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Hospital Price Transparency Final Rule

Tuesday, December 3, 2019

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CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicare Learning Network®

Acronyms in this Presentation

- **ALJ –** Administrative Law Judge
- **DRG –** Diagnosis-Related Group
- **EO –** Executive Order
- **HCPCS –** Healthcare Common Procedure Coding System
- **PII –** Personal Identifying Information

CY 2020 Hospital Outpatient Prospective Payment System Policy Changes: Hospital Price Transparency Requirements

- On November 15, CMS finalized policies that lay the foundation for a patient-driven health care system by making prices for items and services provided by all hospitals in the United States more transparent for patients so that they can be more informed about what they might pay for hospital items and services

- Final rule:
  - Further advances the agency's commitment to increasing price transparency
  - Requirements apply to each hospital operating in the United States
  - Effective date is January 1, 2021

Increasing Price Transparency of Hospital Standard Charges

- On June 24, the President signed an Executive Order (EO) on Improving Price and Quality Transparency in American Healthcare to Put Patients First:
  - It is the policy of the Federal Government to increase the availability of meaningful price and quality information for patients
  - The EO directed the Secretary of HHS to propose a regulation, consistent with applicable law, to require hospitals to publicly post standard charge information

- The final rule implements Section 2718(e) of the Public Health Service Act and improves upon prior agency guidance that required hospitals to make public their standard charges (defined as the hospital's chargemaster charges) upon request starting in 2015 (79 FR 50146) and subsequently online in a machine-readable format starting in 2019 (83 FR 41144)

- Section 2718(e) requires each hospital operating within the United States to establish (and update) and make public a yearly list of the hospital's standard charges for items and services provided by the hospital, including for diagnosis-related groups established under section 1886(d)(4) of the Social Security Act

Who Must Comply? Definition of ‘Hospital’

- The final rule defines ‘hospital’ to mean an institution in any State in which State or applicable local law provides for the licensing of hospitals, that is licensed as a hospital pursuant to such law, or is approved by the agency of such State or locality responsible for licensing hospitals, as meeting the standards established for such licensing:
  - A State includes each of the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands
  - The definition includes all Medicare-enrolled institutions that are licensed as hospitals (or approved as meeting licensing requirements) as well any non-Medicare enrolled institutions that are licensed as a hospital (or approved as meeting licensing requirements)
  - Federally owned or operated hospitals (for example, hospitals operated by an Indian Health Program, the U.S. Department of Veterans Affairs, or the U.S. Department of Defense) are deemed to be in compliance with the requirements for making public standard charges

What are Hospital ‘Standard Charges’?

- CMS finalized the definition of ‘standard charges’ to include the following:
  - Gross charge: The charge for an individual item or service that is reflected on a hospital’s chargemaster, absent any discounts
  - Discounted cash price: The charge that applies to an individual who pays cash, or cash equivalent, for a hospital item or service
  - Payer-specific negotiated charge: The charge that a hospital has negotiated with a third party payer for an item or service
  - De-identified minimum negotiated charges: The lowest charge that a hospital has negotiated with all third-party payers for an item or service
  - De-identified maximum negotiated charges: The highest charge that a hospital has negotiated with all third-party payers for an item or service

Which Hospital 'Items and Services' Are Included?

- CMS finalized the proposal to define hospital "items and services" to mean all items and services, including individual items and services and service packages, that could be provided by a hospital to a patient in connection with an inpatient admission or an outpatient department visit for which the hospital has established a standard charge

- Examples include, but are not limited to, the following:
  - Supplies and procedures
  - Room and board
  - Use of the facility and other items (generally described as facilities fees)
  - Services of employed physicians and non-physician practitioners (generally reflected as professional charges)
  - Any other items or services for which a hospital has established a standard charge

Two Required Ways for Making Public Standard Charges

Hospitals must make public their standard charges in two ways:

1) Comprehensive Machine-Readable File
   - A single machine-readable file that contains all five types of standard charges for all the items and services provided by the hospital
   - Based on public comment, we believe this information and format is most directly useful for employers, providers, and tool developers who could use these data in consumer-friendly price transparency tools or who may integrate the data into electronic medical records and shared decision making tools at the point of care; and

