



# **WHA Member Resources Regarding Compliance with the Updated Federal Guidelines on Posting Standard Charges**

**Updated January 2019**

## **Background**

Beginning on Jan. 1, 2019, the federal government will require each hospital to post its “standard charges” on the hospital’s website in a “machine readable” format. WHA has prepared resources for hospital members to assist in understanding the requirements and communicating with patients and the media about the chargemaster and related price transparency issues.

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### **ACA Transparency Requirement:**

#### **CMS Guidelines Require Hospitals to Post Standard Charges on the Internet by January 1, 2019**

Update November 2018

**Update January 2019**

#### **Advocacy Note**

*The Wisconsin Hospital Association and the WHA Information Center have been working to support our members' efforts to comply with the ACA Transparency Requirement. We have been focused on reducing the administrative burden for hospitals working to comply with the requirement, while providing information that would be more useable for hospitals' patients and other health care consumers.*

*WHA will continue to advocate for CMS to adopt a hospital price transparency policy that is consumer-focused and does not impose unnecessary costs and administrative burden on hospitals.*

#### **Transparency Requirement**

The ACA established a requirement that each hospital operating in the United States must make public, in accordance with guidelines developed by the Secretary of the U.S. Department of Health and Human Services, a list of the hospital's standard charges for items and services provided by the hospital, including for diagnosis-related groups ("Transparency Requirement").<sup>1</sup>

#### **CMS Guidance**

In 2014, the Centers for Medicare and Medicaid Services ("CMS") reminded hospitals of their obligation to comply with the Transparency Requirement and provided guidelines for its implementation. CMS stated that each hospital is required to make public either (1) a list of its standard charges, whether that be the chargemaster itself or in another form of the hospital's choice, or (2) their policies for allowing the public to view a list of those charges in response to an inquiry. CMS also encouraged hospitals to undertake efforts to engage in consumer-friendly communication of their charges to help patients understand what their potential financial liability might be for services they obtain at the hospital and to enable patients to compare charges for similar services across hospitals. CMS stated that it expected hospitals would update the information at least annually, or more often as appropriate, to reflect current charges.<sup>2</sup>

In 2018, CMS announced and then finalized updated guidelines for hospitals to comply with the Transparency Requirement.

#### **Effective January 1, 2019:**

- **Hospitals, including critical access hospitals, must make available a list of their current standard charges to the public**
- **Via the internet**
- **In a machine-readable format.**

**Hospital must update this information at least annually, or more often as appropriate.**

<sup>1</sup> Section 2718(e), Public Health Service Act.

<sup>2</sup> See FY 2015 IPPS/LTCH proposed and final rule (79 FR 28169 and 79 FR 50146).

When announcing the updated guidelines in the proposed rule, CMS provided that the list of standard charges could be in the form of the chargemaster itself or another form of the hospital's choice as long as the information is in machine readable format.<sup>3</sup>

### **Additional guidance**

CMS provided additional guidance in a "Frequently Asked Questions" document. Key information in the FAQ included that:

- The list of standard charges may be in a format of the hospital's choice as long as the information represents the hospital's current standard charges as reflected in its chargemaster.
- The Transparency Requirement applies to all items and services provided by the hospital.
- A "machine-readable format" is a digitally accessible document that can be easily imported/read into a computer system (includes XML and CSV, but excludes PDF).<sup>4</sup>

In a conversation with AHA, CMS stated the following:

- The list must be machine readable.
- The list must include every item and service provided by the hospital.
- The list must include the charge for each item and service, as it is represented in the hospital's chargemaster. AHA interprets this to also require, at a minimum, an identifier for the item or service associated with each charge, such as a corresponding description.

AHA further summarized their conversation with CMS, "In other words, hospitals are not required to publish their entire chargemaster, however, the chargemaster must be the source of the charge information the hospital posts. In addition, CMS has clarified that the diagnosis-related groups or any other way of grouping charges would not satisfy the requirement."<sup>5</sup>

On December 6, 2018, CMS released a second FAQ document titled, "Additional Frequently Asked Questions Regarding Requirements for Hospitals to Make Public a List of Their Standard Charges via the Internet."<sup>6</sup> In that document, CMS reiterated that all hospitals are required to make public a list of their standard charges for all items and services provided by the hospital, but added that section (d) hospitals (which are general, acute care, short-term hospitals) are additionally required to establish (and update) and make public a list of their standard charges for each DRG. CMS referenced its posting of information regarding inpatient charges for all section (d) hospitals at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/Inpatient.html>. CMS wrote that the format for the list of standard charges for each DRG is the hospital's choice, indicating that section (d) hospitals may, but are not required to use the CMS format. CMS posts DRG charge data for hospitals by Average Covered Charge, which reflects the hospital's average charge for services covered by Medicare for all discharges under a given DRG.

