

Federal Health Care Price Transparency Requirements

Katie Gudiksen

The Source on Healthcare Price and Competition

UC Law SF

THE SOURCE
ON HEALTHCARE PRICE & COMPETITION



UC Law San Francisco

Federal Price Transparency Efforts

- Affordable Care Act required hospitals to publish their “chargemasters” on their website
- Following an executive order by the Trump Administration in 2019, federal agencies published two sets of rules mandating public disclosure of prices:
 - [The Hospital Price Transparency \(HPT\) Final Rule](#)
 - [The Transparency in Coverage \(TiC\) Final Rule](#)
- Stated goals of price transparency rules:
 - To make data directly available to healthcare consumers searching for hospital-specific charge information.
 - To make data available to employers, researchers, and policy officials, and other members of the public to drive competition and help bring more value to healthcare.
- Both rules were upheld in court challenges (or lawsuits withdrawn)

Hospital Price Transparency (HPT) Final Rule

As of January 1, 2021, every hospital must provide

1. A machine-readable file (MRF) in a standardized format with the following information for each service, including all services for employed physicians:
 - The **gross price**: the charge for an individual item or service (i.e. the chargemaster rate)
 - The **discounted cash price**: the charge that applies to an individual who pays cash
 - The **payer-specific negotiated charge**: the charge that a hospital has negotiated with a third-party payer for an item or service
 - The **de-identified minimum negotiated charge**: the lowest charge that a hospital has negotiated with all third-party payers
 - The **de-identified maximum negotiated charge** the highest charge that a hospital has negotiated with all third-party payers
2. A “consumer friendly” out-of-pocket cost estimator tool for at least 300 shoppable services
 - 70 chosen by CMS
 - 230 chosen by the hospital

Turquoise Health Example of Available Data

The screenshot displays the Turquoise Health website interface. At the top, the logo and navigation menu are visible. The main content area features a title for the procedure, a sub-header for the hospital, and a detailed explanation of the pricing model. Two buttons allow users to toggle between viewing cash rates and insurance rates. A callout box on the right highlights the reported cash price of \$2,475.20, with a 'Verify' button and a question mark icon below it. A 'More Information' section at the bottom provides links to procedure details, provider information, and a disclaimer.

Turquoise Health Search Care Solutions Platform Resources | Sign Up Platform Sign In

Echocardiography, transthoracic, with Doppler

HOSPITAL REPORTED PRICES FOR ALTA BATES SUMMIT MEDICAL CENTER - SUMMIT CAMPUS

The price that [Alta Bates Summit Medical Center - Summit Campus](#) has reported for [Echocardiography, transthoracic, with Doppler](#) varies depending on if you would be paying in cash or if you are part of an insurance plan that has a pre-negotiated rate. **Choose whether to view cash prices or insurance prices to get started.**

View Cash Rate View Insurance Rates

Hospital Reported Cash Price

\$2,475.20

Verify Hospital Reported Cash Price

? Where does this price come from?

More Information

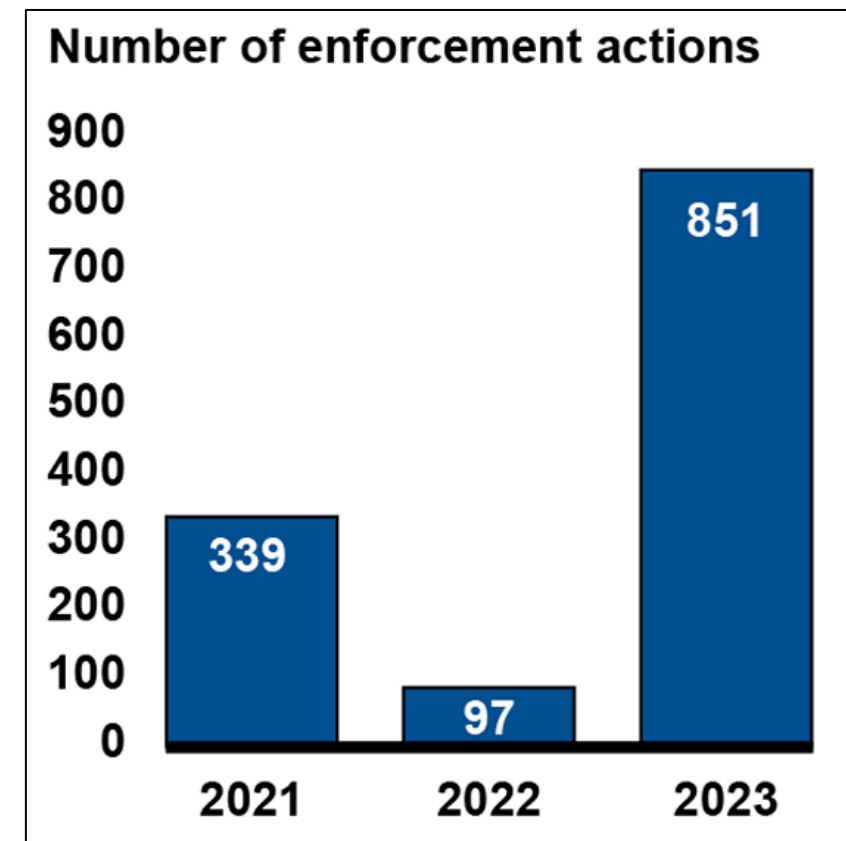
[Procedure](#) [Provider](#) [Disclaimer](#)