2) Consumer-Friendly Shoppable Services
   - A consumer-friendly list of some types of standard charges for a limited set of "shoppable services" (including 70 CMS-specified and 230 hospital-selected) provided by the hospital
     - A 'shoppable service' is a service that can be scheduled by a health care consumer in advance
   - We believe these requirements will allow health care consumers to directly make apples-to-apples comparisons of common shoppable hospital services across health care settings

Requirements for Making Public All Standard Charges for All Items and Services in a Machine-Readable Format

- Each hospital location operating under a single hospital license that has a different set of standard charges must separately make public the standard charges that are applicable to that location

- Required Data Elements:
  - A description of each item or service
  - All standard charges (gross charges, payer-specific negotiated charges, discounted cash prices, minimum and maximum negotiated charges) that apply to each item or service when provided in, as applicable, the hospital inpatient and outpatient department setting
  - Any code used by the hospital for purposes of accounting or billing for the item or service, for example, HCPCS codes, DRG codes, or other common payer identifier

Requirements for Making Public All Standard Charges for All Items and Services in a Machine-Readable Format

- Format
  - The information must be published in a single digital file that is in a machine-readable format
  - **Machine-readable format** means a digital representation of data or information in a file that can be imported or read into a computer system for further processing
    - Examples of machine-readable formats include, but are not limited to, the following formats: .XML, .JSON, and .CSV

- Location and Accessibility
  - The file must be displayed prominently and clearly identify the hospital location with which the standard charges information is associated on a publicly available website using a CMS-specified naming convention
  - The hospital must ensure the data is easily accessible, without barriers, including ensuring the data is accessible free of charge, does not require a user to establish an account or password or submit Personal Identifying Information (PII), and is digitally searchable

- Updates
  - Data must be updated at least annually and clearly indicate the date of the last update (either within the file or otherwise clearly associated with the file)

Comprehensive Machine-Readable File: Sample Display of Gross Charges[1]

Hospital XYZ Medical Center
Prices Posted and Effective [month/day/year]
Notes: [insert any clarifying notes]

Description	CPT/HCPCS Code	NDC	OP/Default Gross Charge	IP/ER Gross Charge	ERx Charge Quantity
HB IV INFUS HYDRATION 31-60 MIN	96360		$1,000.13	$1,394.45	
HB IV INFUSION HYDRATION ADDL HR	96361		$251.13	$383.97	
HB IV INFUSION THERAPY 1ST HR	96365		$1,061.85	$1,681.80	
HB ROOM CHARGE 1:5 SEMI PRIV				$2,534.00	
HB ROOM CHG 1:5 OB PRIV DELX				$2,534.00	
HB ROOM CHG 1:5 OB DELX 1 ROOM				$2,534.00	
HB ROOM CHG 1:5 OB DELX 2 ROOMS				$2,534.00	
SURG LEVEL 1 1ST HR 04	Z7506			$3,497.16	
SURG LEVEL 1 ADDL 30M 04	Z7508			$1,325.20	
SURG LEVEL 2 1ST HR 04	Z7506			$6,994.32	
PROMETHAZINE 50 MG PR SUPP	J8498	00713013212	$251.13	$383.97	12 Each
PHENYLEPHRINE HCL 10 % OP DROP		17478020605	$926.40	$1,264.33	5 mL
MULTIVITAMIN PO TABS		10135011501	$0.00	$0.00	100 Each
DIABETIC MGMT PROG, F/UP VISIT TO MD	S9141		$185.00		
GENETIC COUNSEL 15 MINS	S0265		$94.00		
DIALYSIS TRAINING/COMPLETE	90989		$988.00		
ANESTH, PROCEDURE ON MOUTH	170		$87.00		

[1] Note that this example shows only one type of standard charge (specifically the gross charges) that a hospital would be required to make public in the comprehensive machine-readable file. Hospitals must also make public the payer-specific negotiated charges, the de-identified minimum negotiated charges, the de-identified maximum negotiated charges, and the discounted cash prices for all items and services.

