ancore® HEALTH

Transparency Rule = Transparent Market?

The transparency rule's ultimate goal is to give patients more access and understanding of their healthcare data and billing information. These changes have created an interesting, potentially unintended dynamic in the payer negotiation environment. Here are a few more details on what it means to be compliant from a provider perspective and the cost of non-compliance.

Are Hospitals Compliant?

In a recent Health Affairs study, hospitals' compliance was measured. The results clearly indicate that most hospitals are still choosing to pay the penalty over complying.

The Majority of Hospitals are not Compliant

Hospitals Mostly Compliant 35%

Hospitals Not Compliant 65%

The Average Cost of Noncompliance for a Year is $109,500

$125,000
$100,000
$75,000
$50,000
$25,000
$0

Avg Cost per Day | Avg Cost per Month | Avg Cost per Year

What Information Does Compliance Provide?

A single machine-readable digital file containing standard charges for all items and services provided by the hospital. Ancore Health reviews the usefulness of information based on the following process:

	Compliance Standard	Practical Application
What is Being Measured?	Standard charges are required, and they are defined by CMS as the gross charges, cash rates, minimum, maximum, and payer-specific negotiated rate.	Payer negotiated rates are present which is key to understand the impact on negotiations.
What Thing or Dimension are we Measuring?	All items and services. The rule states that any code used — CPT, DRG, NDC, or any other common procedure identifier (Revenue Code) in the hospital billing or accounting system should be included. The payers-specific rates are identified with each providers' label of the payer.	Only facility rates by Revenue, CPT Code, and DRG will be able to be compiled to use in negotiation. Payers' level of identification could prevent or make it difficult to identify the relevant payer.
How is the Information Structured?	A machine-readable file is the key to be able to use the data. CMS requires machine-readable files structured in columns and in the following formats: .xlsx, .xml, .json, .csv.	This data format enables organizations to compile all transparency data files.

Ancore's Conclusion:

As it relates to hospital service price transparency, the horse is out of the barn. We have heard anecdotal stories about how payers have used this data during price negotiations with providers. Tech companies are already helping consumers with high deductible plans ingest this data to make more informed decisions. While we are seeing this happen anecdotally, based on the lift expected to be compliant and the minimal cost of non-compliance, why does it make sense for a hospital to be compliant?