

# Compliance with CMS price transparency rule found to improve with penalty increases

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Compliance with the U.S. Centers for Medicare & Medicaid Services

(CMS) Price Transparency Rule is positively associated with penalty increases, according to a study published online June 28 in *JAMA Network Open*.

Edward Kong, from Harvard Medical School in Boston, and Yunan Ji, Ph.D., from Georgetown University in Washington, D.C., examined the association between financial penalties and acute care hospital [compliance](#) with the 2021 CMS Price Transparency Rule. The responses of 4,377 acute care hospitals in the United States operating in 2021 and 2022 to changes in financial penalties in the context of a federal rule requiring hospitals to disclose privately negotiated prices were examined using an instrumental variable design.

The researchers found that from 2021 to 2022, there was an increase in compliance from 70.4 to 87.7%, with 90.2% of the hospitals reporting prices in at least one year. From 2021 to 2022, there was an increase observed in noncompliance penalties, from \$109,500/year to a mean of \$510,976/year.

In 2022, penalties were substantial, averaging 0.49, 0.53, and 1.3% of total hospital revenue, total hospital costs, and total employee wages, respectively. There was a significant positive association seen for compliance increases with [penalty](#) increases: a 2.9 percentage point increase in compliance was seen in association with a \$500,000 increase in penalty. When controlling for observable [hospital](#) characteristics, the results were robust.

"Financial penalties may be a valuable tool for ensuring compliance with CMS policy when fines are sufficiently large, noncompliance is readily observable and well defined, and enforcement is credible," the authors write.

**More information:** Edward Kong et al, Provision of Hospital Price

Information After Increases in Financial Penalties for Failure to Comply With a US Federal Hospital Price Transparency Rule, *JAMA Network Open* (2023). [DOI: 10.1001/jamanetworkopen.2023.20694](https://doi.org/10.1001/jamanetworkopen.2023.20694)

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