

FAQs: Federal Price Transparency Requirements

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Federal law currently requires “each hospital operating within the United States” to make their standard charges available on an annual basis. In the FY 2015 hospital inpatient prospective payment system (IPPS) rule, the Centers for Medicare and Medicaid Services (CMS) clarified that this requirement could be met by either making available a list of standard charges (whether that be the chargemaster itself or in another form of their choice) or their policies for allowing the public to view a list of those charges in response to an inquiry.

In the FY 2019 IPPS rule, CMS established a further requirement that, as of January 1, 2019, hospitals must make available a list of their current standard charges via the Internet in a machine readable format at least annually. This could be in the form of the chargemaster itself or another form of the hospital’s choice, as long as the information is in machine readable format.

In addition, CMS issued multiple requests for information (RFI) as part of each of its 2019 payment rules. The IPPS final rule indicates that CMS received a number of public comments in response to its RFI. However, CMS did not summarize or respond to those comments in the FY 2019 IPPS final rule. The agency has indicated that it expects to engage in future policymaking as a result of the input it receives.

Below are several Frequently Asked Questions about the new requirements and what hospitals and health systems can expect next.

What are the new requirements?

Effective January 1, 2019, hospitals will be required to make available to the public their “standard charges” via the Internet in a “machine readable” format and update this information at least annually. CMS’ new rule builds on an earlier requirement established under the Affordable Care Act for hospitals to make their standard charges for items and services publicly available. The agency had not previously required standard hospital charges to be available in a machine readable format, nor had it required that the list be posted on a public-facing website. Instead, hospitals could meet prior guidance by providing charges upon request.

How does CMS define “standard charge”?

CMS does not explicitly define “standard charge” but notes that hospitals may choose to publish charges in the form of the chargemaster itself “or another form of the hospital’s choice.” The AHA is seeking further clarification from CMS regarding what is an acceptable alternative form, such as whether a hospital could use a list of the hospital’s self-pay rates prior to any discount.

Through the RFIs, CMS has sought input on how to define “standard charge.” AHA will update members if CMS releases further guidance.

What is a “machine readable” format?

A “machine readable format” is a format that can be easily integrated into a computer system or statistical program (e.g., XML, CSV). Traditional word processing formats (e.g. PDF) are typically difficult for machines to read and require information to be re-entered manually; they therefore are not considered machine readable.

Do these requirements apply to all hospitals?

This guidance relates to a provision of federal law that applies to “each hospital operating within the United States.” According to CMS, there are no hospitals with exemptions from this requirement under current policy.

How will these policies be enforced?

CMS has not indicated how it will enforce these requirements. However, through the RFIs, CMS is seeking comment on the appropriate mechanisms for CMS to enforce price transparency requirements. Therefore, enforcement mechanisms may be included in future rulemaking. AHA will continue to monitor this issue and provide updates to members.

Some states already publish hospital price data on their state websites. Would that practice fulfill this requirement for hospitals in that state?

The AHA is seeking further clarification from CMS on whether a state’s price transparency practices could meet this requirement. However, we anticipate that the agency will apply the same guidelines that it has established for hospitals.

What did CMS do with the responses to the RFI?

CMS continues to collect information through the RFI process, and has not yet proposed any new policies as a result. However, in the final 2019 IPPS rule, CMS indicated its intent to release a broader price transparency initiative that would be informed by responses to the RFI. This could occur during the 2020 payment rules next year or under separate rulemaking at any time. AHA will continue to monitor policy developments and provide updates to members.