A Review of Hospital Standard Charges and Recommendations for Best Practices to Improve Health Care Transparency

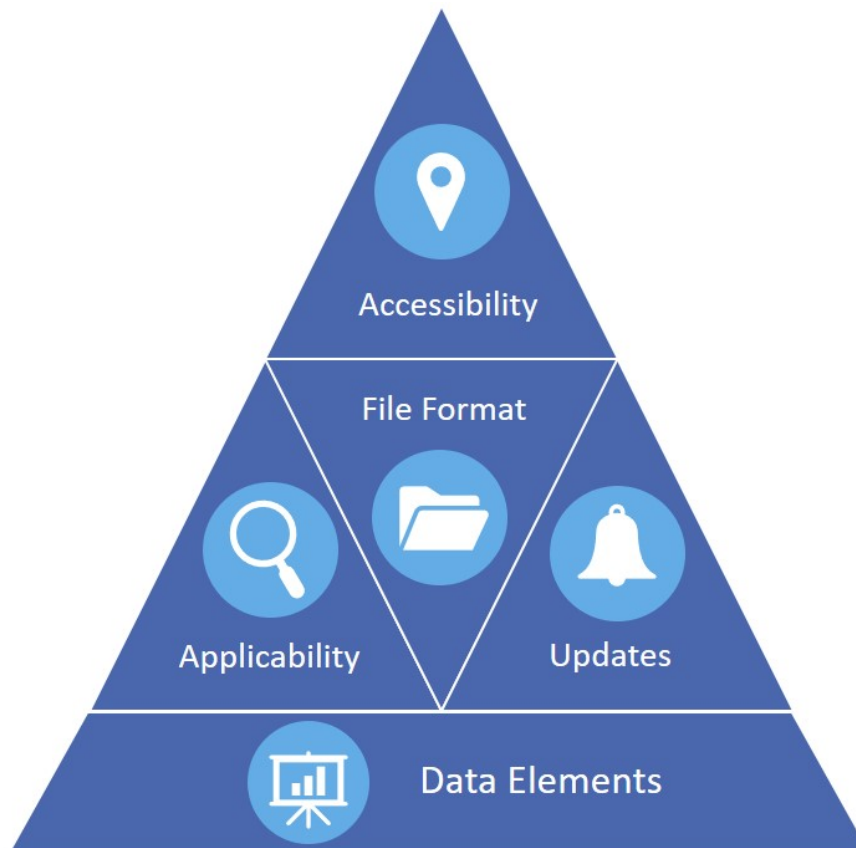September 2019

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Executive Summary

The Inpatient Prospective Payment System (IPPS) and the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) Final Rule for 2019 included an important provision for the health care system and consumer transparency. CMS required hospitals to publish their standard list of prices, a document commonly known as a chargemaster, online and in a machine-readable format. The goal of the requirement was to make the data on hospital prices more readily available to consumers and third-party health care organizations striving to increase the number of pro-consumer cost comparison tools.

This analysis looked at the chargemaster documents for the top 25 hospitals by total revenue, as published in the American Hospital Directory, to evaluate the best practices by hospitals in their efforts to adhere to CMS' standard charges requirements. The findings highlight areas both where efforts were particularly strong and where improvements could be made, in the hopes that these lessons can be used by hospitals and as data points for CMS' next effort to further increase health care transparency.

The analysis showed that making improvements to the following components of hospitals' standard list of charges would support the administration's goal of increasing health care transparency:

A Review of Hospital Standard Charges and Recommendations for Best Practices to Improve Health Care Transparency

The Inpatient Prospective Payment System (IPPS) and the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) Final Rule for 2019 included an important provision for the health care system and consumer transparency.[1] CMS required hospitals to publish their standard list of prices, a document commonly known as a chargemaster, online and in a machine-readable format. The goal of the requirement was to make the data on hospital prices more readily available to consumers and third-party health care organizations striving to increase the number of pro-consumer cost comparison tools.

