



Hospital Price Transparency Is Vital to Lowering Overall Health Care Costs

The Problem:

Fewer than half of all hospitals nationwide are fully compliant with regulations that require them to post prices and to do so in an easily understandable format.

The requirement was effective January 1, 2021.

Employers and other private purchasers of health care services often pay significantly higher prices for hospital services than public programs like Medicare. Without cost information made available in a standardized format, they cannot compare hospitals, which is essential to lowering health care costs overall.

65% of Hospitals are non-compliant

with the transparency rules.

Source:
www.healthaffairs.org/doi/10.1377/hblog20210311.899634/full/

The Solution:

The Centers for Medicare & Medicaid Services (CMS) recently proposed a rule to increase the daily penalty for hospitals that fail to comply with the price transparency rule using a method suggested by Fair Health Costs. While an improvement, the penalty remains too low to encourage full participation.

We are urging the Biden Administration to strengthen the hospital price transparency rule in three ways:

- **Aggressively pursue full compliance by all hospitals and health systems.**
- **Further increase the penalty for non-compliance from \$10 to \$300 per hospital licensed bed per day.**
- **Update guidance to mandate standardized reporting to enable straightforward comparison between hospitals.**

Once hospitals are fully compliant, the rule will provide meaningful information to the people and organizations paying medical bills in this country — consumers, employers and purchasers — to make smarter decisions about where to seek care.

The Fair Health Costs Initiative is an Arnold Ventures-backed effort by the Purchaser Business Group on Health and National Alliance of Healthcare Coalitions to mobilize employer purchasers, educate policymakers and advocate for public policies to reduce health care prices.