



Hospital Price Transparency Final Rule

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Presenter:

Terri L Postma, MD
Medical Officer
Centers for Medicare & Medicaid Services



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Hospital Price Transparency Final Rule Introduction

- On November 15, 2019, CMS finalized policies that lay the foundation for a patient-driven health care system by making prices for items and services provided by all hospitals in the United States more transparent for patients so that they can be more informed about what they might pay for hospital items and services
- [Final rule](#):
 - Further advances the agency's commitment to increasing price transparency
 - Requirements apply to each hospital operating in the United States
 - Effective date is January 1, 2021
- The final rule implements Section 2718(e) of the [Public Health Service Act](#) and requires each hospital operating within the United States to establish (and update) and make public a yearly list of the hospital's standard charges for items and services provided by the hospital, including for diagnosis-related groups established under section 1886(d)(4) of the Social Security Act



Standard Charges Must be Posted Two Ways:

1) Comprehensive Machine-Readable File:

- A single machine-readable digital file containing the following standard charges for all items and services provided by the hospital: [gross charges](#), [discounted cash prices](#), [payer-specific negotiated charges](#), and [de-identified minimum and maximum negotiated charges](#).
- Based on public comment, we believe this information and format is most directly useful for employers, providers, and tool developers who could use these data in consumer-friendly price transparency tools or who may integrate the data into electronic medical records and shared decision making tools at the point of care.

2) Consumer-Friendly Shoppable Services:

- Display of at least 300 “shoppable services” (or as many as the hospital provides if less than 300) that a health care consumer can schedule in advance. Must contain plain language descriptions of the services, group them with ancillary services, and provide the [discounted cash prices](#), [payer-specific negotiated charges](#), and [de-identified minimum and maximum negotiated charges](#).
- A ‘shoppable service’ is a service that can be scheduled by a health care consumer in advance.
- We believe these requirements will allow health care consumers to directly make apples-to-apples comparisons of common shoppable hospital services across health care settings.



Requirements for Displaying Shoppable Services in a Consumer-Friendly Manner

- CMS will deem a hospital as having met the requirements for making public standard charges for 300 shoppable services in a consumer friendly manner if the hospital maintains an **internet-based price estimator tool** that meets the following requirements:
 - Provides estimates for as many of the 70 CMS-specified shoppable services that are provided by the hospital and as many additional hospital-selected shoppable services as is necessary for a combined total of at least 300 shoppable services
 - Allows health care consumers to, at the time they use the tool, obtain an estimate of the amount they will be obligated to pay for the shoppable service
 - Is prominently displayed on the hospital's website and accessible to the public without charge and without having to register or establish a user account or password



Who Must Comply? Definition of 'Hospital'

- The final rule defines 'hospital' to mean an institution in any state in which state or applicable local law provides for the licensing of hospitals, that is licensed as a hospital pursuant to such law, or is approved by the agency of such state or locality responsible for licensing hospitals, as meeting the standards established for such licensing:
 - A state includes each of the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands
 - The definition includes all Medicare-enrolled institutions that are licensed as hospitals (or approved as meeting licensing requirements) as well any non-Medicare enrolled institutions that are licensed as a hospital (or approved as meeting licensing requirements)
 - Federally owned or operated hospitals (for example, hospitals operated by an Indian Health Program, the U.S. Department of Veterans Affairs, or the U.S. Department of Defense) are deemed to be in compliance with the requirements for making public standard charges



What are Hospital 'Standard Charges'?

- CMS finalized the definition of 'standard charges' to include the following:
 - Gross charge: The charge for an individual item or service that is reflected on a hospital's chargemaster, absent any discounts
 - Discounted cash price: The charge that applies to an individual who pays cash, or cash equivalent, for a hospital item or service
 - Payer-specific negotiated charge: The charge that a hospital has negotiated with a third party payer for an item or service
 - De-identified minimum negotiated charge: The lowest charge that a hospital has negotiated with all third-party payers for an item or service
 - De-identified maximum negotiated charge: The highest charge that a hospital has negotiated with all third-party payers for an item or service



Which Hospital 'Items and Services' Are Included?