As CMS Administrator Seema Verma said, posting these standard charges is an "important first step" in increasing price transparency.[2] The goal of this analysis is to evaluate the best practices by hospitals in their efforts to adhere to CMS' standard charges requirements, highlight areas both where efforts were particularly strong and where improvements could be made, and use these lessons as data points for CMS' next effort to further increase health care transparency as proposed in the FY2020 Hospital Outpatient Prospective Payment System rule.[3] This analysis is not evaluating whether or not hospitals adhered to the FY2019 IPPS rule. Other analyses have done this and found that hospitals are generally adhering to the CMS requirement.[4]

The underlying analysis looked at the chargemaster documents for the top 25 hospitals by total revenue, as published in the American Hospital Directory. In evaluating how and where hospitals are displaying these standard charges, we found that hospital behavior and the inclusion of certain elements in the documents were not uniform. While the lack of uniformity is to be expected, it provides an opportunity to highlight some of the best features of what exists and provide constructive feedback on what could be improved. Screen shots from actual hospital websites and posted documents are included throughout the analysis, illustrating examples of best practices and areas for improvement. The following set of findings and recommendations can be sorted into the following categories: Data elements, file format requirements, location and accessibility, frequency and notification of updates and clarity on applicability.

Data Elements

Comprehensiveness

Patients receive a multitude of services across both the inpatient and outpatient settings and hospitals have a price for each individual service and procedure. These services range from gastric bypass surgery to chemotherapy infusion. A key component of the IPPS Final Rule was its guidance that lists of standard charges include "all items and services provided by the hospital."[5]

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[1] https://www.govinfo.gov/content/pkg/FR-2018-08-17/pdf/2018-16766.pdf
[2] https://www.modernhealthcare.com/article/20190110/TRANSFORMATION04/190119996/verma-chargemaster-rule-is-first-step-to-price-transparency
[3] https://www.govinfo.gov/content/pkg/FR-2019-08-09/pdf/2019-16107.pdf
[4] https://qz.com/1518545/price-lists-for-the-115-biggest-us-hospitals-new-transparency-law/
[5] https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FAQs-Req-Hospital-Public-List-Standard-Charges.pdf

Treatment or Technology vs. Administration

When a patient goes into the hospital, the patient receives treatment from a medical provider and often a component of medical technology. That medical technology could be a pacemaker, titanium rod for a hip replacement or an infused drug. The best hospital chargemasters will make it clear whether a given line item is for the administration of a service, or the charge for the item itself. Some hospitals even categorize (through labeled tabs in Excel sheets or in separately labeled downloadable files) which posted document includes which items (Figure 1). While not a CMS requirement, this is the clearest way for consumers to know for sure that all items they're looking for are available and whether a cost they are comparing is for the service/administration or item.

Figure 1: Best Practice in Treatment or Technology vs. Administration Example

Financial Assistance

The following is a list of downloadable files:

Drugs - CSV Format
This list contains hospital drugs that are charged to a patient.

Drugs - PDF Format
This list contains hospital drugs that are charged to a patient.

Supplies - CSV Format
This list contains hospital supplies that are charged to a patient.

Supplies - PDF Format
This list contains hospital supplies that are charged to a patient.

All Other Standard Charges - CSV Format
This list contains the remaining hospital procedures and charges.

All Other Standard Charges - PDF Format
This list contains the remaining hospital procedures and charges.

Medicare Severity Diagnosis Related Groups (MS DRGs) - CSV Format
This list contains the average charges for each MS DRG.

Medicare Severity Diagnosis Related Groups (MS DRGs) - PDF Format
This list contains the average charges for each MS DRG.

Drug identification

There are several elements of identifying a prescription drug that are important to be highlighted in a standard list of prices. The best hospital standard list of prices will have all the following elements:

— HCPCS Code. The Healthcare Common Procedure Coding System (HCPCS) is a set of health care procedure codes based on the American Medical Association's Current Procedural Terminology (CPT). HCPCS J codes typically include drugs that cannot be self-administered, are reasonable and necessary for the treatment of the injury or illness and considered effective by the FDA, among other requirements. When

analyzing utilization and spending on prescription drugs, researchers identify drug claims by HCPCS codes. Some hospitals in this analysis included HCPCS codes in their standard list of prices (Figure 2). While this is not required under current CMS guidance, this clear, identifying information would be critical for effective consumer cost comparison and research tools.

