least 300 shoppable services
- Allows consumers to obtain real-time, individualized, single out-of-pocket dollar estimates, rather than ranges
- Is prominently displayed on the hospital's website and accessible without charge and without requiring registration, user account or password

Within each public disclosure, certain data elements are required, as summarized in Exhibit 1.

The highest risks of noncompliance are not publishing a machine-readable file and not disclosing shoppable services.

Exhibit 1 – Required data elements

Data element	Comprehensive machine-readable file	Shoppable services display	Patient estimation tool
CMS file name	X	NA	NA
Machine-readable format	X	NA	NA
Hospital location	X	X	NA
Service setting	X	X	NA
All items and services (including employed providers)	X	300 shoppable	300 shoppable
Standard charges			
• Gross charge	X	NA	NA
• Discounted cash price	X	X	NA
• Payer-specific negotiated charge	X	X	NA
• De-identified minimum negotiated charge	X	X	NA
• De-identified maximum negotiated charge	X	X	NA
Description of the item or service	X	Plain language	NA
Common billing or accounting code(s) (including DRG, CPT, HCPCS, NDC)	X	X	NA
Availability of item or service for 70 CMS shoppable items	NA	X	NA
Shoppable services in addition to the mandated 70 for a total of 300	NA	X	X
Anticipated patient out-of-pocket estimate	NA	NA	X

Glossary:
- DRG = Diagnostic-related groups
- CPT = Current procedural terminology
- HCPCS = Healthcare Common Procedure Coding System
- NDC = National Drug Code

Where ambiguity exists and common questions arise

Within the research groups mentioned and CMS feedback, common issues remain across hospitals nationwide.

Exhibit 2 provides common issues seen across hospitals, the CMS requirement and/or guidance to adhere to the rule, and the applicability to the file, display and tool as required for public disclosure.

Exhibit 2 – Common issues

Common issue	CMS requirement	Applicability		
		MRF	SSD	PET
1. Discounted cash prices are missing or incomplete	Hospitals must include cash prices as part of the required standard charges. In the case a hospital does not have a predetermined cash price, the hospital must post the standard gross charge for the item or service. Refer to 84 FR 65553	NA	NA	As applicable, for those uninsured or where individual payer and plan information is not selected in the tool
2. Disclosure of payer-negotiated charges	Hospitals must clearly associate payer-specific negotiated charges with the name of the third-party payer and plan. Refer to 84 FR 65603	X	X	As applicable, to provide individualized, single out-of-pocket dollar estimates, rather than ranges
3. Payer-negotiated charges are listed only for top payers, or those with historical volume	Hospitals are required to list their standard charges for all items and services with respect to all third-party payers. No limitation exists for the number of payers. Refer to 84 FR 65567 and CMS FAQs (page 8).	X	X	As applicable, to provide individualized, single out-of-pocket dollar estimates, rather than ranges
4. Payer-negotiated charges are provided as an estimate or average	Hospitals are required to provide actual payer-negotiated charges per their contract. Estimates and averages (including those derived from historical claims data) do not meet the definition of a "payer-specific negotiated charge." Hospitals may choose to include estimates and averages for informational purposes. Refer to 84 FR 65570 and CMS FAQs (page 10).	X	X	As applicable, to provide the consumer with an anticipated range for comparison but does not replace the individualized, single dollar, out-of-pocket estimates
5. Items and services include only those with an established standard gross charge in the chargemaster	Hospitals are required to include all items and services that could be provided by a hospital to a patient in connection with an inpatient admission or an outpatient department visit for which the hospital has established a standard charge (e.g., gross, cash, negotiated line-item reimbursement). Items and services may include those that do not have a distinct hospital chargemaster line item or gross charge; this includes supplies, room and board, services of employed physicians and nonphysician practitioners, and services packages (e.g., DRGs). Refer to 45 CFR §180.20 and CMS FAQs (page 8).	X	NA	NA
6. Standard charges are not differentiated for items and services where reimbursement methodologies are expected to differ by setting (outpatient vs inpatient)	Hospitals are required to provide standard charges, as applicable, by patient setting. Refer to 84 FR 65556 and 45 CFR §180.60	X	X	As applicable, to provide individualized, single dollar, out-of-pocket estimates, rather than ranges
7. CMS' 70 shoppable services are not identified	Hospitals must clearly indicate if any of the CMS-specified shoppable services are not provided by the hospital. Refer to 84 FR 65569, 65574, CMS FAQs (page 16) and 45 CFR §180.60	NA	X	NA
8. Shoppable items and services do not represent scheduled services	Hospitals are required to identify as shoppable services those services that can be scheduled in advance by a consumer. Emergency services, for example, are not considered shoppable. Refer to 45 CFR §180.20 and CMS FAQs (page 16).	NA	X	X
9. Out-of-pocket estimates are provided as an average or range	Hospitals are required to provide an individualized, single dollar, out-of-pocket amount, rather than a range. Refer to 86 FR 63957 (page 499) and CMS FAQs (page 19).	NA	NA	X
Key: MRF = Machine readable file, SSD = Shoppable services display, PET = Patient estimation tool				

