



CPAs & BUSINESS ADVISORS

PRICING TRANSPARENCY – FRIEND OR FOE?

HOW TO USE IT AS A COMPETITIVE ADVANTAGE

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LEARNING OBJECTIVES



Review Revenue Cycle components.



Discuss pricing transparency in the healthcare setting.

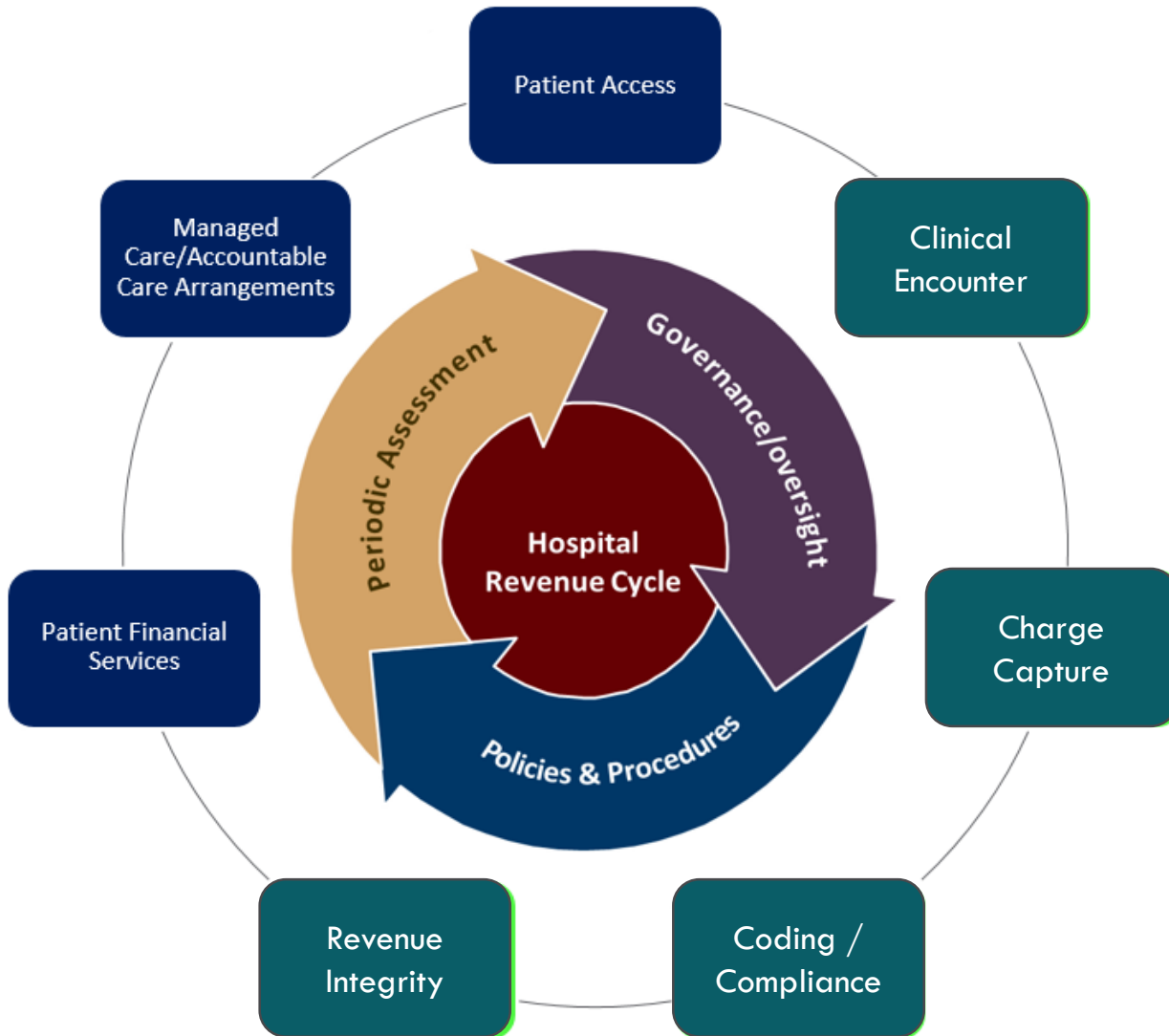


Present competitive strategies for consideration.



Conclusions

REVENUE CYCLE OVERVIEW



The revenue cycle is a complex system that involves multiple departments and personnel. The chargemaster, charge capture, pricing and charge validation (revenue integrity) are critical functions that rely on internal controls and ongoing validation (monitoring) to ensure effectiveness.