Figure 2: Best Practice in HCPCS Code and Dosage Example

	Charge Code	Description	CPT/ HCPCS Code	NDC	OP/Default Price	IP/ED Price	ERx Charge Quantity
4							
5	13	PROMETHAZINE 50 MG PR SUPP	J8498	00713013212	$3,854.98	$3,854.98	12 Each

— **Dosage.** It is hard to calculate the price of a drug if the quantity, also known as the dose, is not included. Some standard charges data are priced at the quantity included in the ASP file, some are priced at the quantity of a standard dose, while for others it is impossible to know because a dosage is not included. If the dose is not included, it is not possible for a consumer or a consumer search tool to calculate and thus compare the cost of, for example, a chemotherapy infusion from hospital to hospital. (Figure 2)

Comprehension

The goal of CMS' policy is to improve consumer transparency. While CMS guidance does not include any requirements around wording or content within the standard charges, many of the descriptions included in the documents are challenging to identify. Many of these line items are a complicated mixture of technical medical terms, abbreviations and numbers, and as expected vary from hospital to hospital (Figure 3). For many items and services included in these documents, it is nearly impossible for consumers or even third parties with health care experience working to create cost comparison tools, to compare services across hospitals.

Figure 3: Challenges of Comprehension Example

Cardiology	HC EPHYS EVAL W/ ABLATION SUPRA	$49,270.00
Cardiology	HC EPHYS EVAL W/ ABLATION VENTRIC	$47,216.00
Cardiology	HC EPHYS EVL TRNSPTL TX ATRIAL	$47,216.00
Cardiology	HC PTC CLOS PAT DUCT ART	$42,569.00

File Format

CMS framed the finalization of and its future goals for this new requirement as unleashing the power of market competition by increasing health care transparency to improve general public health: "The agency is considering future actions based on the public feedback it received on ways hospitals can display price information that would be most useful to stakeholders and how to create patient-friendly interfaces that allow consumers to more easily access relevant healthcare data and compare providers."[6] CMS guidance requires these documents be machine readable, and further defines that to mean "formats that can be easily imported/read into a computer system (e.g., XML, CSV)."[7] The best hospital chargemasters will adhere to CMS guidance and ensure that the data is in a machine readable format so third party entities can take up the mantle of the Administration's push for improved healthcare transparency and create cost comparison tools. However, while CMS has made it clear that machine-readable documents will be the best way to make progress toward the larger scale goal of increased transparency and improved public health, they have also made it clear that they want this new information to help empower individual consumers.

Figure 4: Best Practice in File Formatting

CDM Charges

Search For: [_____] Search

Number of results to display: 20 40 60 80 100   Next

Showing 1 to 20 of 40800   Export Results To Excel

Procedure ID	Procedure	Charge
CDM10001	COMPUTED TOMOGRAPHY (CT) OF BRAIN BLOOD FLOW VOLUME AND TIMING OF FLOW ANALYSIS WITH CONTRAST	$ 2,115.00
CDM10002	COMPUTERAIDED DETECTION AND COMPUTER ALGORITHM ANALYSIS OF BREAST MRI IMAGE DATA	$ 456.00
CDM10003	HARVEST AND INJECTIONS OF PLATELET RICH PLASMA USING IMAGING GUIDANCE	$ 408.00
CDM10004	CONTACT LENS GAS PERMEABLE TORIC PRISM BALLAST PER LENS	$ 513.80
CDM10005	EXTERNAL EKG RECORDING FOR MORE THAN 48 HOURS UP TO 21 DAYS WITH ANALYSIS REPORT REVIEW AND INTERPRETATION	$ 1,492.00
CDM10006	EXTERNAL EKG RECORDING FOR MORE THAN 48 HOURS UP TO 21 DAYS	$ 407.00
CDM10007	ANALYSIS AND REPORT OF EXTERNAL EKG RECORDING FOR MORE THAN 48 HOURS UP TO 21 DAYS	$ 1,638.00
CDM10008	IMAGING OF HEART MUSCLE	$ 2,953.00
CDM10009	IMAGING OF HEART MUSCLE WITH SPECT	$ 2,953.00
CDM10010	ULTRASOUND WITH ELASTOGRAPHY	$ 461.00
CDM10011	INJECTION OF ANUS FOR FECAL INCONTINENCE USING AN ENDOSCOPE	$ 5,262.00
CDM10012	INTERROGATION DEVICE EVALUATION (IN PERSON) OF LEADLESS HEART PACEMAKER SYSTEM	$ 113.43
CDM10013	HIGH DOSE RATE ELECTRONIC BRACHYTHERAPY	$ 661.00
CDM10014	HIGH DOSE RATE ELECTRONIC BRACHYTHERAPY	$ 2,147.00

