



000

Price Transparency and Pricing Strategy



Michelle Gates, MSOL

Healthcare Consulting Manager

20+ years of experience

Passion for revenue cycle and process improvements





Learning

Objectives

Learn what is required to be compliant with the price transparency rule

Understand noncompliance implications

Best practices in using this data and incorporating into an organization's pricing strategy



Study Identifies Major Issue with Hospital Price Transparency Rule

A new study shows that independent practitioners are often involved in hospital-based "shoppal What a

Journey it has been!

Medical Journal

The Leading Source for Healthcare Business New

January 2021 * Volume 17, Issue 10 * \$3



Hospital price transparency rule: • • • O O No definitive relief in sight



PRICE TRANSPARENCY

TIMELINE

START HERE

AUGUST 2 2018 JANUARY 1 2019 JANUARY 10 2019



CMS issues final rule to require hospitals to publish their chargemasters online in a machine - readable format by 2019

Hospitals required to publish their standard list prices online in a machine-readable format. No penalty for noncompliance.

CMS administrator Seema Verma commends three health systems by name for their efforts to promote price transparency voluntarily



FEBRUARY 20 2019 FEBRUARY 11 2019



6 major hospital groups, including the AHA, send an eight -point checklist to Congress to frame their perspective on any potential legislative action on surprise medical bills.

Health & Human Services proposes to require health plans to give patients immediate electronic access to their medical claims and health info, at no cost, by 2020

JUNE 24 2019

SEPTEMBER 7 2019

NOVEMBER 15 2019

CMS proposes to require hospitals to disclose payer - specific negotiated rates for common shoppable services, plus provide "consumer - friendly" price transparency tools by 2020.

Deadline for comments on the CMS proposed rule to require hospital to disclose their payer -specific negotiated rates. More than 3,800 comments were received.

CMS issues final rule on hospital price transparency, with an effective date of January 1, 2021, which is one year later than originally proposed.



PRICE TRANSPARENCY FINAL RULE

STARTING JANUARY 1ST, 2021 EACH HOSPITAL IN THE U.S. WAS REQUIRED TO MAKE THE FOLLOWING IN

FO AVAILABLE



MACHINE - READABLE FILE



DISPLAY OF SHOPPABLE SERVICES



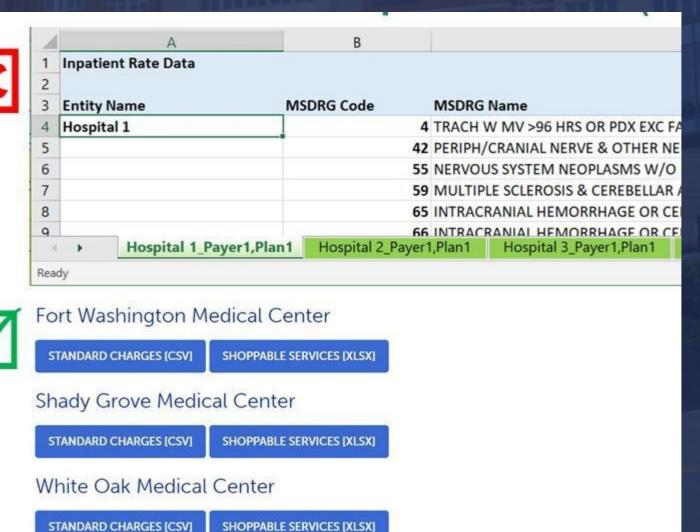




Machine-Readable File



Identify Each Hospital Location



000







Payer-specific Negotiated Rates

- Rates identified by Payer and Product
- Rates for individual items, services, and packages (DRG, APC, etc.)
- To include commercial payers, Medicare

 Advantage and Managed Medicaid plans
- Traditional Medicare and Medicaid rates are excluded