<https://turquoise.health/providers/summit-medical-center-4/services/echo-transthoracic-w-doppler/>

Hospital Price Transparency Final Rule - Compliance

- CMS checks whether hospitals have **published** the required data points, but CMS does not review hospital pricing data for **completeness or accuracy**
- CMS initiated 1,287 enforcement actions from 2021 through 2023 and issued over \$4 million in civil monetary penalties to 14 hospitals
- Turquoise Health reports that as of January 2024
 - 91% of hospitals have posted a MRF
 - 83.1% of hospitals have posted a MRF with a substantial number of negotiated rates

GAO Count of CMS HPT Enforcement Actions, 2021-2023



(Sources: [GAO-25-106995. CMS Needs More Information on Hospital Pricing Data Completeness and Accuracy. Oct 2024](#))

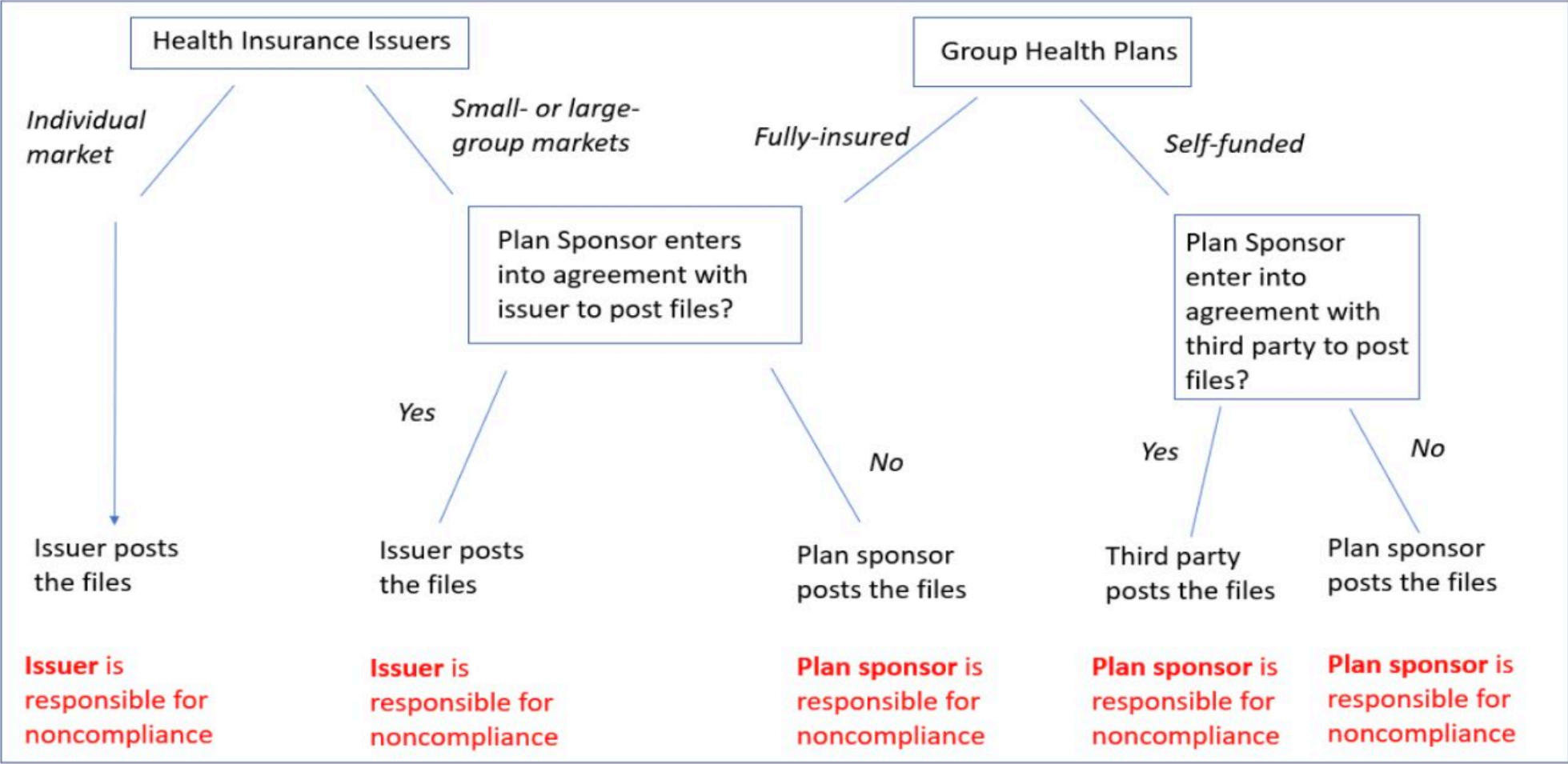
Whitsel and Skenes, [Moving into 2024: State of Price Transparency](#). Turquoise Health, Jan 4, 2024