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<sup>3</sup> See FY 2019 IPPS/LTCH proposed and final rule (83 FR 20548 and 83 FR 41686).

<sup>4</sup> <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FAQs-Req-Hospital-Public-List-Standard-Charges.pdf>

<sup>5</sup> [https://www.aha.org/news/2018-10-25-aha-update-additional-information-cmss-updated-price-transparency-guidance?utm\\_source=newsletter&utm\\_medium=email&utm\\_content=10252018-at-memnonfed&utm\\_campaign=aha-today](https://www.aha.org/news/2018-10-25-aha-update-additional-information-cmss-updated-price-transparency-guidance?utm_source=newsletter&utm_medium=email&utm_content=10252018-at-memnonfed&utm_campaign=aha-today)

<sup>6</sup> <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ProspMedicareFeeSvcPmtGen/Downloads/Additional-Frequently-Asked-Questions-Regarding-Requirements-for-Hospitals-To-Make-Public-a-List-of-Their-Standard-Charges-via-the-Internet.pdf>

For Wisconsin hospitals that determine it would be useful, WHA's PricePoint will prepare and make available to the hospital a list, in a machine-readable format, of the hospital's average charge for each APR-DRG (APR-DRGs reflect populations covered and not covered by Medicare).

Guidance on how to get the PricePoint prepared DRG file can be found at the end of this document.

**Additional considerations**

CMS is expected to provide further guidance as hospitals work to satisfy the Transparency Requirement. WHA will work to alert members when additional information becomes available.

CMS has not said how it will enforce the Transparency Requirement, but it has indicated that it is considering making information regarding noncompliance with the requirement public. CMS is seeking comments on the most appropriate mechanism for enforcing the requirement, among other issues.



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## Notice to Patients

Hospitals should consider posting a notice to patients with their list of standard charges. As a starting point, hospitals can consider the following language:

The federal government requires each hospital to post on its website a list of its standard charges for each inpatient and outpatient service and item provided by the hospital. The list is available in a machine-readable format at this [link].

For information that would help you estimate the cost of your care or the amount you might owe for your care, please contact our patient financial services staff at [phone number]. You can find information about our Financial Assistance Policies [here]. To help our patients better understand healthcare services, the cost of their care, and comparison shop between hospitals, additional information is available at [www.wipricepoint.org](http://www.wipricepoint.org).



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## TALKING POINTS

### ACA TRANSPARENCY REQUIREMENT

#### WHAT ARE HOSPITALS DOING TO BE TRANSPARENT?

**Hospitals are committed to providing price information to consumers.**

- For years, hospitals have complied with Wisconsin laws requiring charge information to be made available to the public and voluntarily participated in PricePoint, an industry leading website for consumers on price transparency.
- Because of widespread variation in health insurance coverage, it is difficult for hospitals to provide specific out of pocket cost information to a patient without access to very detailed information about a patient's health insurance coverage.
- Hospitals invest heavily to make cost information more accessible. For example, our hospital *[insert example of steps your hospital takes to make pricing information available to patients]*.

#### WHAT IS A CHARGEMASTER?

**A chargemaster is a comprehensive list of charges for each inpatient and outpatient service provided by a hospital – each test, exam, surgery or other procedures, room charges, etc.**

- Given the broad scope of services provided by hospitals 24/7, a chargemaster contains thousands of services and charges.
- Health insurance companies contract with hospitals to care for their customers. Hospitals are paid the insurance company's contract rate, which can be significantly less than the amount listed on the chargemaster.
- An individual hospital's charges vary based on its unique range of services, adoption of new medical technologies, government underfunding, patient demographics and other local and regional factors.

#### HOW IS INFORMATION SHARED WITH PATIENTS AND FAMILIES?

**The chargemaster is not a useful tool for consumers who are comparison shopping between hospitals.**

- Our hospital employs financial counselors and other resources to help our patients understand their financial obligations. *[Share details specific to your hospital.]*
- We encourage patients to reach out and ask detailed financial questions – especially before scheduled services.
- Our hospital is ready to help patients and their families understand their financial obligations at any time during the treatment process.

#### ARE CHARGES DIFFERENT FROM PAYMENTS?

**Yes, charges are different from payments. Chargemaster information is not particularly helpful for patients to estimate what health care services are going to cost them out of their own pocket.**

- The chargemaster amounts are billed to an insurance company, Medicare, or Medicaid, and those insurers then apply their contracted rates to the services that are billed. In situations where a patient does not have insurance, our hospital has financial assistance policies that apply discounts to the amounts charged. More information on our financial assistance policies can be found at *[customize for your hospital]*.

