

The CMS Price Transparency of Hospital Standard Charges Final Rule (CMS-1717-F2)

- **The rule goes into effect January 1, 2021.** The final rule can be reviewed in its entirety [here](#). CMS educational materials from late 2019 can be viewed [here](#).
- **It is important to understand there are two requirements to this final rule:**
 - 1.** Hospitals are to publishⁱ their gross charge, discounted self-pay charge, and **every** payer- and product-specific negotiated charge for **all** items and services offered for inpatient admissions and outpatient visits. CMS will require those charges to be published online in a machine-readable file in order to provide usable data to developers of consumer-friendly price transparency tools. CMS has proposed formats including, but not limited to, .XML, JSON and .CSV (PDF has been expressly excluded).
 - 2.** Hospital websites will also prominently displayⁱⁱ payer- and product-specific negotiated charges for at least 300 "shoppable services" - a term CMS defines "as a service that can be scheduled by a health care consumer in advance." CMS has designated 70 of the service charges that must be included in the list, and the hospital will choose the remaining 230. The 70 services proposed by CMS are:

Evaluation & Management Services		Ultrasound of abdome	76700
Psychotherapy, 30 mi	90832	Abdominal ultrasound	76805
Psychotherapy, 45 mi	90834	Ultrasound pelvis t	76830
Psychotherapy, 60 mi	90837	Mammography of one b	77065
Family psychotherapy	90846	Mammography of both	77066
Family psychotherapy	90847	Mammography, screeni	77067
Group psychotherapy	90853	Med/Surg Services	
New patient office o	99203	Cardiac valve and ot	216
New patient office o	99204	Spinal fusion -cept	460
New patient office o	99205	Major joint replacem	470
Patient office consu	99243	Cervical spinal fusi	473
Patient office consu	99244	Uterine and adnexa p	743
Initial new patient	99385	Removal of 1 or more	19120
Initial new patient	99386	Shaving of shoulder	29826
Lab Services		Removal of one knee	29881
Basic metabolic pane	80048	Removal of tonsils a	42820
Blood test, comprehe	80053	Diagnostic examinati	43235
Obstetric blood test	80055	Biopsy of the esopha	43239
Blood test, lipids (80061	Diagnostic examinati	45378
Kidney function pane	80069	Biopsy of large bowe	45380
Liver function blood	80076	Removal of polyps or	45385
Manual urinalysis te	81000 or 81001	Ultrasound examinati	45391
Automated urinalysis	81002 or 81003	Removal of gallbladd	47562
PSA (prostate specif	84153-84154	Repair of groin hern	49505
Blood test, thyroid	84443	Biopsy of prostate g	55700
Complete blood cell	85025	Surgical removal of	55866
Complete blood count	85027	Routine obstetric ca	59400
Blood test, clotting	85610	Routine obstetric c	59510
Coagulation assessme	85730	Routine obstetric ca	59610
Radiology Services		Injection of substan	62322-62323
CT scan, head or bra	70450	Injection of anesthe	64483
MRI scan of brain be	70553	Removal of recurring	66821
X-Ray, lower back, m	72110	Removal of cataract	66984
MRI scan of lower sp	72148	Electrocardiogram, r	93000
CT scan, pelvis, wit	72193	Insertion of cathete	93452
MRI scan of leg join	73721	Sleep study	95810
CT scan of abdomen a	74177	Physical therapy, th	97110

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- CMS will deem a hospital as having met the second requirement (“shoppable services”) if it maintains an internet-based price estimator tool that [a] provides estimates for the 300 shoppable services; [b] allows healthcare consumers, while they are using the tool, to obtain an estimate of their out-of-pocket costs for a shoppable service; and [c] to make the tool accessible on the hospital’s website without charge and without requiring the consumer to register or establish a user account/password. **It is important to note this approach only addresses the second requirement – unless the price estimator tool includes all charges for all services, it would not fulfill the first requirement of the transparency rule.**
- Hospitals that do not comply with the regulations could face a monetary penalty of up to \$300 per day until they are in compliance or provide a corrective action plan. Some hospitals intend to pay this penalty (\$300 x 365 days = \$109,500 annually) rather than incur the cost of compliance.
- The final rule is being challenged in court – [opening arguments were heard in May 2020](#).

KBH RECOMMENDATIONS:

- ✓ Now would be a good time for hospitals to select their 300 shoppable services, and to assemble the relevant data associated with each service. This work will position the hospital to comply with the rule’s second requirement and will provide insight on how to approach the first requirement.
- ✓ For hospitals using (or considering) a price estimator tool to address the second requirement, make sure the tool complies with all three criteria ([a] provides estimates for the 300 shoppable services; [b] allows healthcare consumers, while they are using the tool, to obtain an estimate of their out-of-pocket costs for a shoppable service; and [c] to make the tool accessible on the hospital’s website without charge and without requiring the consumer to register or establish a user account/password). If the hospital also intends to use the tool to address the first requirement, ensure the tool will address **all charges for all services** – not just the shoppable services.
- ✓ **Katz Brunner Healthcare can provide support and services to enable client hospitals to comply with this price transparency final rule – please reach out to your KBH contact for more information and to obtain a formal proposal.**

ⁱ For each item or service, the machine-readable file would contain (and be updated annually):

- Description
 - All Standard Charges
 - Gross Charge (from CDM)
 - Discounted Self-Pay Charge
 - Payer-Specific Negotiated Charges
 - The minimum and maximum Payer-Specific Negotiated Charges.
 - Any code used by the hospital for purposes of billing for the item or service (e.g., CPT, HCPCS, DRG, NDC, etc.).
- If using Excel to develop this file, CMS suggests multiple tabs could be used to make the formatting less unwieldy.

ⁱⁱ For each shoppable service, the same data would be displayed as in the machine-readable file above; however, Gross Charge is not required. This information would be updated annually. Hospitals have discretion to choose a format for making public this consumer-friendly information.