Requirements for Displaying Shoppable Services in a Consumer-Friendly Manner

- Hospitals must display payer-specific negotiated charges, de-identified minimum and maximum negotiated charges, and discounted cash prices for at least 300 shoppable services, including 70 CMS-specified shoppable services and 230 hospital-selected shoppable services:
  - If a hospital does not provide one or more of the 70 CMS-specified shoppable services, the hospital must indicate that the service is not offered by the hospital, and select additional shoppable services such that the total number of shoppable services is at least 300
  - If a hospital provides less than 300 shoppable services, the hospital must list as many shoppable services as it provides
  - The shoppable services selected for display by the hospital should be commonly provided to the hospital's patient population

Requirements for Displaying Shoppable Services in a Consumer-Friendly Manner

- For each shoppable service displayed, the hospital must:
  - Include a plain-language description of each shoppable service and any primary code used by the hospital for purposes of accounting or billing
  - Group the primary shoppable service with the ancillary services that the hospital customarily provides in conjunction with the primary shoppable service
  - Indicate the location at which the shoppable service is provided, and whether the standard charge for the shoppable service applies at that location to the provision of that shoppable service in the inpatient setting, the outpatient department setting, or both

- Format:
  - Hospitals have discretion to choose a format for making public the consumer-friendly information

- Location and Accessibility:
  - The information must be displayed prominently on a publicly available Internet location that clearly identifies the hospital location with which the information is associated
  - The information must be easily accessible, without barriers, including ensuring the data is accessible free of charge, does not require a user to register, establish an account or password or submit PII, and is searchable by service description, billing code, and payer

- Updates
  - Information must be updated at least annually and clearly indicate the date of the last update

Requirements for Displaying Shoppable Services in a Consumer-Friendly Manner

- CMS will deem a hospital as having met the requirements for making public standard charges for 300 shoppable services in a consumer friendly manner if the hospital maintains an internet-based price estimator tool that meets the following requirements:
  - Provides estimates for as many of the 70 CMS-specified shoppable services that are provided by the hospital and as many additional hospital-selected shoppable services as is necessary for a combined total of at least 300 shoppable services
  - Allows health care consumers to, at the time they use the tool, obtain an estimate of the amount they will be obligated to pay for the shoppable service
  - Is prominently displayed on the hospital's website and accessible to the public without charge and without having to register or establish a user account or password

Sample Display of Shoppable Services

Hospital XYZ Medical Center
Prices Posted and Effective [month/day/year]
Notes: [insert any clarifying notes or disclaimers]

Shoppable Service	Primary Service and Ancillary Services	CPT/ HCPCS Code	[Standard Charge for Plan X]
Colonoscopy	Primary Diagnostic Procedure	45378	$750
	Anesthesia (Medication Only)	[Code(s)]	$122
	Physician Services	Not provided by hospital (may be billed separately)	
	Pathology/Interpretation of Results	Not provided by hospital (may be billed separately)	
	Facility Fee	[Code(s)]	$500
Office Visit	New Patient Outpatient Visit, 30 Min	99203	$54
Vaginal Delivery	Primary Procedure	59400	[$]
	Hospital Services	[Code(s)]	[$]
	Physician Services	Not provided by hospital (may be billed separately)	
	General Anesthesia	Not provided by hospital (may be billed separately)	
	Pain Control	Not provided by hospital (may be billed separately)	
	Two Day Hospital Stay	[Code(s)]	[$]
	Monitoring After Delivery	[Code(s)]	[$]

Monitoring and Enforcement

- CMS has the authority to monitor hospital compliance with Section 2718(e) of the Public Health Service Act, by evaluating complaints made by individuals or entities to CMS, reviewing individuals' or entities' analysis of noncompliance, and auditing hospitals' websites:
  - Should CMS conclude a hospital is noncompliant with one or more of the requirements to make public standard charges, CMS may assess a monetary penalty after providing a warning notice to the hospital or after requesting a corrective action plan from the hospital if its noncompliance constitutes a material violation of one or more requirements
  - If the hospital fails to respond to CMS' request to submit a corrective action plan or comply with the requirements of a corrective action plan, CMS may impose a civil monetary penalty on the hospital not in excess of $300 per day, and publicize the penalty on a CMS website
  - The rule establishes an appeals process for hospitals to request a hearing before an Administrative Law Judge (ALJ) of the civil monetary penalty
    - The Administrator of CMS, at his or her discretion, may review in whole or in part the ALJ's decision

Effective Date

- In response to comments, CMS extended the effective date to January 1, 2021 to ensure hospital compliance with these regulations