- Each hospital has different proportions of Medicare, Medicaid, commercial insurance or uninsured patients, which adds to the complicated nature of hospital billing.
- Every insurer pays the hospital differently. Medicare and Medicaid generally pay less than the actual cost of caring for patients.
- There are also patients who, unfortunately, can't pay their hospital bills. As Wisconsin's health care safety net, hospitals treat uninsured and underinsured patients every day.

#### WHY DO HOSPITAL COSTS OF CARING FOR PATIENTS VARY?

**Every patient's case is special and requires different levels of care. Hospitals are prepared with doctors, nurses and high-tech equipment around the clock for illness or injury – from a twisted ankle to a major accident to a natural disaster.**

- The price a patient sees on the hospital bill reflects many people who care for them and keep the hospital operating, not just the services provided, such as:
  - Nurses and caregivers at the bedside
  - Pharmacists, lab technicians, food service staff, environmental service professionals and security personnel who, among many others, keep the hospital running 24/7
  - Specialty care providers
- Hospital costs have many factors, such as staffing, equipment, maintenance costs and the differences in care needed by each patient. Key components of hospital costs that vary by region, community and individual hospital include:
  - Services provided for the patient's unique care needs
  - 24/7/365 readiness to meet the community's health care needs
  - Charity care for people unable to pay
  - Medicare and Medicaid underpayments – programs that pay the hospital less than the cost of caring for patients with health coverage through the programs

#### WHAT IS PRICEPOINT? [www.wipricepoint.org](http://www.wipricepoint.org)

**The PricePoint website provides health care consumers with facility-specific information about healthcare services and charges. Consumers can query information for inpatient services, outpatient surgeries, emergency department and urgent care visits, observation services, and ancillary services, such as radiology and therapy services.**

- PricePoint was designed for consumers. It includes with many helpful consumer resources.
- Charge information is updated quarterly using the most current four quarters of data available.
- Consumers can easily compare charge information for multiple hospitals.
- PricePoint also uses data provided by the Wisconsin Health Information Organization (WHIO) to provide health care consumers with information related to professional, rehabilitation, skilled nursing, ancillary, and pharmacy services that are not part of the hospital facility charges included with the WHAIC data.

#### HOW CAN PRICEPOINT HELP PATIENTS BETTER UNDERSTAND THEIR TOTAL COST OF CARE?

**Wisconsin hospitals have led the country in their willingness to share information on the cost, quality and safety of the care they provide in their communities – making Wisconsin a national model for health care transparency.**

- PricePoint provides hospital-specific information about health care services and charges in Wisconsin – but it goes one step further by also providing information on the professional, rehabilitation, skilled nursing, ancillary and pharmacy services that may accompany the various procedures and treatments performed by the hospital. This gives you a better understanding about all the services that make up your care and how those services contribute to the charges you might see on your bill or in a report from your insurance company.



- Of course, every patient is different. The actual charges will vary depending on your unique health situation, the specific providers that treat you, your insurance and any financial assistance you might receive for these services.
- This means the information displayed in PricePoint should be used as a starting point for an informed discussion between you, your doctors and your insurance company.

#### WHY SHOULD PATIENTS USE PRICEPOINT?

- PricePoint is becoming an established model for displaying hospital charge information.
- This platform is being used in eleven states, in addition to Wisconsin.
- PricePoint has been highlighted in various national reports on price transparency and is included in the American Hospital Association toolkit for hospitals.

#### WHAT ABOUT QUALITY OF CARE?

**While the ACA requirement focuses on hospital charges, quality data is also essential for consumers.**

- Quality measures, in conjunction with price information, allows users to better define health care “value”.
- PricePoint’s sister website, CheckPoint [www.wicheckpoint.org](http://www.wicheckpoint.org) , provides consumer-focused initiatives that include reported measures of health care in Wisconsin to aid the selection of quality health care and assessment of quality improvement activities within the hospital field.
- PricePoint and CheckPoint are linked together to allow the user to easily compare Wisconsin hospitals on both charges and quality measure scores.



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## CHARGEMASTER FAQs

### **WHAT IS A CHARGEMASTER?**

A chargemaster is a comprehensive list of charges for each inpatient and outpatient service or item provided by a hospital – each test, exam, surgical procedure, room charge, etc. Given the many services provided by hospitals 24 hours a day, seven days a week, a chargemaster contains thousands of services and related charges.

