

Price Transparency

Introduction

Consumers and their families deserve useful information about the price of their hospital care. And demand for understandable price information will only increase as patients shoulder an increasing proportion of their health care costs.

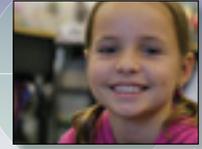
America's hospitals are committed to being more transparent, not only about the price but the quality of care, so that patients can be more involved in and make informed decisions about their health care. But more can, and should, be done to share meaningful health care information with the public. The American Hospital Association (AHA) and our members stand ready to work with policymakers on innovative ways to build upon existing efforts at the state level and share information that helps consumers make better choices about their health care.

Forty-two states now report information on hospital charges or payment rates and make that information available to the public. The Centers for Medicare & Medicaid Services (CMS) posts on its website average hospital-specific charges per patient and average Medicare payments for the most common diagnosis-related groups (DRGs), as well as 30 ambulatory procedures. Additionally, the Affordable Care Act (ACA) requires that hospitals report annually and make public a list of hospital charges for items and services.

Many state, regional and metropolitan hospital associations have provided guidance to help hospitals comply with these requirements. This resource is not intended to replace those materials. Instead, it can serve as a guide to help you assess how your organization is doing and learn from others through case examples and sample tools.

The AHA recently participated in a multi-stakeholder task force to address price transparency, convened by the Healthcare Financial Management Association (HFMA). A key element of the group's approach and final report was that different price transparency frameworks are needed for different groups. The taskforce agreed that for insured patients, health plans should be the main source of price information; for uninsured and out-of-network patients, providers should be the main source of price information. The task force issued a report that included a set of principles, as well as specific action steps, required to achieve greater transparency. In addition, they issued a guide to help consumers better understand health care pricing (both the report and guide are included in the resources section – see Resources, pages 5.23 and 5.49).

While consumers are seeking price information, it should not be provided in a vacuum. Patients also deserve easy-to-understand quality and safety information to help them make informed health care decisions. Hospitals must prioritize price transparency to better understand what patients experience. Conduct a secret shopper exercise within your organization. Consider a transparency ombudsman to coordinate activities in a thoughtful and helpful way. Technology cannot tell the entire story. It requires training, scripting and direct communication. This information is important



not only to patients, but to employers, insurers, physicians and providers as they all work to ensure consumers receive the best quality health care at the best value.

The issue of transparency is a familiar one to hospitals. The AHA has spent more than a decade advocating transparency in all areas to strengthen community trust and allow hospitals to reaffirm their rightful place as a valued and vital community resource that merits broad support. The AHA Board of Trustees created a Statement of Principles and Guidelines (see Resources, page 5.75) related to hospital billing and collections rooted in transparency and updated them to account for the ACA requirements. The Principles and Guidelines include themes that are echoed in the recent HFMA report: information on the price of care should be easy to understand, use and access. Separately, the board also tasked hospitals to find the best ways to share meaningful pricing information with consumers and challenged them to present information in a way that:

1. Is easy to access, understand and use;
2. Creates common definitions and language describing hospital price information for consumers;
3. Explains how and why the price of patient care can vary;
4. Encourages patients to include price information as just one factor, along with quality and safety, when making decisions about hospitals and health plans; and
5. Directs patients to more information about financial assistance with their hospital care.

As consumers take on greater responsibility for the cost of their care, hospitals have a responsibility to communicate with consumers upfront, sharing meaningful information and demonstrating caring and trust.

For additional background materials, visit www.aha.org/billing.

Common Definitions – Courtesy HFMA

Charge. The dollar amount a provider sets for services rendered before negotiating any discounts. The charge can be different from the amount paid.

Cost. The definition of cost varies by the party incurring the expense:

- ◆ To the patient, cost is the amount payable out of pocket for health care services.
- ◆ To the provider, cost is the expense (direct and indirect) incurred to deliver health care services to patients.
- ◆ To the insurer, cost is the amount payable to the provider (or reimbursable to the patient) for services rendered.
- ◆ To the employer, cost is the expense related to providing health benefits (premiums or claims paid).

Price. The total amount a provider expects to be paid by payers and patients for health care services.

Out-of-pocket payment. The portion of total payment for medical services and treatment for which the patient is responsible, including copayments, coinsurance and deductibles.

Price Transparency Action Items

Price transparency is a complex issue that is important to not just patients but to everyone involved – hospitals, insurers, physicians, providers, employers, etc. Moving towards price transparency that is truly patient-centered will be a multi-step process that requires the participation of all parties. For hospitals, a good place to start is with the action items below.

1. Put yourself in the shoes of the consumer.

If patients need price information from your hospital today, where do they go for it? What will they find? Take time to conduct your own self-assessment (see page 2.1). Call your billing office, visit your website or conduct a “secret shopper” experiment (Resources, page 5.3) to determine how well your organization communicates price information to interested consumers.

2. Train your staff.

Communicating price transparency takes both knowledge and sensitivity. There should be a process for how phone calls are handled, and staff should be scripted to ensure information is consistently provided and applicable caveats are included. For example, staff should:

- ◆ Emphasize that prices provided are estimates;
- ◆ Alert patients that changes may occur depending on a patient’s health or if complications occur;
- ◆ Note what is and what is not included in the estimate (e.g., physician fees); and
- ◆ Tell patients what other bills they may receive.

While it is important to have specific staff members designated and trained to fulfill this role, it is just as important to ensure all staff who interact with patients, including nurses, social workers and receptionists, have a general understanding of your pricing policies and know where to direct patients with questions. Be sure that switchboard operators especially understand where to forward consumers that ask for pricing information.



3. Make information meaningful.

- ◆ Price information needs to be tailored to the individual consumer.
- ◆ Tell consumers how much they will pay out of pocket for care (regardless if they are insured or uninsured).
- ◆ Hospitals should link to insurance company information on discounts, where available.
- ◆ Share consumer-specific information on coinsurance and deductibles.

Many vendor tools exist that can help hospitals set up systems to pull this information together.

4. Know how your information compares to others in its accessibility and usefulness — not just other hospitals, but the growing number of alternative sites of care, such as walk-in clinics, ambulatory surgery centers, imaging centers, etc.

Consumer expectations for meaningful price information are growing, and many providers — hospitals and others — are stepping up to the plate. Hospitals need to be aware of whether and how others are making price information accessible and then assess how their information compares.

5. Tap into your community for help.

Many hospitals have working or advisory groups made up of patient advocates, as well as past patients or family members. Engage this group in your price transparency efforts and enlist them to be secret shoppers. Ask them how you are doing, listen to their suggestions and use their feedback to refine your approach.