

PROMOTE TRANSPARENT, UPFRONT PRICING

Two-thirds of Americans worry about being able to afford unexpected medical bills. This concern, along with being able to afford health insurance deductibles and prescription drug costs, account for three of the top four concerns among general household needs. These rank ahead of paying for rent or a mortgage, monthly utilities, and food. The high cost of healthcare in the U.S. affects the health and financial well-being of millions of Americans, and uncertainty about costs can create real stress.

Patients generally do not know the cost of their care until they receive a bill. This puts patients at risk of suffering financial hardship that may have been preventable if they were able to make an informed choice when seeking care. It also insulates large medical providers from competition when setting prices. Healthcare price transparency is an essential policy reform that can address these shortcomings.

Policies that remove uncertainty about the cost of medical care and increase competition enhance the ability of families to plan and pay for future healthcare expenses as they make comparisons across providers. Doing so may lead to fewer people delaying necessary care, which could result in better outcomes regarding disease prevention and treatment, as well as overall health nationwide.

Fully 87% of surveyed voters support healthcare price transparency as a way to help control costs and increase access for their families, according to a September 2020 poll by the Foundation for Government Accountability. Last year, 51% of adults surveyed reported that they had delayed or gone without certain medical care during the past year due to cost. Higher out-of-pocket costs are a particular

concern, with 46% of adults reporting difficulty affording costs not covered by their insurance.

Prices for the same medical service can vary significantly by hospital. For example, routine colonoscopies can range from \$148 to \$15,789 in just the Dallas area. Some consumers may feel that lower-cost care may not be quality care. However, the price of care does not always directly correlate to quality, so consumers should use available price and quality tools to inform decisions about where to receive care. Price transparency will enable consumers to see prices, compare them from provider to provider, and shop for the best rates. Notably, previous price transparency efforts in cohorts of employees have resulted in lower costs.

Federal hospital price transparency requirements have been supported by the Trump and Biden Administrations. On November 15, 2019, the Centers for Medicare and Medicaid Services (CMS) finalized a rule effective January 1, 2021, requiring hospitals operating in the U.S. to provide clear, accessible pricing information online for a wide range of procedures.

However, hospital compliance with this rule has been subpar since it took effect. Last year, only 53% of hospitals in the U.S. disclosed any prices, and just 16% were in full compliance as of August 2022. This hinders consumers from thoroughly comparing prices for services in their area.

In November 2021, the Department of Health and Human Services finalized a rule to increase the financial penalties for noncompliance with the Trump Administration rule. Hospitals in violation of the rule will now be fined a minimum of \$109,500 to upwards of \$2 million for a full year of noncompliance. The increased penalties took effect on January 1, 2022. CMS

issued the first two financial penalties for noncompliance in June 2022, and had issued more than 350 warning letters to hospitals by that time.

Hospital price transparency, if successfully implemented, is one policy solution with the potential to give patients more control over their health and finances while also putting pressure on providers to create greater value for patients. Research on the impact of the federal hospital price transparency requirements found that hospitals are more likely to disclose their prices if others in the area do so as well. This compliance effect will benefit consumers who take advantage of available pricing information to shop for services.

Research also shows that prices vary within hospitals based on the form of payment. Cash prices, one of the standard charges required by the CMS rule, are often lower than commercial insurance prices for specific services. Transparency regarding these price dynamics can help consumers determine the best method to pay for services. Federal and state policies should encourage full implementation and enforcement of hospital price transparency rules. This will give patients more control as they plan for and consume medical care and services, which can potentially contribute to increased competition, lower healthcare costs, and improved health outcomes for Americans.

THE FACTS

- ★ 87% of voters support price transparency to help control costs.
- ★ Two-thirds of Americans worry about being able to afford unexpected medical bills.
- ★ In 2021, 51% of adults reported that they delayed or went without certain medical care during the past year due to costs.
- ★ Prices for the same medical service can vary greatly by hospital. For example, routine colonoscopies can range from \$148 to \$15,789 in just the Dallas area.
- ★ Only 53% of hospitals in the United States disclosed any prices last year, and just 16% were in

full compliance with the CMS Hospital Price Transparency Rule this August.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Make permanent the federal hospital price transparency requirements.
- ★ Ensure enforcement of the federal hospital price transparency requirements to the extent allowed by federal law.
- ★ Make compliance a condition of participation in Medicare and Medicaid if hospital compliance with the price transparency requirements remains subpar after enforcement.

At the state level, support policies that:

- ★ Bolster state hospital compliance with federal hospital price transparency requirements by aligning state and federal policies.
- ★ Policy options include additional financial and administrative penalties for noncompliance beyond the current federal civil monetary penalties, including conditioning hospital licensure on compliance, and additional consumer protections.

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