The chargemaster amounts are billed to an insurance company, Medicare, or Medicaid, and those insurers then apply their contracted rates to the services that are billed. In situations where a patient does not have insurance, a hospital has financial assistance policies that apply appropriate discounts to the amounts charged. More information on the hospital's financial assistance policies can be found at [*customize for your hospital*].

Health insurance companies contract with hospitals to care for their customers. Hospitals are paid the insurance company's contract rate, which can be significantly less than the amount listed on the chargemaster. The insurance company's contract rate, not the chargemaster, can be the basis for determining the patient's actual out of pocket costs. As an example, a hospital may charge \$1,000 for a particular service, while the insurer's contract rate may be \$700. If the patient's insurance plan indicates the patient is responsible for 20 percent of the contract rate, the patient would owe \$140 ( $\$700 \times 20$  percent).

### **ARE CHARGES THE SAME FOR EVERY PATIENT?**

The list of charges is the same for all patients. However, the total charges for an individual patient often vary from one patient to another for a number of reasons, including:

- How long it takes to perform the service or how long it takes the patient to recover in the hospital
- Whether the service or procedure the patient receives is more or less difficult than expected
- What kinds of medication the patient requires
- Whether the patient experiences complications and needs additional treatment
- Other health conditions the patient may have that may affect the patient's care

### **IS THE CHARGE THE SAME AS WHAT A PATIENT PAYS?**

Chargemaster information is not particularly helpful for patients to estimate what health care services are going to cost them out of their own pocket.

If a patient has health insurance, the amount the patient will be billed and expected to pay for the patient's services depends on the patient's specific health insurance coverage and the patient's insurance company's contract with the hospital.

If the patient does not have health insurance, the patient may be eligible for reduced costs under the hospital's financial assistance policy, or the patient may be eligible for Medicaid coverage.

### **WHAT IS NOT INCLUDED IN THE CHARGEMASTER LIST?**

The hospital's chargemaster does not include charges for services provided by the doctor (or doctors) who treat the patient while the patient is at the hospital. The patient may receive separate bills from the hospital and the doctors involved in providing the care.

Here is a partial list of health care providers who may bill the patient separately:

- The patient's personal doctor, if he/she sees the patient in the hospital
- The surgeon who performs the patient's procedure
- The anesthesiologist who works with the surgeon
- The radiologist who reads x-rays or other imaging
- Other doctors who may be consulted by the patient's doctor during the patient's time in the hospital
- Laboratory testing

### **WHERE CAN I FIND MORE INFORMATION ABOUT HOSPITAL COSTS?**

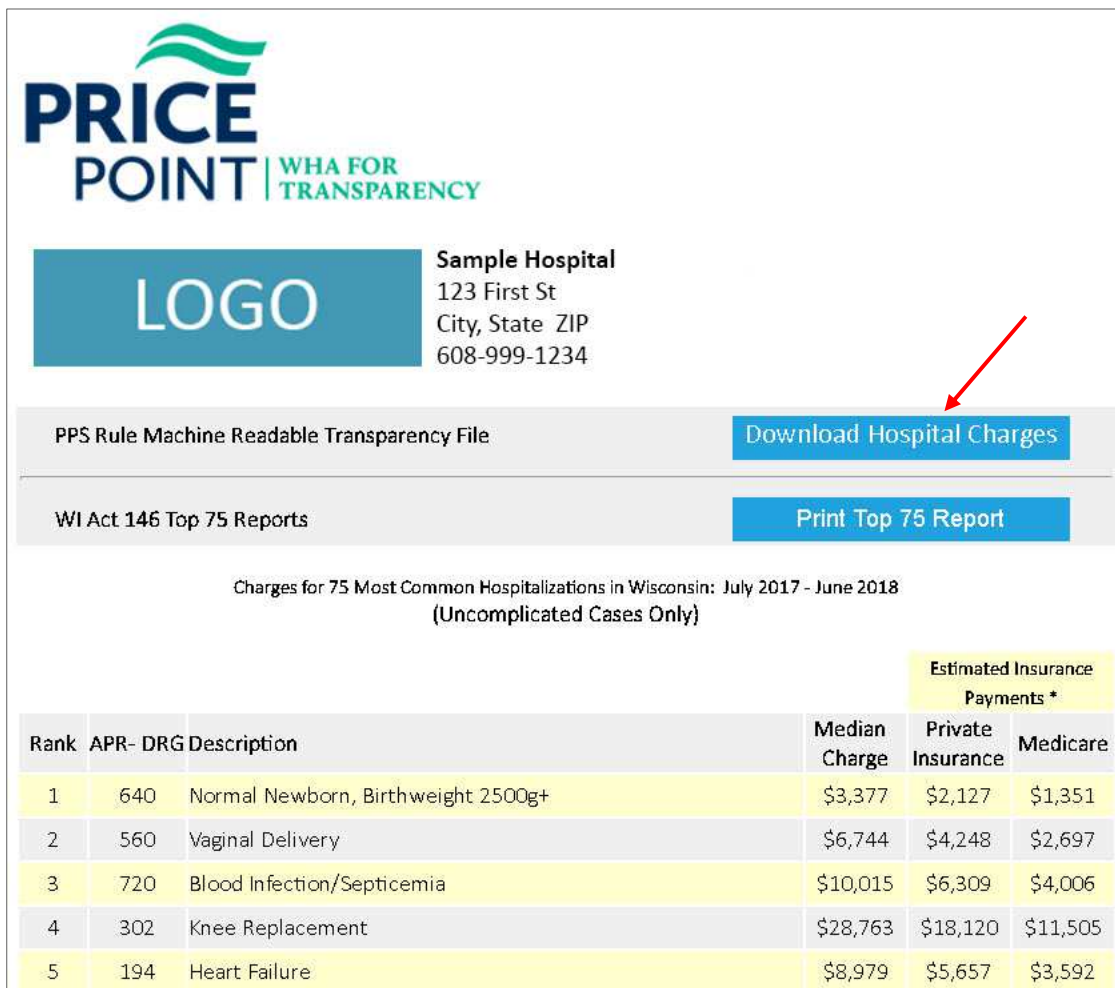
If a patient would like more information about the chargemaster, what the patient's care will cost or the hospital's financial assistance policy, a patient can contact the hospital.

