

## **Executive Order for Hospital Price Transparency**

In 2017, per Executive Order 13813, a report was issued to develop price and quality transparency initiatives to ensure that healthcare patients can make well informed decisions.

Pursuant to the executive order, Centers for Medicare and Medicaid Services (CMS) issued a final rule effective January 2021, requiring hospitals to make prices available to consumers prior to services rendered.

Each hospital in the U.S. is required to provide data in two mechanisms: 1) Display of 300 shoppable services (services scheduled in advance) and the lowest prices they will accept in a consumer readable format 2) Comprehensive machine-readable file to disclose standard charges, insurance payer rates, cash charges and the minimum and maximum charges.

The hospitals have filed a lawsuit, and lost the appeal, arguing that it causes disclosure of confidential prices negotiated with insurers. In a free market, the insurers should be able to privately negotiate prices with hospitals and this can defeat the competition.

Here are some major points:

- The rule has merits for all consumers, especially for those without insurance or high deductibles to know their share of the costs.
- On hospital website, there is a disclosure that the cost does not include the physician services only the hospital services. As a consumer, you need to know the entire cost to make an informed decision. This only includes the scheduled services, there is not pricing information on the urgent care hospital services.
- Also, on the websites, you can select your insurance with shoppable service for your cost (co-pay, deductible, co-insurance

and maximum). You can also get the full price if you pay cash. It did not appear that you can make comparisons for your cost sharing between multiple insurance plans.

There is much value in obtaining pricing for hospital costs. However, the physician services should also be included. There is concern on the disclosure for insurance company payments and their ability to properly negotiate for pricing.