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[6] https://www.cms.gov/newsroom/press-releases/cms-finalizes-changes-empower-patients-and-reduce-administrative-burden
[7] https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FAQs-Req-Hospital-Public-List-Standard-Charges.pdf

With that in mind, hospitals could also make the format more user friendly. For example, some hospitals included a searchable list of charges that was then exportable into Excel (Figure 4). A way to improve upon this functionality could be to create a tool that auto populates and/or suggests search terms as you input data into the search field. However, these are only good ideas if the data can then be exported into a machine-readable format.

Location and Accessibility

Location

CMS guidance does not require hospitals post the standard prices on the hospital homepage, only that standard prices be published "on the internet." Thus there is variation in practice. Some hospitals embed them through multiple clicks/submenus and others post them within submenus in a location where patients would not likely expect such a document to exist (for example, on a hospital's legal page).

The easiest and most straightforward way for a standard list of prices to be posted would be with a link on the hospital homepage. The second-best way would be prominently displayed within the hospital's "billing" page. Ultimately, logical location, searchable through the hospital homepage and accessible via a short number of clicks would all be behavior exhibited by hospitals abiding by not just the letter but the spirit of the regulation.

Accessibility

Additionally, the best list of standard charges will be accessible without any barriers. Some hospitals include a requirement to submit a name and/or email address before permission is granted to download or access the file (Figure 5). There is no reason that an individual or entity should have to submit personal information to get access to data that is required by CMS guidance, especially when there is no verification step to ensure that any information provided by a user is valid.

Figure 5: Creation of Access Barriers Example

To download our list of standard charges, please fill out the form below

Name*

Email*

[ ] I'm not a robot — reCAPTCHA Privacy - Terms

Submit

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Updates

CMS guidance clearly specifies that "we expect that hospitals will update the information at least annually, or more often as appropriate, to reflect current charges."[8] Beckers Hospital Review recommends to hospitals that they update their hospital chargemaster files quarterly, if not more frequently.[9] While Beckers guidance isn't specific to the CMS rules around publication of the standard list of charges, it provides insight into how often these documents might be updated. We are not providing a recommendation for how frequently these documents should be updated, only stating that the best standard price list and the specific webpage from which they were accessed, should include a clear date for when they were posted and/or updated (Figure 6).

Figure 6: Best Practice in Creating Clarity Around Document Currency

Frequently Asked Questions

Q. How are hospital charges determined?
A. Charges based on costs of providing the services.

Q. How often will the displayed charges be updated?
A. We plan to refresh the data used on our website annually.

Applicability

Hospital systems are increasingly consolidated and include multiple sites of service.[10] The best standard lists of charges were clearly labeled as to whether the list applied to the full hospital system or just to an individual hospital within the system.

Conclusion

CMS took an important step towards improving market competition, hospital transparency and patient empowerment in the finalization of the standard charges policy in the 2019 IPPS Final Rule.
Many hospitals stepped up and provided useful tools and resources to patients and the third-party stakeholders that are working hard on the journey towards improving health care transparency.
Moving forward, there is still a great deal of opportunity for hospitals and CMS to learn from one another in order to provide consumers with the best information possible in the easiest way to understand it.

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[8] https://www.govinfo.gov/content/pkg/FR-2018-05-07/pdf/2018-08705.pdf - 20549
[9] https://www.beckershospitalreview.com/finance/deconstructing-the-enigmatic-hospital-chargemaster.html
[10] https://www.healthcostinstitute.org/research/hmi/hmi-interactive#HMI-Concentration-Index