

Fewer surprise bills: Most US hospitals now transparent on prices

February 20 2023, by Dennis Thompson



Shopping for cataract surgery, a heart valve replacement or a

colonoscopy?

You're better able these days to compare what one hospital charges against the [prices](#) at another, according to a new report from the U.S. Centers for Medicare and Medicaid Services.

A majority of hospitals are now complying with U.S. federal rules that require them to post the prices of their procedures, Medicare Director Dr. Meena Seshamani cowrote in a post for the journal [Health Affairs](#).

Only 27% of hospitals complied with new federal price transparency rules in 2021, but compliance leaped to 70% in 2022, Seshamani said.

However, she said more progress is required, and health care consumer advocates agree.

"Our 2022 analysis showed that after two years of these requirements being in place, at least 30% of hospitals are still not fully in compliance with the regulations," Seshamani wrote.

"That represents a marked improvement over the 2021 analysis, but it is not sufficient and CMS will continue working to ensure—via technical assistance and enforcement activity—that all hospitals fully comply with the law," she added.

Consumer-friendly price lists

The federal transparency rules, which went into effect in January 2021, require hospitals to provide a consumer-friendly list of at least 300 "shoppable" procedures—non-emergency [medical services](#) for which a patient could theoretically compare prices at different facilities.

"Making health care decisions is a complex situation. A lot of the care

that you seek, you're not actually shopping for it," said Lovisa Gustafsson, vice president of the Controlling Health Care Costs Program at the Commonwealth Fund. "For example, if you have a heart attack, you're not going to start looking up prices before you decide where you're going to go. An ambulance is going to take you wherever the closest facility is."

She added that services you can shop for are those where you could actually plan in advance and take the time to compare prices.

"But a lot of health care is not really shoppable," Gustafsson added.

Hospitals also are required to make those prices available in a comprehensive file that anyone with a computer can download and review.

The list must include information that has long been withheld from consumers—discounted cash prices for services, prices negotiated with specific insurance companies, and the lowest and highest amounts that a hospital has charged any insurer for an item or service.

"As long as hospitals have been negotiating prices and setting prices, they've been doing it behind closed doors, and their ability to set prices is really based on their market power," said Sophia Tripoli, director of the Center for Affordable Whole-Person Care at Families U.S., a health care consumer advocacy group.

The price transparency program "really helps to unveil underneath the hood what is driving our nation's health care crisis around affordability, and what we see is sort of the next big fight, which is about all of the ways hospital pricing has really become very abusive," Tripoli said.

Slow to comply

Hospitals were slow to adopt price transparency in that first year, according to the CMS review and another independent study published last month in the [*Journal of General Internal Medicine*](#).

The independent study, based on a survey of 64 hospitals, found that only 19% were fully adhering to a checklist CMS uses to judge whether a facility is complying with the price transparency rules.

Worse, hospitals located in competitive markets were even less likely to comply, noted senior researcher Dr. Haider Warraich, associate professor of heart failure at the VA Boston Healthcare System.

Only 8% of hospitals in an area with more than one medical center were fully compliant, Warraich and his colleagues found.

"This is particularly concerning given that price transparency would be even more beneficial for patients in competitive markets in which they can choose between different hospitals for care," Warraich said.

"Perhaps non-competitive hospitals felt that transparency would be less likely to affect their bottom line and then competitive hospitals."

The CMS review for 2021 found that 66% of hospitals made info available in a consumer-friendly display; 30% posted a downloadable file, and only 27% did both.

COVID challenges

The American Hospital Association says that the program's first year came at a time of immense turmoil in health care.

"[In 2021], the hospital field was in the middle of a large COVID patient surge while also working to determine how to comply with these

policies, as the guidance was often unclear," said Molly Smith, the AHA's group vice president for policy. "We do not believe this study reflects where the field stands today."

CMS statistics from 2022 back up Smith's claim.

By late 2022, 82% of hospitals surveys had a consumer-friendly pricing display, 82% posted a readable file, and 70% did both.

Part of the reason for increased compliance could be a hike in penalties for hospitals that don't share prices, Seshamani said.

CMS raised the maximum potential penalty from just over \$100,000 a year per hospital to more than \$2 million a year in 2022. The agency also made it easier for consumers to file a complaint.

"The penalty needs to be big enough that it makes it worth it," Gustafsson said. "You know, some of these are multibillion-dollar health systems, and \$1,000 a day is not going to be a big enough incentive for them if they don't want to do that. That's a drop in the bucket for them in terms of their overall revenue."

More transparency needed

Despite these advances, patient and consumer advocates say more needs to be done to make hospital pricing more transparent.

For example, a consumer still has to visit the website of two or more hospitals and dig through mounds of data if they really want to price-shop for a procedure, Gustafsson said.

"You have to find your plan, you have to find the procedure you think you're going to have, and you have to find the prices, and then you have

to go to another hospital and pull up information there," she said. "It's not like they're side by side and you can easily compare them. You have to really seek this information out from every place. And so that makes it difficult. It's a lot of burden on patients to try to figure that out."

There's now talk of pooling the hospital data generated by the transparency rules to create a unified price database—"kind of as a one-stop shop that people could go to and learn more about pricing of the various hospitals and things like that," Gustafsson said.

She said some private companies are thinking of ways to use this data.

"They can pull all that information together and aggregate it and put it in a more consumer-friendly format," Gustafsson said.

In the meantime, people should know that they have the right to ask a [hospital](#) for the prices related to a procedure, whether or not the [hospital](#) has posted those prices online.

"They have a right to know what the price of the service is before they get a bill, and this regulation gives them that right," Tripoli said. "And if they're not getting that information, you know, we encourage them to share their story with us."

More information: The U.S. Centers for Medicare and Medicaid Services has more about [hospital price transparency](#). Families USA maintains a Story Bank where people can [report issues with price transparency](#).

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Citation: Fewer surprise bills: Most US hospitals now transparent on prices (2023, February 20)

retrieved 25 April 2024 from

<https://medicalxpress.com/news/2023-02-bills-hospitals-transparent-prices.html>

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