



# Price Transparency Initiative

*Federal Rule Requirements*

December 2018

# CMS Final 2019 IPPS Rule Transparency Provision

---

The Centers for Medicare & Medicaid Services on Aug. 2 published its final inpatient prospective payment system, or IPPS, rule (see pages 2135-2142) for federal fiscal year 2019. The IPPS rule contains a transparency provision that will be effective Jan. 1, 2019.

The rule document can be found at <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-16766.pdf>



# Background—The Affordable Care Act & The 2015 IPPS Final Rule

The Affordable Care Act included a requirement for all hospitals to establish, update and make public a list of the hospital's "standard charges" for items and services provided by the hospital, including for Diagnosis Related Groups, DRGs. This information is to be made available each year.

CMS, in the 2015 final rule issued guidelines for how hospitals should comply with this requirement, including the following two options:

1. Make public a list of the hospital's "standard charges" (whether that is the chargemaster itself or in another form of its choice); or
2. Make public the hospital's policies for allowing the public to view those charges in response to an inquiry

In the 2015 rule, CMS indicated hospitals could satisfy the ACA requirement by posting information on the internet, but did not make that method a requirement, concluding that "hospitals are in the best position to determine the exact manner and method by which to make the list public..."

CMS also expected hospitals to update the information at least annually, or more frequently if warranted, to reflect current charges.



# 2019 Final IPPS Rule

---

In its proposed and final 2019 IPPS rules, CMS acknowledged chargemaster data are “not helpful to patients for determining what they are likely to pay for a particular service or hospital stay.”

However, in an effort to continue moving the needle on price transparency, the final rule requires hospitals to make available a list of their current “standard charges” via the internet in a machine-readable format, and to update it at least annually.

This requirement can be met in the form of the chargemaster itself or another form of the hospital’s choice, as long as it is in machine-readable format.



# Difference Between 2015 and 2019 Rules

---

The 2019 IPPS final rule requires the information to be made available via the internet in machine-readable format, while the 2015 IPPS final rule gave the hospital options for how to make “standard charges” available to the public.



# Additional CMS Guidance

---

CMS recently published frequently asked questions that provides some additional guidance, including:

- Hospitals may choose the format to present their “standard charges” to the public, as long as the information represents the current “standard charges as reflected on its chargemaster.”
- “Machine readable format” is a format that can be imported/read into a computer system. Examples of “machine readable format” are XML and CSV. Word and PDF formats are not acceptable.
- The requirement applies to all hospitals and all items and services provided by the hospital.
- Compliance with a state-level price transparency initiative is not sufficient to satisfy the federal requirements.

**FAQ Document can be found at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FAQs-Req-Hospital-Public-List-Standard-Charges.pdf>**



# Presentation of “Standard Charges”

Some DCHA members have inquired about what information must be included with the hospital’s standard charges. Members have suggested that if this information is to be truly helpful to patients at all, it should be presented in a way to minimize the extraneous information that could confuse patients.

Therefore, some hospitals are considering eliminating the CPT codes, HCPCS codes, revenue code, and other extraneous information in the chargemaster and only including the fields for the description of the service and the charge.

Because the rule only requires the “standard charges” as reflected in the chargemaster to be included, DCHA believes hospitals would be in compliance with the requirement if they include only the description of the service and the associated charge.

