Price transparency means not having to settle for the MSRP, the manufacturer’s suggested retail price, or the sticker price or the friends-and-family discount. Instead, it means seeing the real, bottom-line price. So when it comes it medical care, why is this still an issue?

The administration [1] is demanding that hospitals publish the actual price for their services to help the consumer. (Why these are not patients in any of these discussions remains unclear to me) The hospitals and insurers are pushing back and have filed a lawsuit seeking to prevent implementation.

“The rule requires hospitals to publicize the rates they negotiate with individual insurers for all services, including drugs, supplies, facility fees, and care by doctors who work for the facility. It is scheduled to take effect in January 2021, with hospitals facing fines up to $300 a day if they don’t disclose negotiated rates.” [2]

Let’s return to that automotive metaphor. The administration wants the hospitals to publish the price they pay to run their operations; what the dealer pays for the car. Drug and supply costs are relatively easy to determine and are based on how much they are purchasing and from whom. As in any business, volume purchasing leads to discounts; that is why several intermediaries aggregate hospitals into groups to create more significant volumes. Care by physicians is based
on established codes, and it too is accessible; although physicians often receive more or less of their earnings as administrations seek to support orphan services where there is a need but few patients, and to reward those physician rainmakers, the proceduralists. Procedural and diagnostic codes also establish facility fees. Given all of this, it is hard to believe that

“Complying would require spreadsheets with hundreds of thousands of columns, the groups said in the lawsuit. They say such files could crash most standard computer systems.

“Some members worry about the ability of their websites to function at all with such a large file,” the lawsuit states.”

No one is going to look up the cost of a 4x4 gauze on the chargemaster, the file of all supply inventory and price. But hospitals which use the same computers we do, manage those chargemasters all the time. So shenanigans on that argument. Further, and this is spoken as a tech unsavvy individual (ask my kids), websites can be hosted in the cloud where computational power and storage are not a real concern. A consumer looking for information is using their computer as a dumb terminal.

“According to the lawsuit, the required disclosure of “highly confidential” rates violates the First Amendment, which protects free speech.”

I am not a lawyer, nor do I play one on TV. I am not sure how this violates the First Amendment; perhaps they mean the Fifth Amendment is more applicable, protection from self-incrimination; but that would be a more revealing choice.

The hospitals though, do have several favorable arguments. First, is that the claim exceeds statutory and regulatory authority; again, I defer to the Courts. Second, making that information available will require additional costs to them, the administration puts those costs at roughly $40 million in aggregate. I am not sure how that is determining, but those chargemasters already exist, and if they don’t, ask yourself, what type of multimillion-dollar business does not keep track of its costs? Placing a stay in place while the case is decided is reasonable; there is no sense wasting time or money on a regulation that will not be required. Fast-tracking the case would minimize the delay.

But the most persuasive argument is that this transparency serves no purpose, and I believe that the evidence here favors the hospitals. No one shops for emergency care; some people shop for urgent care balancing the cost of the care against the value of their time, in driving and waiting. That leaves routine care; for many, the choices of where to go and who to see are constrained by their insurance plan and the savings that accrue to the insurance company, not them. The hospitals have a point when they say that

“consumers really just want to know their out-of-pocket costs, which requires data from insurers, rather than negotiated amounts for care.”
[1] Adding the word Trump serves only to inflame and polarize

[2] That comes to about $110,000 annually or roughly the cost of two open-heart surgeries


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