PRICING

TRANSPARENCY

HFMA: PRICE TRANSPARENCY BROCHURE

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Improving Price Transparency

Featured Content

Understanding
Healthcare Prices:
A Consumer Guide



HFMA has developed a guide to help consumers understand where to get answers to their questions about healthcare prices, compare prices among providers, and manage their out-of-pocket costs. [Download the guide](#) and post it on your organization's website: no permission is needed.



Quick Start

[Price Transparency Task Force Report](#)

[Price Transparency Report Highlights](#)

[Price Transparency for Providers](#)

[Price Transparency for Health Plans](#)

[Price Transparency for Consumers](#)

All About Price Transparency

[Why Price Transparency Matters Now](#)

[Definitions](#)

[Guiding Principles](#)

[Recommendations for Improving Price Transparency](#)

[Essential Elements of Price Information](#)

[Examples of Price Transparency Tools](#)

[Policy Considerations](#)



TERMINOLOGY

HFMA's Pricing Transparency Task Force

Care
purchaser

Charge

Cost

Out-of-
Pocket
Expenses

Price

Price
Transparency

Provider

Value

COMPONENTS OF TRANSPARENCY

Charge

- *Dollar amount set for services provided prior to any negotiated discounts*

Price

- *Expected payment for services provided which is dependent upon whether insured or not*

Cost

- *Definition depends on party incurring the expense patient / provider / insurer / employer*



In health care, readily available information on the price of healthcare services that, together with other information, helps define the value of those services and enables patients and other care purchasers to identify, compare, and choose providers that offer the desired level of value.

*Price Transparency
as defined by HFMA*

PRICING TRANSPARENCY IN REGULATION

ACA

- “Each hospital operating within the United States shall for each year establish (and update) and make public (in accordance with guidelines developed by the secretary) a list of the hospital’s standard charges for items and services provided by the hospital.”

2015 IPPS Final Rule as part of the ACA

- Not very specific
- Could comply with a facility website link to hospital association data

2019 IPPS Final Rule

- Must post Standard Charges on Website
- Effective January 1, 2019
- Must be in machine readable format (i.e., no pdf files)
- Must be updated at least annually

PRICING TRANSPARENCY IN REGULATION

2019 IPPS Final Rule – additional considerations:

- Care should be taken to not include proprietary information (i.e., CPT codes – possibly Rev Codes)
- Seems to lend itself to policy and procedure
- States may have additional requirements over and above federal
- Larger organizations struggle with the pure volume
- Ensure address CDMs outside of main (i.e. separate pharmacy master)
- CMS FAQs & AFAQs:
<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FAQs-Req-Hospital-Public-List-Standard-Charges.pdf.pdf>
- No hospital is exempt
- State online postings do not exempt from individual posting on facility website

HOSPITALS MUST NOW POST PRICES. BUT IT MAY TAKE A BRAIN SURGEON TO DECIPHER THEM.



The Trump administration required hospitals to post list prices for all their services starting this year. [Credit: Tom Brenner for The New York Times.]



Post 1/1/19 and beyond...

- Go beyond the minimum
- Be Proactive in Educating Community
 - HFMA
 - Hospital Association
 - Other local collaboration
- Consider developing scenarios to educate in meaningful terminology
- Long term plans – resources and tools



TRANSPARENCY STRATEGY

TRANSPARENCY STRATEGIES

What we are seeing in the market

- **Keeping it confusing**
 - It is already confusing
 - For patients
 - For providers
 - The media is supporting the discussion regarding complexity
 - Arguments being made that it is best to keep it confusing
- **Development of arguments/strategies to provide the minimal amount of information required**
 - Physician services
 - Freestanding
 - Provider Based
 - Rural Health Clinics
 - Confusing descriptions
 - Omission of CPT/HCPCS
- **Less than optimal placement on websites**
 - Smaller font size
 - Buried several layers down
 - Confusing terms



QUESTIONS TO CONSIDER

**What is the long term
implication of these
strategies?**

Increased frustrations from our patients

Calls from more rules and regulations for disclosure

Potential loss of market share





WHY NOT EMBRACE THIS REQUIREMENT WITH A
STRATEGY TO USE IT TO YOUR COMPETITIVE
ADVANTAGE?

