



HHS NEWS: Trump Administration Announces Historic Price Transparency Requirements to Increase Competition and Lower Healthcare Costs for All Americans



Two regulations advance the Trump Administration's commitment to increasing price transparency

As directed by President Trump's [Executive Order](#) on Improving Price and Quality Transparency in American Healthcare, today the Department of Health and Human Services is announcing that the Centers for Medicare & Medicaid Services (CMS) is issuing two rules that take historic steps to increase price transparency to empower

patients and increase competition among all hospitals, group health plans and health insurance issuers in the individual and group markets. One of the rules is the Calendar Year (CY) 2020 Outpatient Prospective Payment System (OPPS) & Ambulatory Surgical Center (ASC) Price Transparency Requirements for Hospitals to Make Standard Charges Public Final Rule. The second rule is the Transparency in Coverage Proposed Rule. Both the final and proposed rules require that pricing information be made publicly available.

“President Trump has promised American patients ‘A+’ healthcare transparency, but right now our system probably deserves an F on transparency. President Trump is going to change that, with what will be revolutionary changes for our healthcare system,” said HHS Secretary Alex Azar. “Today’s transparency announcement may be a more significant change to American healthcare markets than any other single thing we’ve done, by shining light on the costs of our shadowy system and finally putting the American patient in control.”

Consistent with the Executive Order on price and quality transparency, the Trump Administration is taking action toward making sure that insured and uninsured Americans alike have the information necessary to get an accurate estimate of the cost of the healthcare services they are seeking before they receive care.

“Under the status quo, healthcare prices are about as clear as mud to patients,” said CMS Administrator Seema Verma. “Thanks to President Trump’s vision and leadership, we are throwing open the shutters and bringing to light the price of care for American consumers. Kept secret, these prices are simply dollar amounts on a ledger; disclosed, they deliver fuel to the engines of competition among hospitals and insurers. This final rule and the proposed rule will bring forward the transparency we need to finally begin reducing the overall healthcare costs. Today’s rules usher in a new era that upends the status quo to empower patients and put them first.”

In response to the Executive Order, the Department of Health and Human Services, the Department of Labor, and the Department of the Treasury (collectively, the Departments) are issuing a proposed rule, “Transparency in Coverage” that would require most employer-based group health plans and health insurance issuers offering group and individual coverage to disclose price and cost-sharing information to participants, beneficiaries, and enrollees up front. With this information, patients will have accurate estimates of any out-of-pocket costs they must pay to meet their plan’s deductible, co-pay, or co-insurance requirements. This will make previously unavailable price information accessible to patients and other stakeholders in a standardized way, allowing for easy comparisons.

If finalized, the proposed Transparency in Coverage rule would require health plans to:

- Give consumers real-time, personalized access to cost-sharing information, including an estimate of their cost-sharing liability for all covered healthcare

items and services, through an online tool that most group health plans and health insurance issuers would be required to make available to all of their members, and in paper form, at the consumer's request. This requirement would empower consumers to shop and compare costs between specific providers before receiving care.

- Disclose on a public website their negotiated rates for in-network providers and allowed amounts paid for out-of-network providers. Making this information available to the public is intended to drive innovation, support informed, price-conscious decision-making, and promote competition in the healthcare industry. Making this information public directly helps the consumer, but, more importantly, creates new opportunities for researchers, employers and other developers to build new tools to help consumers.

The proposed rule would also encourage health insurance issuers to offer new or different plan designs that incentivize consumers to shop for services from lower-cost, higher-value providers by allowing issuers to take credit for "shared savings" payments in their medical loss ratio (MLR) calculations.

In addition, the Administration is finalizing a rule that will require hospitals to provide patients with clear, accessible information about their "standard charges" for the items and services they provide, including through the use of standardized data elements, making it easier to shop and compare across hospitals, as well as mitigating surprises. The final rule will require hospitals to make their standard charges public in two ways beginning in 2021:

- *Comprehensive Machine-Readable File:* Hospitals will be required to make public all hospital standard charges (including the gross charges, payer-specific negotiated charges, the amount the hospital is willing to accept in cash from a patient, and the minimum and maximum negotiated charges) for all items and services on the Internet in a single data file that can be read by other computer systems. The file must include additional information such as common billing or accounting codes used by the hospital (such as Healthcare Common Procedure Coding System (HCPCS) codes) and a description of the item or service to provide common elements for consumers to compare standard charges from hospital to hospital.
- *Display of Shoppable Services in a Consumer-Friendly Manner:* Hospitals will be required to make public payer-specific negotiated charges, the amount the hospital is willing to accept in cash from a patient for an item or service, and the minimum and maximum negotiated charges for 300 common shoppable services in a manner that is consumer-friendly and update the information at least annually.
 - Shoppable services are services that can be scheduled by a healthcare consumer in advance such as x-rays, outpatient visits, imaging and

laboratory tests or bundled services like a cesarean delivery, including pre- and post-delivery care.

- The requirements for the consumer-friendly file are that the information must be made public in a prominent location online that is easily accessible, without barriers, and it must also be searchable. Item and service descriptions must be in ‘plain language’ and the shoppable service charges must be displayed and grouped with charges for any ancillary services the hospital customarily provides with the primary shoppable service.

In order to ensure that hospitals comply with the requirements, the final rule provides CMS with new enforcement tools including monitoring, auditing, corrective action plans, and the ability to impose civil monetary penalties of \$300 per day. In response to public comments, CMS is finalizing that the effective date of the final rule will be January 1, 2021 to ensure that hospitals have the time to be compliant with these policies.

For a fact sheet on the Calendar Year (CY) 2020 Outpatient Prospective Payment System (OPPS) & Ambulatory Surgical Center (ASC) Price Transparency Requirements for Hospitals to Make Standard Charges Public final rule (CMS-1717-F2), please visit: <https://www.cms.gov/newsroom/fact-sheets/cy-2020-hospital-outpatient-prospective-payment-system-opps-policy-changes-hospital-price>

For a fact sheet on the Transparency in Coverage Proposed Rule (CMS-9915-P), please visit: <https://www.cms.gov/newsroom/fact-sheets/transparency-coverage-proposed-rule-cms-9915-p>

The final rule (CMS-1717-F2) can be viewed here:
<https://www.hhs.gov/sites/default/files/cms-1717-f2.pdf>

The proposed rule (CMS-9915-P) can be viewed here:
<https://www.hhs.gov/sites/default/files/cms-9915-p.pdf>

