



Spotlight on Price Transparency

The Centers for Medicare and Medicaid Services' Transparency in Coverage rule takes effect Jan. 1. Hospitals and their collection agency partners can work together to ensure this information is effectively communicated to consumers.

Not only can consumers hop online to check out prices for products they have their eyes on, like a car or vacuum, now they have more resources to comparison shop for their health care.

In January, a Centers for Medicare and Medicaid Services (CMS) rule will take effect requiring U.S. hospitals to provide pricing information online in two ways:

- As a comprehensive machine-readable format file containing prices for all items and services offered by a hospital.
- In a display of at least 300 shoppable services in a consumer-friendly format.

The Transparency in Coverage rule materialized from President Donald Trump's executive order on "Improving Price and Quality Transparency in American Healthcare," with the goal to increase price transparency and allow for consumers to make health care decisions before going to the hospital, according to CMS.

The rule was finalized in November 2019 and compliance is required by Jan. 1, 2021.

Price transparency is not a new area of focus for hospitals by any means and most have some sort of price estimator tool in place; the question is how accurate the information will be based on what is required in the new rule, ACA

International members say.

"The key goal in all of this is to give the patient and consumer accurate out-of-pocket prices for the services they're receiving," said George Buck, former president emeritus of Frost-Arnett Company and an accounts receivable management industry consultant specializing in health care.

Price Transparency—Is it Accurate?

Health care providers and their business associate partners should look at price transparency in a similar perspective as to how they would address a "least sophisticated consumer" under the Fair Debt Collection Practices Act.

For example, Buck visited the websites of the three major medical providers in a metropolitan center and priced out an arthroscopic knee surgery to repair a meniscus tear. On two of the sites, he said it was easy to find the price estimator tool, but on the third site it was not available, at least not at that time.

On the two websites with a price estimator tool, Buck said the difference in the information they asked for was significant and the results presented two different prices for the surgery.

"The thing that was missing for me, and I think consumers are not going to realize, is that in each of these cases, there is a charge for anesthesiology and there's a charge for the surgeon. And there may

be other charges such as pathology or radiology," Buck said.

Business associates of health care providers can help train clients on consumer communications about those issues.

This was part of the goal of the Healthcare Financial Management Association (HFMA) Medical Accounts Receivable Task Force when it developed best practices for the resolution of medical accounts in 2014. The best practices were updated in 2020 and include a focus on price transparency.

According to CMS, in addition to listing the prices for items and services, hospitals must also list plain-language descriptions of the services, group them with ancillary services and provide the discounted cash prices, payer-specific negotiated charges, and de-identified minimum and maximum negotiated charges.

When the COVID-19 pandemic hit in March, it presented some challenges for hospitals as they were preparing for final compliance with the rule. Their attention shifted to caring for patients with COVID-19 and providing testing. For the last several months, price transparency pages on some hospitals' websites listed more services related to COVID-19 than other options, they said.

The final rule equips CMS with new

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Snapshot: Best Practices for Price Transparency

ACA International and the Healthcare Financial Management Association reconvened this year to update best practices for the fair resolution of patients' medical bills. Here is a look at recommendations on price transparency highlighted in the report.

By Katy Zillmer

As the Jan. 1 effective date for the Centers for Medicare and Medicaid Services Transparency in Coverage approaches, it's a good time to review plans to provide patients with price estimates, which is an integral part of education and engagement processes, according to the Best Practices for Resolution of Medical Accounts report from the ACA International and Healthcare Financial Management Association Accounts Receivable Resolution Task Force.

The best practices focus on the fair resolution of patients' medical bills and address financial assistance policies in response to the COVID-19 pandemic.

The report reflects the task force's consensus on the equitable resolution of the patient portion of medical bills.

ACA and HFMA worked together on the 28-page report, which updates and extends guidance that was originally published by HFMA in 2014. The report emphasizes the importance of educating patients and ensuring that they understand the account resolution process.

With a focus on patient education and communication, the best practices are designed to help patients engage in their health care and become active participants in resolving outstanding accounts.

HFMA also developed a Price Transparency Task Force.

As part of the focus on price transparency, the task force's goal was to identify how hospitals can be proactive about sharing price estimates with patients.

Recommendations from the Price Transparency Task Force, according to the HFMA report, include:

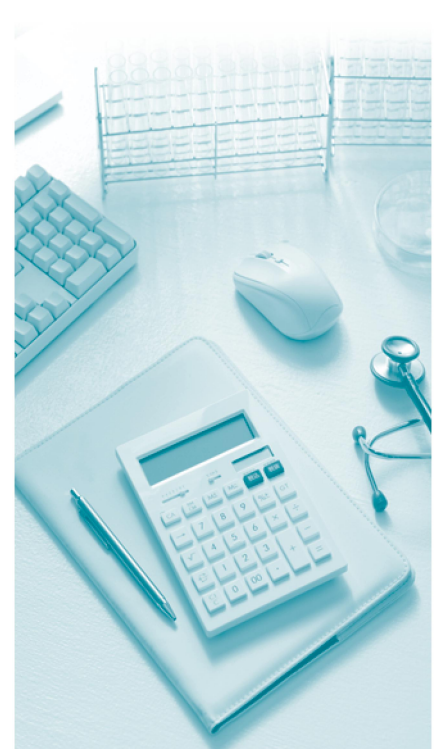
- Refer insured patients to their health plans. This is the best option for insured patients as health insurance companies are most equipped to help their customers find the total estimated cost of a service.
- Partner with health insurance companies. This helps provide the most up-to-date information for hospitals providing estimates to insured patients.
- Work directly with uninsured patients. Hospitals should share cost information with these patients and alternatives for paying for their medical care.
- Share the responsibility with patients. It is the provider's responsibility to streamline information requests, while it is the patient's responsibility to provide request information on their care in a timely manner.

