

Hospitals are now required to post prices, but they warn the list is not what you'll pay

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Home Health Care Hospitals are now required to post prices, but they warn the list...

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A new federal rule requiring hospitals to post a list of standard charges for procedures and drugs could help consumers shop around, but hospitals are warning that the price tag is almost never what they should expect to pay.



Hospitals have technically been required to provide pricing information since the passage of the Affordable Care Act in 2010. But the federal Centers for Medicare & Medicaid Services forced the issue in August, when it finalized guidance requiring hospitals to post the information online.

The initiative is aimed at bringing more transparency to pricing. With publication of the full list of set hospital charges — known as chargemaster in the industry — regulators hope consumers will be better able to compare costs among hospitals.

But the data do not make for easy comparison shopping. Most hospitals have posted the

prices in dense spreadsheets, with terms that vary among each health care provider. Besides, hospitals stress that what a patient pays depends on insurance, and even those without insurance often can qualify for free or reduced-price charitable care.

That makes the new regulation a challenging subject for hospital executives such as Daniel Blum, president and CEO of Phelps Memorial Hospital Center in Sleepy Hollow. He is in favor of more price transparency for hospitals, but said he questions whether this rule is the best way to achieve that.

“As a nation we really need to grapple with the issue of the financing of health care,” Blum said. “It’s good for consumers to be educated and informed and empowered. I don’t think this regulation gets us that much closer, frankly, to that position.”

Phelps, Blum noted, has about 1,300 different charges on its chargemaster. But because each patient will have different complications and needs, “the permutations of what the charge ultimately is are kind of limitless,” Blum said.

And those charges are often just a starting point. Hospitals negotiate different rates with private insurers and there are set rates for what the government will pay for Medicare and Medicaid patients. That doesn’t even begin to account for the thousands of different insurance plans and options carried by each individual patient.

“So although it’s helpful for a patient to have an understanding of what the charges are, that’s not the charge they would actually receive,” Blum said. “It’s also not the price they would pay.”

The rule was lobbied against by hospital groups, including the Suburban Hospital Alliance of New York State LLC, a consortium of 51 hospitals in the Hudson Valley and Long Island. Kevin Dahill, the group’s president and CEO, said hospitals are concerned the lists will only introduce more confusion on pricing.

A better effort at price transparency, Dahill said, has to come from insurers communicating costs with their customers.

“The patient is most interested in what is coming out of their pocket,” Dahill said. “It’s ‘What I am going to have to pay?’ ‘What’s my deductible?’ ‘What’s my copay?’ The insurance companies should be telling them that.”

But some consumer advocate groups welcomed the start of the new regulation. That includes FAIR Health, a Manhattan-based nonprofit consumer group that maintains a health care pricing database of its own. In an interview with C-SPAN on Jan. 7, FAIR Health President Robin Gelburd described the data as part of a journey toward more price transparency.

While consumers may be confused by some of the terminology, the price lists could help consumers formulate initial questions before pursuing the data in more organized formats from other sources.

The rule, Gelburd said, “is sending a signal right now that consumers deserve this information, and it’s incumbent upon all of us to really help them travel on this journey.”

Hospitals are required to publish the data in a machine-readable format, such as a downloadable spreadsheet. The majority of Westchester hospitals have simply posted their entire chargemasters online: massive downloadable spreadsheets with thousands of different line items. Most have also included warnings with the download link, stressing the prices listed are not what a patient should expect to pay. They have instead directed patients to call the hospital to discuss pricing.

The different terms among each spreadsheet can make comparisons difficult, but there are some items consistent across several of the chargemasters.

For instance, a 325 milligram tablet of aspirin — the generic of which Walgreens lists for \$1.29 per 100 — costs 38 cents at Hudson Valley Hospital in Cortlandt. The same tablet is listed at \$1 by White Plains Hospital, 2 cents at St. Joseph’s Hospital in Yonkers and \$1.33 at Montefiore New Rochelle.

A chest MRI with or without contrast is listed at \$4,751 at Westchester Medical Center, \$6,844 at Phelps, \$5,371 at St. John’s Riverside Health in Yonkers and \$6,517 at Northern Westchester Hospital in Mount Kisco.

New York State has developed a database of its own for average pricing, called [NYS Health Connector](#), which analyzed hospital discharge data for 2014, 2015 and 2016. It doesn’t cover the comprehensive list of drugs and procedures in some of the hospital chargemasters, but it covers common hospital actions such as newborn deliveries, joint replacement and spinal procedures.

The data show that in 2016, the Mid-Hudson Valley was the third most expensive in the state for patients receiving a hip or knee joint replacement, behind Long Island and New York City. The costs for a knee joint replacement varied, sometimes significantly, as the state data showed. A knee joint replacement of moderate severity, as defined in the data, cost an average of \$29,968 at Westchester Medical Center, \$40,590 at Hudson Valley Hospital and \$9,485 at St. Joseph’s Medical Center. The average cost statewide that year was \$19,018. Westchester Medical Center performed 36 such surgeries in 2016, while the surgery was performed 144 times at Hudson Valley Hospital and 33 times at St. Joseph’s, according to the state data.

So what can consumers do with this information? Adam Block, a health economist and assistant professor at New York Medical College’s School of Health Sciences and Practice, noted that consumers don’t always have the luxury of shopping around for care, such as for an emergency cardiac bypass. But in nonemergency situations, there are factors consumers could consider before walking through the hospital door, according to Block. The NYMC professor spent several years developing the Affordable Care Act as an economist at the Congressional Joint Committee on Taxation and the Centers for Medicare & Medicaid Services.

Smaller, nonacademic hospitals that don't have specialized facilities and care — such as neonatal intensive care — generally are less expensive than the larger academic centers that do. Noting that quality is not always tied to price, Block said individual patients should decide when a certain facility may be worth the extra price.

“If I have a run-of-the-mill tonsillectomy, or something standard that hospitals do all the time, I may be comfortable going to a hospital that is lower priced, more local,” Block said. “But if I have something extraordinarily complicated, I may want to go to an academic and not be so concerned about the price associated with it.”

The question of whether consumers — even as pricing data becomes more accessible — will actually shop around is yet to be definitively answered. Block pointed to a [2017 study in Health Affairs](#), a peer-reviewed health care journal. The study examined a large population of insured consumers in California who were offered a free price transparency tool for routine procedures, such as lab tests and imaging services. Only 12 percent of employees who were offered the tool used it in the first fifteen months after it was introduced, according to the study. And only 1 percent of those who received an advanced imaging test conducted a price search, despite the study's finding that the average price paid for imaging services was 14 percent lower when preceded by a price search.

“Maybe it will happen over time, but for the longest time there hasn't been a culture of asking about prices in the way there is when you go shopping for a car or television,” Block said.

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