Perform a test that compares disclosed prices to payer contract and reimbursement terms.

Hospitals at the highest risk of noncompliance include those that do not publish a machine-readable file and/or disclose shoppable services. At lowest risk among those not in compliance are those that have published their data, including the basic data element requirements, but the files do not include comprehensive data including common service packages such as those associated with DRGs.

Resources

- Hospital Price Transparency Resources
- Hospital Price Transparency Frequently Asked Questions (FAQs)
- Ongoing challenges with hospital price transparency

Develop your audit work program

Hospital efforts towards meeting the HPT rule have shifted from publishing of the required files and displays to auditing what has been published to ensure the requirements meet CMS' objectives.

You and your hospitals should be cautious about basing compliance on the findings of external and independent research groups. For any individual hospital, the results can vary across the research groups. An objective view of a hospital's steps taken towards compliance in publishing both the comprehensive machine-readable file and shoppable services is key to ensuring that risks are reduced, if not eliminated.

Two separate research groups, PatientRightsAdvocate.org and Turquoise Health, found differing levels of compliance for the same hospitals and health systems.

PatientRightsAdvocate.org provides information on whether an organization is compliant or noncompliant, while Turquoise Health rates organizations on a scale, with five stars being the best rating and one star being the worst. Following are two examples of differing compliance ratings:

- A large Midwest region health system is rated as five-star (fully compliant) by Turquoise Health. PatientRightsAdvocate.org indicates that the health system is noncompliant because its standard charges file fails to provide an adequate amount of negotiated rates and fails to adequately identify specific plans for all commercial payers.
- A Southern region health system with less than five hospitals was rated as two-star (partially compliant) by Turquoise Health because its standard charge files failed to provide negotiated and discounted cash prices. PatientRightsAdvocate.org, however, indicated that the health system is fully compliant.

In establishing an audit work program for HPT, consider the common issues summarized in Exhibit 2 and leverage CMS' Quick Reference Checklist to determine if the basic data elements are present. Further audit steps should include interviews of those stakeholders responsible for compiling the files and displays for the disclosure of pricing and negotiated charges, selection of shoppable services, and maintenance of the patient estimation tool (if applicable).

Your testing should include comparison to payer contract and reimbursement terms, as well as reconciliation of the chargemaster and other modules that may house charge detail (e.g., room and board tables, pharmacy formularies, supply item masters).

Conclusion

As hospitals and health systems continue to work toward achieving price transparency compliance, you should assess your organization's state of compliance, report your results and recommend steps to correct issues in-house where possible. If your organization does not have the internal capabilities, they should reach out to a trusted, objective business partner for assistance.

By correcting any issues and achieving compliance, hospitals can reduce the risk of fines, public scrutiny and reputational damage. Also, the process could potentially uncover charge capture opportunities and increase the quality and efficiency of revenue cycle processes. **NP**

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