Overall, the HFMA report maps out the entire medical accounts receivable

resolution process from preservice to post-discharge, incorporating elements from HFMA's Patient Financial Communications Best Practices and Patient-Friendly Billing initiative.

Access the report and additional resources from the task force here:

<https://www.hfma.org/dollars>



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enforcement tools including monitoring, auditing, corrective action plans, and the ability to impose civil monetary penalties of \$300 per day to ensure hospitals comply.

What's Next? A Payer Rule

In October 2020, as part of the price transparency executive order, CMS also issued a final rule requiring similar online cost disclosures by health insurance companies.

“The rule requires group health

plans and health insurance issuers in the individual and group markets to not only provide easy-to-understand personalized information on enrollee cost-sharing for healthcare services, but they must also publicly disclose the rates they actually pay health care providers for specific services,” according to CMS.

On Jan. 1, 2023, like the rule for hospitals, health plans will be required to offer an online shopping tool displaying negotiated rates between their doctor

and their insurance plan, as well as an individualized estimate for out-of-pocket costs. Effective Jan. 1, 2024, online tools displaying prices for medications, medical equipment, follow-up procedures and other items or services consumers may need will be required, according to CMS.

Katy Zillmer is ACA International's communications manager.

NEWS & NOTES

Impacts of COVID-19 Pandemic Cause Increase in Health Care Consumerism

Health care consumerism—when patients take more control over researching their medical care and associated expenses—is on the rise in response to the COVID-19 pandemic, according to TransUnion Healthcare’s second annual patient survey.

The September 2020 survey of more than 3,000 consumers who had either visited a hospital, health care clinic, doctor’s office or other health care organization for treatment during the past 12 months shows that nearly six in 10 patients (59%) deferred non-COVID-19 related medical care during the past six months, according to a news release from TransUnion.

Results of the survey also show 49% of survey respondents—an increase of seven basis points from 2019—reported the current economy has influenced how they seek medical care to some extent.

“Our latest survey illustrates to providers just how important it is to offer flexible care delivery options and payment experiences for their patients during this period of uncertainty, as well as understand and address individual payment needs,” said David Wojczynski, president of TransUnion Healthcare.

Economic challenges are causing younger generations to drive health care consumerism. For example, one-third (33%) of Generation Z and 29% of millennial patients reported their health insurance coverage was impacted due to the pandemic (compared to 22% of overall respondents, 18% of Generation X and 12% of baby boomers), according to the news release.

There is also a tie between the increasing trends in health care consumerism and price transparency requirements for health care providers (outlined in our cover article in this issue).

Additional findings in the survey include:

- 80% of respondents utilized either health care provider or payer/ insurance websites, among other sources, to research health care costs, compared to 75% in 2019.
- Among younger generations, 90% of Generation Z respondents and 87% of millennial respondents researched these resources compared to 69% of baby boomer respondents.
- 47% of recent patients selected their health care provider based on cost.
- When it comes to price transparency, the survey shows 53% of recent patients received clear cost estimates prior to receiving medical care.
- While the number of patients receiving clear cost estimates did increase from 2019, TransUnion found only 52% of respondents completely understood their financial responsibility for their recent medical bill.

More information:

<https://bit.ly/32Vki5b> See Data Watch for a chart from the survey.

Health Insurance Deductibles Increase Significantly Over Last Decade

The Kaiser Family Foundation’s 2020 Benchmark Employer Health Benefits Survey shows the average single deductible for consumers with health insurance through their employer, \$1,644, is a significant increase to the \$917 average from 10 years ago. It was \$1,655 in 2019. <https://bit.ly/38VFr2P>

Consumers Concerned About Bankruptcy or Debt Related to Health Care Costs

A lack of medical savings and debt related to health care are top concerns among consumers surveyed by HealthCareInsider.com. According to the survey, 56% of respondents said they were somewhat or very concerned that a “health situation” in their household could result in bankruptcy or debt. Twenty-eight percent of adults surveyed said they have medical debt and 32% said they have \$500 or less saved to pay for medical bills. Of those with medical debt, 65% said they had debts of more than \$1,000. <https://bit.ly/3nzb5Hq>

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Pulse is published for ACA International health care collection agencies to provide current industry information for health care providers. ACA welcomes article ideas and submissions for consideration in *Pulse* to the Communications Department at comm@acainternational.org.

For more health care collections news, visit ACA’s Health Care Collections page at www.acainternational.org/pulse.

datawatch

Younger Generations Fuel Health Care Consumerism

According to a survey from TransUnion Healthcare, 90% of respondents in Generation Z did some research on health care costs compared to 69% of baby boomers; and 59% percent of Generation Z compared to 36% of baby boomers chose their health care provider based on cost.

Youngest Generations Driving Health Care Consumerism Amid COVID-19 Challenges

Generations	All	Gen Z	Millennials	Gen X	Baby Boomers
Percent of Patients That Indicated The State of The Economy Has an Impact on How They Seek Medical Care	49%	67%	55%	51%	30%
Percent of Patients That Had Their Health Insurance Impacted Due to COVID-19	22%	33%	29%	18%	12%
Percent of Patients Conducting Some Form of Research on Health Care Costs	80%	90%	87%	79%	69%
Percent of Patients That Chose Their Health Care Provider Based on Cost	47%	59%	55%	45%	36%
Percent of Patients That Fully Understood Their Financial Responsibility for Their Recent Medical Bill	52%	37%	47%	55%	64%

Source: *TransUnion HealthCare* <https://bit.ly/32Vki5b>



is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

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