1	Α	В	С	D	E	F	G		Н	1	J	K	L
1				200		Payer 1	Payer	1	Payer 2	Payer 2	Payer 3		
2		Description	CPT/HCPC	Gross Cha	Disc Cash	Plan 1	Pla		Plan 1	Plan 2	Plan 1	Min Neg Chg	Max Neg Chg
3	OS59575	0.035 260 ANGLED GLIDE CATH (59575)	C1769	\$187.08	\$130.96	\$133.20			\$113.45	\$113.45	per diem	\$113.45	\$133.20
4	OS65028	0.25 STRAIGHT STIFF ZIPWIRE (65028)	C1769	\$241.57	\$169.10	\$172.0			\$146.49	\$146.49	per diem	\$146.49	\$172.00
5	APR-DRG	APR-DRG 1-1					.46	6				\$74,317.46	\$74,317.46
6	APR-DRG	APR-DRG 1-2					57.42	2				\$80,157.42	\$80,157.42
7	APR-DRG	APR-DRG 1-3					1:	1				\$83,682.11	\$83,682.11
8	APR-DRG	APR-DRG 1-4					.83	3				\$153,427.83	\$153,427.83
9	Case Rate	Obs Case Rate										\$1,300.00	\$1,300.00
10	Case Rate	ER Levels 1-3 Case Rate								\$1,398.00		\$1,398.00	\$1,398.00
11	Case Rate	ER Levels 4-5, Critical Care Case Rate			1					\$3,979.00		\$3,979.00	\$3,979.00
12	Case Rate	Obs Hourly Rate (\$9,423 Case Max)								\$392.00		\$392.00	\$392.00
13	Per Day	IP Rehab Per Day	_				\$1,120.22	2			\$1,404.00	\$1,120.22	\$1,404.00

List by rates BOTH payer and plan DO NOT create average or aggregate charges



Items and Services

Provided to patient in connection with an inpatient admission or outpatient department visit.







Room & Board



Ancillary Services



Physician Services





Gather Required Data Elements for Each Item and Service

Description

Standard Charges Common Billing or Accounting Code(s)

	A	Α	В	C	D	F	F	G	Н	1 1	1	K	1	М	N	
	1	XYZ Hospital_Location(s)	-			-					-		-		.,	
	2	Updated as of January 1,														
	3															
						Discounted	Discounted	PayerName1	PayerName1	PayerName1	PayerName1					
/			Billing	Gross_Charge	Gross_Charge	_Cash_Price	_Cash_Price	_PlanNameA	_PlanNameA	_PlanNameB	_PlanNameB	Minimum	Maximum	Minimum	Maximum	
	4	Description	Code	OP	_IP	_OP	_IP	_IP*	_OP*	_IP*	_OP*	_IP	_IP	_OP	OP	
	5	ROOM AND BOARD	120	N/A	\$900.00	N/A	\$450.00	\$1,100.00	N/A	\$500.00	N/A	\$500.00	\$1,100.00	N/A	N/A	
		INFUSION THERAPY (IV)														
	6	1ST HOUR	96365	\$400.00	\$546.00	\$200.00	\$273.00	\$450.00	\$200.00	\$400.00	\$250.00	\$400.00	\$450.00	\$200.00	\$250.00	
		INFUSION THERAPY(IV)														
	7	ADDL HOUR	96366	\$200.00	\$250.00	\$100.00	\$125.00	\$400.00	\$150.00	\$300.00	\$175.00	\$300.00	\$400.00	\$150.00	\$175.00	