- CMS finalized the proposal to define hospital “items and services” to mean all items and services, including individual items and services and service packages, 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
- Examples include, but are not limited to, the following:
 - Supplies and procedures
 - Room and board
 - Use of the facility and other items (generally described as facilities fees)
 - Services of employed physicians and non-physician practitioners (generally reflected as professional charges)
 - Any other items or services for which a hospital has established a standard charge



Monitoring and Enforcement

- CMS has the authority to monitor hospital compliance with Section 2718(e) of the Public Health Service Act, by evaluating complaints made by individuals or entities to CMS, reviewing individuals' or entities' analysis of noncompliance, and auditing hospitals' websites:
 - Should CMS conclude a hospital is noncompliant with one or more of the requirements to make public standard charges, CMS may issue a warning notice, request a corrective action plan, and impose a civil monetary penalty and publicize the penalty on a CMS website.
 - If the hospital fails to respond to CMS' request to submit a corrective action plan or comply with the requirements of a corrective action plan, CMS may impose a civil monetary penalty on the hospital not in excess of \$300 per day, and publicize the penalty on a CMS website.
 - The rule establishes an appeals process for hospitals to request a hearing before an Administrative Law Judge (ALJ) of the civil monetary penalty.



Hospital Price Transparency Webpage

Resources available at:

www.cms.gov/hospital-price-transparency

The screenshot shows the 'Resources' page of the CMS Hospital Price Transparency website. At the top, there is a navigation bar with links for Home, Hospitals, Consumers, Resources, and Contact Us. The main heading is 'Resources'. Below this, there is a 'Regulations' section with two entries:

- Regulations**
 - Effective Date: DECEMBER 2020 31**
[FY 2019 Requirements for Hospitals To Make Public a List of Their Standard Charges](#)
Current Guidance requiring hospitals to post their chargemaster. Effective until 12/31/2020.
 - Effective On: JANUARY 2021 1**
[FY 2020 Price Transparency Requirements for Hospitals To Make Standard Charges Public](#)
Hospital Price Transparency final rule published 11/27/2019. Effective on 1/1/2021.

Below the regulations, there is a 'Resources' section with four items, each with an icon and a title:

- Frequently Asked Questions (PDF)**
Frequently asked questions about hospital price transparency.
- 8 Steps to a Machine-readable File (PDF)**
A step-by-step guide to understand and implement the requirements for the machine-readable file of all items and services.
- 10 Steps to a Consumer-Friendly Display (PDF)**
A step-by-step guide to understand and implement the requirements for the consumer-friendly display of shoppable services.
- Quick Reference Checklist (PDF)**
Quick overview to assist your hospital's review of the Hospital Price Transparency Final Rule.



Hospital Price Transparency Resources

Step-by-Step Guides and Checklist:

- [8 Steps to a Machine-Readable File](#) explains each of the required elements of the machine readable file of all items and services. It will help you understand each step from identifying each hospital location with a list of standard charges all the way to posting your file prominently on your public website.
- [10 Steps to a Consumer-Friendly Display](#) explains each of the required elements related to the consumer-friendly display of shoppable services. It will walk you through understanding how the definitions set forth in the regulation relate to shoppable services along with the options available for posting in a consumer-friendly format, including using a price estimator tool as an alternative approach.
- [Quick Reference Checklist](#) is designed for use in conjunction with the step-by-step guides to help hospitals evaluate if all the requirements have been met. This simplistic look at all the elements together in one place is a quick way to double-check a hospital's price transparency information.

[Frequently Asked Questions](#)

In addition to these guides, CMS compiled a wide-ranging list of questions received from stakeholders since the release of the final rule. Questions cover topics, including the general provisions, public disclosure requirements, monitoring of compliance, and appeals of civil monetary penalties.



Contact Us

<https://www.cms.gov/hospital-price-transparency/contact-us>



Submit a Complaint

Can't find a hospital's standard charges online?

You may [submit a complaint](#) to CMS if it appears that a hospital has not posted information online.



Email a Question

Have a question about price transparency? Send an email to the [hospital price transparency team](#).