



**Background:** Trying to understand the cost of healthcare is not easy for many people. We have seen a growing demand from consumers over the past couple of years for hospitals to provide more transparent costs for services and procedures. While public focus on this issue is not new, trends in the healthcare marketplace are heightening its importance. Price transparency has been a longstanding issue for uninsured patients, but growing enrollment in plans with higher levels of deductibles and coinsurance is creating a greater demand for meaningful price information for insured patients as well.

Sharing meaningful information, however, is more complex than consumers may know. Healthcare is not a one size fits all model. Healthcare is specialized and tailored to the needs of each patient. For example, a colonoscopy procedure for one patient may be “relatively simple,” but for another patient, it could be fraught with unforeseen complications, making meaningful “up front” pricing difficult and, perhaps, confusing for patients. Hospital prices do not include physician and other professionals’ costs or how much of the cost a patient’s insurance company may cover. This makes providing the kind of transparency consumers want and deserve, difficult to provide as a one size (price) fits all model.

The American Association of Healthcare Administrative Management (AAHAM) supports price transparency and believes consumers should have the access to information that helps them make critical healthcare decisions for themselves and their families. AAHAM is concerned with the IPPS Final Rule issued by the Center for Medicare & Medicaid Services (CMS) in November, which requires hospitals to post their charge masters (a list detailing the official rate charged by a hospital for individual procedures, services, and goods) on their website. We believe what patients want to know is what their final out-of-pocket costs will be after insurance pays, which the current rule does not address.

AAHAM would urge Congress to revisit these rules and work with hospitals on real ways to provide consumers with the true costs for their care in a more meaningful and accurate manner.

Consumers and their families deserve helpful information about the price of their hospital care. America’s hospitals and AAHAM are committed to providing it. More can, and should be done to share healthcare information with the public, including, but not limited to, hospital pricing information. AAHAM and its members seek to work with Congress and the Administration on innovative ways to build on efforts already occurring at the state level, and share information that helps consumers make more informed choices about their healthcare.

**Current Initiatives:** Initiatives to make charge and price data available to the public are emerging on several fronts. Currently, 42 states already report information on charges or payment rates and make that information available to the public. Last spring, for each hospital accepting Medicare patients, the CMS posted on its website average hospital specific charges per patient and average Medicare payments for the most common diagnosis-related groups (DRG) as well as 30 ambulatory procedures. The ACA requires hospitals to report annually and make public a list of hospital charges for items and services, though CMS has yet to release guidelines for the implementation of this provision.

**Recommendations:** AAHAM is committed to doing everything possible to better serve patients and to treat them equitably, with dignity, compassion and respect, from the bedside to the billing office. However, we cannot do this without the help of the insurance carriers. As mentioned above, we believe what people want is their total out-of-pocket costs for their care after their insurance payment is made. This is why we need to have insurance carriers at the table for this conversation. Insurers should be required to participate in providing better education to their members about out-of-network or non-covered charges according to their benefit plans.

AAHAM urges Congress to take the following steps to create a transparent system that achieves the wants and needs of consumers, but also creates a system that is accurate for hospitals:

- 1) Commit to a study of the current rules to see if, in fact, it is meeting the needs of consumers. Such a study will also help identify where the rule is lacking and possible fixes to help consumers determine the true cost of the healthcare they are seeking. Starting January 1, 2020, Congress will request that a study be done to evaluate the current rule, and its impacts on consumers, to see if it is meeting CMS' intent or if changes are necessary.
- 2) Direct the Director of the Agency for Healthcare Research and Quality to conduct research and report to Congress on:
  - (a) The types of information on charges and out-of-pocket costs for healthcare services that consumers find useful in making decisions about where, when, and from whom to receive care;
  - (b) How such types of information vary based on the presence and type(s) of health benefits; and
  - (c) Ways such information may be available on a timely basis and in an easy-to-understand format for individuals facing such decisions.
- 3) Definition of "surprise bills." Surprise bills may occur when a patient receives care from an out-of-network provider or when their health plan fails to pay for covered services. The three most typical scenarios are when: (a) a patient accesses emergency services outside of their insurance network, including from providers, while they are away from home; (b) a patient receives care from an out-of-network physician providing services in an in-network hospital; or (c) a health plan denies coverage for emergency services stating the services were unnecessary.
- 4) Protect the patient financially. Patients should have certainty regarding their cost-sharing obligations, which should be based on an in-network amount. Providers should not balance bill, meaning they should not send a patient a bill beyond their cost-sharing obligations.
- 5) Preserve the role of private negotiation. Health plans and providers should retain the ability to negotiate appropriate payment rates. The government should not establish a fixed payment amount or reimbursement methodology for out-of-network services, which could create unintended consequences for patients by disrupting incentives for health plans to create comprehensive networks.
- 6) Remove the patient from health plan/provider negotiations. Patients should not be placed in the middle of negotiations between insurers and providers. Health plans must work directly with providers on reimbursement and the patient should not be responsible for transmitting any payment between the plan and the provider.

#### ABOUT AAHAM

The American Association of Healthcare Administrative Management (AAHAM) is a national professional association of thirty-one chapters and over 3000 healthcare revenue cycle professionals from hospitals, clinics, billing offices, allied vendors, physicians and multi physician groups. AAHAM members direct the activities of the thousands of people employed in the healthcare industry.

AAHAM is the preeminent professional organization for revenue cycle professionals and is known for its prestigious certification and educational programs; professional development of its members is one of the primary goals of the association. AAHAM actively represents the interests of its members through a comprehensive program of legislative and regulatory monitoring and participation in industry groups. For more information on AAHAM and its programs, please visit [www.aaham.org](http://www.aaham.org) or contact AAHAM, 703.281.4043.