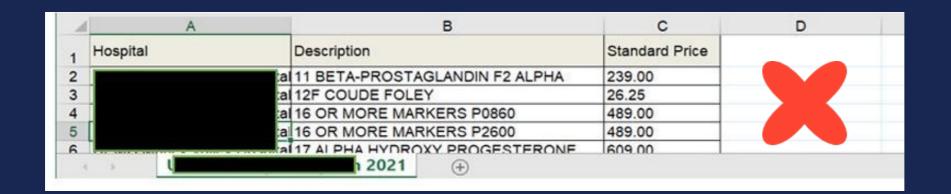




Follow the requirements from 01/01/2021

EideBailly Not prior guidance that permitted only chargemaster posting

- 4	А	В	С	DE	F
1 2	Charge Description	Current Price			
3	5 HIAA RANDOM URINE	140			*
4	50/50 COAGULATION STUDY	310			
5	AB ELUTION (RBC) EA ELUTION	282			
6	AB HIV-2 MULTISPOT BO	165			
7	AB IDENTIFICATION RBC EA PANEL	757			
-	AD CODEEN DDC FACH CEDIM TECH	640			
	Location A CDM Upload Location B CDM Upload Location C C	DM Upload	Location D	CDM Upload	V
Re	ady				









Select your File Format

Machine-readable file is defined by the Hospital Price Transparency Final Rule as: A digital representation of data or information in a file that can be imported or read into a computer system for further processing.



"Because of the nature of the file format required for implementation, the target audience for these files may include researchers, academic institutions seeking to analyze hospital pricing data, and data aggregators and/or innovators seeking to develop third-party, consumer-friendly tools and platforms that support price comparisons," researchers suggested in the study.





Use the CMS Naming Convention

```
<ein>_<hospital -name>_<standardcharges>.[json|xm1|csv]
```

```
<ein>: Your hospital's Employee Identification Number (without dashes)
<hospital-name>:name of your hospital (do not use capital letters, use dashes between words)
<standardcharges>:"standardcharges" (no spaces or capital letters)
[json|xml|csv]: your chosen file format
```



381359266_spectrum-health-ludington-hospital_standardcharges.json





Post your machinereadable file prominently on a publicly available website

- Free of charge
- No registration or user account or password
- Not request PHI
- No using "blocking codes" or CAPTCHA
- Cannot require user to agree to terms and conditions prior to access







ANATOMY OF THE Shoppable Services

Display



Description,

Payer

Billing code, or









WHY IS THIS INFORMATION SO IMPORTANT?

Had the required machine-readable file but no shoppable services



29%

Had the required display of

shoppable services but no machine-

readable file

Had neither a machine-readable file nor a display of shoppable services as required



Were fully compliant







CMS is Monitoring Compliance

PriceTransparencyHospitalCharges@cms.hhs.gov



Written notice of non -compliance

According to a June 22, 2022 article by HFMA two hospitals were levied penalties of just under \$1.1 million. Payment is due within 60 days of notice but hospitals are entitled to appeal.



Address non -compliance

CMS has been providing facilities, deemed noncompliant, 90 days to address their noncompliance.



Civil Monetary Penalties

OPPS final Rule for 2022 increased the \$300 daily maximum penalty to an additional \$10.00 per bed for bed counts greater than 30.







Hospital Price Transparency Resources

Available at:

www.cms.gov/hospital-pricetransparency Home > Hospital Price Transparency

Home Hospita

Consumers

Resources

Contact Us



Hospital Price Transparency

Hospital price transparency helps Americans know the cost of a hospital item or service before receiving it. **Starting January 1** hospital operating in the United States will be required to provide clear, accessible pricing information online about the items are provide in two ways:

- As a comprehensive machine-readable file with all items and services
- 2. In a display of shoppable services in a consumer-friendly format

This information will make it easier for consumers to shop and compare prices across hospitals and estimate the cost of care b hospital.

<u>CMS plans to audit a sample of hospitals for compliance starting in January</u>, in addition to investigating complaints that are sub CMS and reviewing analyses of non-compliance, and hospitals may face civil monetary penalties for noncompliance.













Transparency regulations for health plans take effect **July 1, 2022**

Requirement to post machine-readable files that disclose:

- In-network rates for all covered items and services
- Allowed amounts for out-of-network providers and billed charges from those providers

The start of 2023 brings the mandate for plans to offer a tool that helps consumers estimate their cost-sharing responsibility for 500 items and services for any given provider

In 2024, that requirement expands to **ALL** items and services.