A patient can also use the PricePoint website at [www.wipricepoint.org](http://www.wipricepoint.org).

A patient can consult with his or her insurance provider to understand the patient's insurance coverage, which charges will be covered, how much will be billed, information on deductibles and expected out-of-pocket responsibility.

# WHA's PricePoint Machine Readable DRG File

1. At the same link as your hospital's existing **Private Top 75 Link**, WHA Information Center (WHAIC) will provide a download link to a file that is a list, in a machine-readable format (.csv format), of your hospital's total median charges for your hospital's standard charges by category and code for all services provided by the hospital by APR-DRG (inpatient).



**PRICE POINT** | WHA FOR TRANSPARENCY

**LOGO**

**Sample Hospital**  
123 First St  
City, State ZIP  
608-999-1234

PPS Rule Machine Readable Transparency File [Download Hospital Charges](#)

WI Act 146 Top 75 Reports [Print Top 75 Report](#)

Charges for 75 Most Common Hospitalizations in Wisconsin: July 2017 - June 2018  
(Uncomplicated Cases Only)

Rank	APR- DRG	Description	Median Charge	Estimated Insurance Payments *	
				Private Insurance	Medicare
1	640	Normal Newborn, Birthweight 2500g+	\$3,377	\$2,127	\$1,351
2	560	Vaginal Delivery	\$6,744	\$4,248	\$2,697
3	720	Blood Infection/Septicemia	\$10,015	\$6,309	\$4,006
4	302	Knee Replacement	\$28,763	\$18,120	\$11,505
5	194	Heart Failure	\$8,979	\$5,657	\$3,592

2. Please contact WHAIC if you need us to resend your private link for the Top 75 Report. The Private Top 75 links have been in place for a few years to assist hospitals with the 2009 WI Act 146 requirements (see s. 146.903, Wis. Stats.). The report displays the Top 75 statewide APR-DRGs for individual hospitals with the total median charge, estimated average allowable payment for commercial payers, and average allowable payment from Medicare.

3. WHAIC initially will use its current PricePoint/Top 75 Report contacts at your hospital as the contact for the ACA Transparency Requirement contact. Please let us know if there are any additions or changes that need to be made.
4. The **machine-readable format** will be available on **Tuesday, January 8**. The files will display the Total Median Charge for the hospital's standard charges by category and code for all services provided by the hospital by APR-DRG (Inpatient).
5. To accommodate contacts responsible for multiple hospitals, the filenames of the .csv files will include the hospital name and city. The filename will also include the timeframe of the data reported.
6. WHAIC will follow the same existing process on PricePoint of updating the data every quarter. WHAIC will send communications to the contacts on file, when the update takes place. The data updates typically occur in February, May, August and November each year.
7. Wisconsin hospitals that determine it would be useful may include the links on their respective websites.
8. If you have any further questions in accessing these files, please contact Brian Competente ([bcompetente@wha.org](mailto:bcompetente@wha.org)).