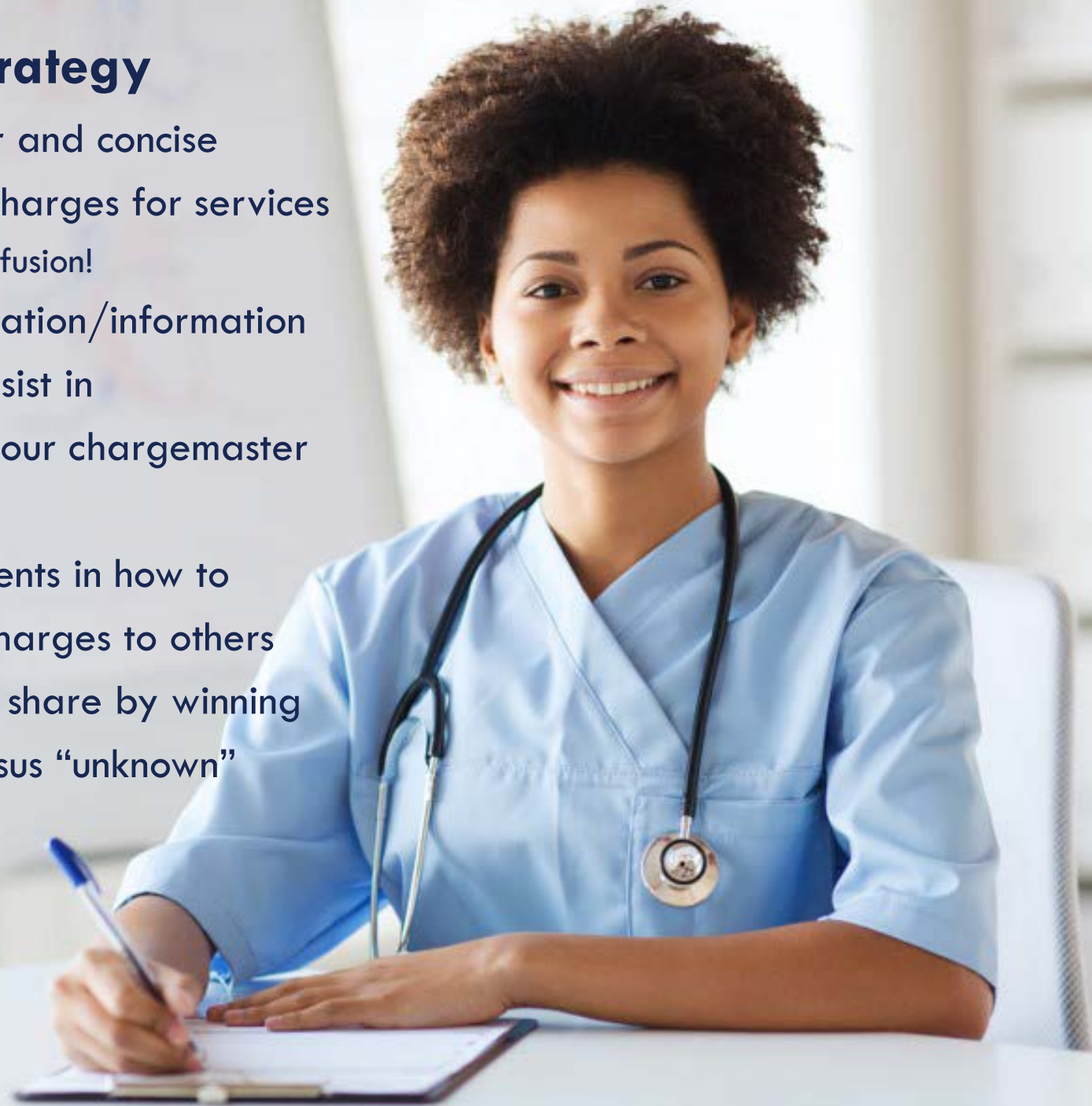


WORK AHEAD!

- The development of a competitive strategy will take time and resources
 - Change in charge theory
 - Change in structure

Competitive Strategy

- To provide clear and concise information on charges for services
 - Reduce the confusion!
- To provide education/information to patients to assist in understanding your chargemaster strategy
- To educate patients in how to compare your charges to others
- To “win” market share by winning the “known” versus “unknown” game



Key Elements of a Transparency Strategy

- Clear descriptions
- Increased bundling of charges
- Inclusion of CPT/HCPCS
- Charge amount
- Robust narrative to provide education to potential patients
- Prominent website placement

DESIRED OUTCOME OF TRANSPARENCY STRATEGY

- Increase in patient satisfaction
- Increased market share
- Greater ability to provide estimates
- Increased point of service collections
- Beat the competition to the finish line!



CONCLUSION

- Pricing transparency requirements provide the minimum required to inform patients of facility pricing
- Most providers are adopting a strategy to keep the process confusing and to provide the least amount of information required
- There is a large opportunities for providers to take advantage of the strategy employed by others
- New strategies will require time and resources
- There are significant potential rewards for employing a strategy to maximize competitive advantage

QUESTIONS?

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THANK YOU

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