Transparency in Coverage (TiC) Final Rule

As of July 1, 2022, all **Group Health Plans** and **health insurance issuers** must make available on their websites:

- Three machine-readable files
 - In-network provider negotiated rates,
 - Historical payments and billed charges for out-of-network providers
 - Drug pricing information
- Personalized, cost sharing and negotiated rate information to beneficiaries
- **Group health plan** is a benefit plan that provides medical care to employees or their dependents directly or through insurance, reimbursement, or otherwise.
- **Health insurance issuer** is an insurance service or organization licensed by and subject to state insurance law.

Transparency in Coverage Final Rule – Compliance Requirements



Source: Henderson and Mouslim, [One Year Later, Where Are The 'Transparency In Coverage' Compliance Studies?](#) Health Affairs Forefront, September 19, 2024

Transparency in Coverage (TiC) Final Rule – Complexity in Compliance

Exhibit 1: Summary of regulatory oversight for Transparency in Coverage compliance

Reporting Entity	Regulatory Agency
ERISA group health plans	Department of Labor
Church plans	Department of Treasury
Federal Employees Health Benefits Plan	Office of Personnel Management
Non-Federal government plans	Department of Health and Human Services
Health Insurance Issuers	States
Health Insurance Issuers	HHS if state has failed to enforce the requirements

Source: Henderson and Mouslim, [One Year Later, Where Are The 'Transparency In Coverage' Compliance Studies?](#) Health Affairs Forefront, September 19, 2024

States Building on Federal Transparency Requirements

Price Transparency Tool by [Colorado Department of Health Care Policy & Financing - Finance Office](#)

Intro | Tutorial | Price Transparency Table | Price Transparency Diagram

COLORADO
Department of Health Care
Policy & Financing

Hospital Price Comparison by Procedure

This tool uses hospital price transparency postings. The information in the tool is limited to what the hospital provides and is only the **hospital/facility price**.
Note: If prices are not listed, the hospital may not take the insurance or may not have posted prices for that insurance coverage

Procedure Filters **Hospital Filters** **Geographic Filters** **Insurance Filters**

Code Type: (All) Category: (All) Hospital System: (All) Region: (All) Insurance Family: (All) **Reset Filters**

Code & Description: MS-DRG 807 - Vaginal Delivery without Sterilization Or D&C without CC/MCC Hospital Name: (All) County: (All) Plan Type: (All)

MS-DRG 807 - Vaginal Delivery without Sterilization Or D&C without CC/MCC

Hospital Name	File Posted Date	Hospital Code Description	Gross Charge	Medicare Rate	Discounted Cash Price	Aetna	Anthem
Childrens Hospital Colorado Springs	9/30/2023	VAGINAL DELIVERY WITHOUT STERILIZATION OR D&C WITHOUT CC/MCC	Rate Not Posted	Rate Not Posted	Rate Not Posted		\$14,411.07 - AN BCBS HMO/POS/EPO \$15,169.39 - AN BCBS PPO

<https://public.tableau.com/app/profile/co.hcpf.finance.office/viz/PriceTransparencyTool/Intro>

Impacts of Public Disclosure of Prices

- **Beneficial Impacts of Price Transparency**

- Employers identify pricing and billing issues and audit their TPAs
- Insurers and employers can publicly identify high priced facilities

- **Risks of Price Transparency**

- Prices of lower cost facilities rise to those of the higher-priced providers

Modern Healthcare

New pricing data fuel employer lawsuits against Aetna

LAUREN BERRYMAN   

The New York Times

Hospital vs. Insurer Dispute Could Force Thousands to Switch Doctors

As Mount Sinai Hospital and UnitedHealthcare haggle over pay rates, patients may have to pay out-of-network prices if they want to keep their doctors.

How is Federally mandated Transparency Data Different from HPD data

- Hospital Price Transparency Data
 - Reported by **hospitals**
 - Negotiated rates (not claims data) and data is given for all services (even for services not actually provided)
- Transparency in Coverage Data
 - Reported by **health plans and insurers (including employers)**
 - Aggregate cost data
 - Not patient-specific
- HPD Data
 - Reported by **health plans and insurers**
 - Includes paid claims, but only for services provided
 - Includes important patient-specific information that allows analysis of different research questions (diagnosis codes, demographics, geographic information)

Considerations for the California HPD

- Verification of data from multiple sources is critical and the ability to align and verify data from HPD and federal data sources is critical
 - Claims data allows researchers to verify accuracy of data provided under HPT rule
 - Allows potential identification of upcoding or other creative billing practices
- California could help ensure compliance and accuracy of data submitted from California-based entities
- Because of growing data availability, HPD should consider releasing payer- and provider-specific paid rates *if confidentiality of patients can be maintained.*