

GNYHA POSITION PAPER

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THE TRUTH ABOUT FEDERAL HOSPITAL PRICE TRANSPARENCY

Hospitals are the beating heart of New York State. They create thousands of jobs, sponsor school-based health centers, offer extensive community health improvement initiatives, train tomorrow's doctors, and conduct groundbreaking and lifesaving research. They take care of New Yorkers regardless of insurance status or ability to pay, 24 hours a day, 365 days a year. Public and not-for-profit hospitals—the only hospitals allowed to operate in New York State—deliver the bulk of their services to Medicaid and Medicare beneficiaries and the uninsured.

Hospitals across the nation have come under increased scrutiny for perceived “non-compliance” with a Federal rule requiring hospital price transparency. Let's be clear: these unfounded claims rest on fundamental misunderstandings of how hospitals operate. Hospitals are making good faith efforts to comply and are committed to ensuring that patients and their loved ones can make informed health care decisions.

CMS Final Rule Requirements and Enforcement

The Centers for Medicare & Medicaid Services (CMS) finalized a rule in 2020 to require hospitals to make public a list of standard charges for the items and services they provide. This “[price transparency](#)” rule helps patients understand the cost of a covered item or service before receiving care.

Since January 1, 2021, every US hospital has been required to provide clear, accessible pricing information about their items and services. Hospitals must post their data in two formats: 1) as a “machine-readable” file with all items and services and 2) in a consumer-friendly format that displays 300 shoppable services and/or a cost estimator.

CMS is committed to strong enforcement of the rule and has published [myriad resources](#) to help hospitals achieve full compliance and alleviate challenges that may arise. CMS increased penalties for non-compliance with the rule to up to \$2 million per institution and has levied fines on hospitals in other states. In January, the Office of the Inspector General at the Department of Health and Human Services began auditing CMS's monitoring and enforcement of the hospital price transparency rule. CMS also announced that it “plans to take aggressive additional steps to identify and prioritize action against hospitals that have failed entirely to post files.”¹

Hospitals Are Complying with Price Transparency

Outside groups and other officials have made a wide range of erroneous claims on the national compliance rate with the Federal price transparency rule, from as low as 6% to as high as 60%. Many of the inaccurate claims come from parties that have taken it upon themselves to interpret the rule, rather than deferring to the Federal government's interpretation of its own rule.

¹ Seshamani, M., & Jacobs, D. (2023, February 14). “Hospital price transparency: Progress and commitment to achieving its potential.” *Health Affairs*. Retrieved March 22, 2023, from <https://www.healthaffairs.org/content/forefront/hospital-price-transparency-progress-and-commitment-achieving-its-potential>



GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.

The reality is that hospitals are making good faith efforts to comply with the rule. All GNYHA members have devoted considerable time, expense, and effort to ensuring their compliance. Some hospitals are further along than others in this task because of sustained workforce shortages and intensifying financial pressures. It is particularly difficult for safety net hospitals and many rural hospitals to collect and update such large volumes of data due to their constant financial constraints.

In the past year, hospitals have made considerable progress navigating the rule's complex and challenging requirements. GNYHA found that every hospital in New York City

published price transparency files on their websites and/or provided a cost estimator. Last month, CMS announced the results of its 2022 national assessment on compliance with the final rule.² They include the following:

- 70% of hospitals fully complied with the rule, up from 27% in 2021
- 82% of hospitals met the "machine-readable file" requirement, up from 30% in 2021
- 82% of hospitals met the "consumer-friendly" display requirement by publishing rates of 300 shoppable services or providing a cost estimator, up from 66% in 2021

GNYHA Position: The price transparency rule is working, and targeting struggling hospitals will not help patients or their loved ones make important health care decisions.

² Ibid