Why it Matters

DEFENSIBLE PRICING

but simply, the chargemaster system on which hospitals rely to set pricing and billing codes has a forty-year history of changes that has distorted the relationship between price and cost.

JACK O. BOVENDER JR.

Chairman and CEO, Hospital Corporation of America (June 24, 2004)

DEFINE

- Include the general pricing policy
- Document any areas of exception

INCLUDE MARKUPS

- Market & Percentile
- Cost + Markup
- Reimbursement Rate(s)

ANNUAL and INTERIM PRICE CHANGES

- Document when price changes should occur in the organization
- Usually in-line with new fiscal year

NEW SERVICE PRICING

A pricing policy will allow of easier pricing of new services to the organization





- Engage clinical departments in the strategy
- Patient complaint sensitivity
- Medicare Cost to Charge Ratios
- 1.0 or a little over
- Payment = 100% of billed charges
- Review contracts for limitations on amount of increase overall
- Align with annual budget process and contract negotiations
- Engage with CDM Coordinator and Coding to asses updates that may impact revenue and potential adjustments to the chargemaster





This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged to not act upon the information contained in this presentation without first consulting competent legal, accounting. or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or the presenter of this session.





THANK YOU!



Presented by Michelle Gates

mgates @eidebailly.com 612.253.66 73







CAP Response Sample

000

Hospital Price	Transparency Corrective A	action Plan (CAP) Response Sample						
Hospital Name:	<u> </u>								
Reference Num	ber:								
Date of Origina	l CAP Submission:								
Date of CAP Up	date:								
Hospital Conta	ct Person:								
Hospital Conta	ct Email:								
CAP Number	Description of Violation	Cause of Violation	Corrective Action to be Taken	Target Date for CAP Completion	Date Accepted by CMS	CAP Status	Revised Target Date	Date Completed	Date CMS Closed
M-1									
M-2									
S-1									
S-2									
S-3									
	Name of CEO or equivale	Signature and c	late						
	List the number assigned Action Letter (CAP Letter).		in the Notice of Violatio	n and Request					
	Violation - Provide the des ated in the CAP Letter.	scription of the							
Sheet1									>
Sheett									





0 O O

Machine-Readable file display recommendations CMS Hospital Price Transparency FAQ - Appendix 1 https://www.cms.gov/files/document/hospital-price-transparency-frequently-asked-questions.pdf

Example 1: For Payer A/Plan 1, the hospital has established a payer-specific negotiated charge for a procedure that is based on a percent discount off the total gross charges generated during a patient's stay, and the total gross charges generated during a patient's stay will vary from patient to patient.

Display recommendation: In this case, for Payer A/Plan 1, the hospital could provide a description of the procedure and indicate a payer-specific negotiated charge of "50% off total gross charges".

Example 2: For Payer A/Plan 1, the hospital has established a payer-specific negotiated charge for a procedure that includes both a standardized dollar amount (such as a base rate of \$5,000) and an amount that is variable (such as a 50% percent discount off the gross charge for the implanted device chosen by the surgeon).

Display recommendation: The preferred approach is to display each standard charge as a standardized dollar amount. For example:

Description	Code	Gross Charge	Payer A/Plan 1
[procedure]	[code]	N/A	\$5,000
[implantable device 1]	[code]	\$1,500	\$750
[implantable device 2]	[code]	\$2,000	\$1,000

In some cases, the standardized dollar amount for an implantable device may not be available, for example, when the device is purchased on an as-needed basis and the cost of the device is dependent on the prevailing market rate at the time of purchase. In this example, for Payer A/Plan 1, the hospital could provide a description of the procedure and indicate a payer-specific negotiated charge of the base rate (\$5,000) and a separate charge of "50% off the gross charge" for the implantable device.

Description	Code	Gross Charge	Payer A, Plan 1
[procedure]	[code]	N/A	\$5,000
[implantable device 1]	[code]	Market price	50% off gross charge