MEMORANDUM

New Requirement to Post Charges on the Internet by January 1, 2019

Effective January 1, 2019, all hospitals must post their "standard charges" in a "machine readable format" on the Internet and update it at least annually. The Center for Medicare and Medicaid Services’ (CMS) Medicare Inpatient Prospective Payment System final rule (see page 41686) included updated requirements for hospital compliance to make public a list of standard charges.

In 2010, the Affordable Care Act mandated all hospitals to make their standard charges public and CMS later issued guidance indicating a hospital could post its charge master or develop a policy for those interested in viewing charges. Most hospitals chose the latter option and IHA developed a policy template and patient FAQs (password required) to assist members in compliance.

In response to CMS’ proposed rule to update this guidance and request for feedback on numerous questions pertaining to price transparency, IHA submitted a comment letter. The letter outlines IHA position that posting charges does not advance price transparency, is typically not useful to patients who wish to know their out-of-pocket obligations, advocates that the information most useful would come from health plans which most have developed price estimators and outlines various Illinois laws that advance the common concerns related to pricing.

In response to numerous questions raised by hospitals, CMS has issued a Frequently Asked Questions (FAQ). However, CMS does not directly answer the important question many states have asked as to whether compliance could include reference to a statewide website of average bundled charges for the most frequently requested services, similar to the Illinois Hospital Report Card Act website that already provides hospital-specific average charges for more than 50 services. CMS’ response is that participation in an online state price transparency initiative does not exempt a hospital from the requirements.

CMS has indicated that it continues to collect information and may release a broader price transparency initiative in the future. There currently is no information in the final rule pertaining to enforcement or penalties, but that is an area CMS has indicated may be included in future rulemaking.

One resource that may be helpful to hospitals trying to determine their best mode of compliance is an article on the Cleverly & Associates website outlining various scenarios that they believe would and would not be in compliance.

IHA continues to work with AHA in seeking further clarification from CMS on this new requirement, including requesting CMS hold in Open Door Forum on the topic. IHA will keep members informed as further information becomes available.

If you have any questions, please contact Sandy Kraiss.