Final List of 70 CMS-Specified Shoppable Services

Evaluation & Management Services	2020 CPT/HCPCS Primary Code
Psychotherapy, 30 min	90832
Psychotherapy, 45 min	90834
Psychotherapy, 60 min	90837
Family psychotherapy, not including patient, 50 min	90846
Family psychotherapy, including patient, 50 min	90847
Group psychotherapy	90853
New patient office or other outpatient visit, typically 30 min	99203
New patient office of other outpatient visit, typically 45 min	99204
New patient office of other outpatient visit, typically 60 min	99205
Patient office consultation, typically 40 min	99243
Patient office consultation, typically 60 min	99244
Initial new patient preventive medicine evaluation (18-39 years)	99385
Initial new patient preventive medicine evaluation (40-64 years)	99386

Final List of 70 CMS-Specified Shoppable Services (continued)

Laboratory & Pathology Services	2020 CPT/HCPCS Primary Code
Basic metabolic panel	80048
Blood test, comprehensive group of blood chemicals	80053
Obstetric blood test panel	80055
Blood test, lipids (cholesterol and triglycerides)	80061
Kidney function panel test	80069
Liver function blood test panel	80076
Manual urinalysis test with examination using microscope	81000 or 81001
Automated urinalysis test	81002 or 81003
PSA (prostate specific antigen)	84153-84154
Blood test, thyroid stimulating hormone (TSH)	84443
Complete blood cell count, with differential white blood cells, automated	85025
Complete blood count, automated	85027
Blood test, clotting time	85610
Coagulation assessment blood test	85730

Final List of 70 CMS-Specified Shoppable Services (continued)

Radiology Services	2020 CPT/HCPCS Primary Code
CT scan, head or brain, without contrast	70450
MRI scan of brain before and after contrast	70553
X-Ray, lower back, minimum four views	72110
MRI scan of lower spinal canal	72148
CT scan, pelvis, with contrast	72193
MRI scan of leg joint	73721
CT scan of abdomen and pelvis with contrast	74177
Ultrasound of abdomen	76700
Abdominal ultrasound of pregnant uterus (greater or equal to 14 weeks 0 days) single or first fetus	76805
Ultrasound pelvis through vagina	76830
Mammography of one breast	77065
Mammography of both breasts	77066
Mammography, screening, bilateral	77067

Final List of 70 CMS-Specified Shoppable Services (continued)

Medicine and Surgery Services	2020 CPT/HCPCS/DRG Primary Code
Cardiac valve and other major cardiothoracic procedures with cardiac catheterization with major complications or comorbidities	216
Spinal fusion except cervical without major comorbid conditions or complications (MCC)	460
Major joint replacement or reattachment of lower extremity without major comorbid conditions or complications (MCC).	470
Cervical spinal fusion without comorbid conditions (CC) or major comorbid conditions or complications (MCC).	473
Uterine and adnexa procedures for non-malignancy without comorbid conditions (CC) or major comorbid conditions or complications (MCC)	743
Removal of 1 or more breast growth, open procedure	19120
Shaving of shoulder bone using an endoscope	29826
Removal of one knee cartilage using an endoscope	29881
Removal of tonsils and adenoid glands patient younger than age 12	42820
Diagnostic examination of esophagus, stomach, and/or upper small bowel using an endoscope	43235
Biopsy of the esophagus, stomach, and/or upper small bowel using an endoscope	43239
Diagnostic examination of large bowel using an endoscope	45378
Biopsy of large bowel using an endoscope	45380
Removal of polyps or growths of large bowel using an endoscope	45385
Ultrasound examination of lower large bowel using an endoscope	45391
Removal of gallbladder using an endoscope	47562
Repair of groin hernia patient age 5 years or older	49505
Biopsy of prostate gland	55700
Surgical removal of prostate and surrounding lymph nodes using an endoscope	55866
Routine obstetric care for vaginal delivery, including pre-and post-delivery care	59400
Routine obstetric care for cesarean delivery, including pre-and post-delivery care	59510
Routine obstetric care for vaginal delivery after prior cesarean delivery including pre-and post-delivery care	59610
Injection of substance into spinal canal of lower back or sacrum using imaging guidance	62322-62323
Injections of anesthetic and/or steroid drug into lower or sacral spine nerve root using imaging guidance	64483
Removal of recurring cataract in lens capsule using laser	66821
Removal of cataract with insertion of lens	66984
Electrocardiogram, routine, with interpretation and report	93000
Insertion of catheter into left heart for diagnosis	93452
Sleep study	95810
Physical therapy, therapeutic exercise	97110

Question & Answer Session

Resources

- Final Rule
- Press Release
- Fact Sheet
- Hospital OPPS website
- PriceTransparencyHospitalCharges@cms.hhs.gov

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