

Suggested Talking Points: Hospitals Required to Post Charges on the Internet January 1, 2019

The Centers for Medicare & Medicaid Services (CMS) has issued a final rule that requires hospitals to post their standard charges in a machine readable format on the Internet and update it at least annually, effective January 1, 2019.

Illinois hospitals are committed to and working on improving price transparency that will provide the most meaningful and useful information for patients and consumers. It is important to note:

- Federal law requires hospitals set **uniform** charges (the amount set before any discount) as the starting point for all bills.
- The starting list of charges is the same for every patient. But the charges may vary by patient even though a similar procedure was performed. This may be due to the patient's medical condition, length of time spent in surgery or recovery, complications requiring unanticipated procedures, kinds of medication needed, etc.
- But Illinois hospitals are not paid these charges by patients or health plans.
- Posting the charge master (a list of possibly 10,000+ codes with a corresponding charge) will not be useful for a patient to know how much they will pay.

What does the health plan pay?

- Commercial insurers negotiate discounts with hospitals on behalf of their enrollees and pay hospitals at varying discount levels, but much less than starting charges. Medicare and Medicaid pay according to a regulated fee schedule - both pay at much less than what it cost the hospital to provide the service.
- Medicare and Medicaid pay hospitals based on pre-set rates that can vary among individual hospitals because they may reflect the variation in a hospital's cost to provide that care, such as trauma, teaching programs, severity of illness and area wages among other things.
- On average, Medicare pays Illinois hospitals only about 90% of what it costs hospitals to provide the care and Medicaid much less.

So How Much Will a Patient Pay?

- Although all bills start with charges, patients without health coverage are protected by Illinois' groundbreaking legislation, the Hospital Uninsured Patient Discount Act. It causes bills to eligible uninsured patients be either completely written off (free) or have significant discounts applied (bill reduced to 135% of the hospital's cost). In addition, there is a maximum collectible of 25% of annual family income.
- Illinois hospitals also have additional financial assistance programs that go beyond this state law. Uninsured patients should contact the hospital to determine what assistance is available given their financial situation and if they may qualify for coverage under various public programs.
- Financial assistance given by Illinois hospitals was \$805 million in free and discounted care (measured at cost) provided to over 900,000 patients in 2017.
- Patients *with* health coverage will only pay the deductible, coinsurance or copay required by their health plan. Although hospitals can assist with estimated charge information for the service being sought, the health plan is the best source of information pertaining to what an insured patient will pay.
- The chargemaster is not useful for patients to comparison shop between hospitals. The [Illinois' Hospital Report Card](#) website lists the average charge for over 50 services at individual hospitals for specific services.
- (Hospital Name) employs financial counselors to assist patients with understanding financial obligations, obtaining estimates and applying for assistance. Please contact (specific contact information) for charge estimates and assistance.

Additional Resources

- [IHA's Price Transparency Patient FAQs](#) (password required)
- Healthcare Financial Management Association: [Understanding Healthcare Prices: A Consumer Guide](#) and [Avoiding Surprises in Your Medical Bills: A Guide for Consumers](#)