

OPERATOR INSIGHTS

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Price Transparency

Requirements and the Impact
to Patient Experience

When faced with the task of making a large purchase, many consumers begin the process by shopping around for price comparisons. This “consumer mindset” is naturally trickling into the healthcare arena due to the onset of the Affordable Care Act and high deductible health plans. As out of pocket responsibility rises, more and more patients want to know the cost of their care prior to service. Providing patients with the tools to shop for their healthcare is the foundation for the Centers for Medicare and Medicaid Services (CMS) Price Transparency policy. However, organizations are likely to have unresolved questions about the policy and how it affects patients and the patients’ experience.

What is Price Transparency?

Price Transparency is a CMS requirement that takes effect on January 1, 2021 for all U.S. hospitals. The policy makes prices for items and services available to patients, so they can be more informed regarding financial liability. These prices must be available in a consumer-friendly list and include 300 shoppable services, 70 of which are CMS specified and 230 hospital selected shoppable services.

 A shoppable service is defined as a service that can be scheduled by a healthcare consumer in advance.

The list of services is to be posted publicly and updated every year. It must also:

- Be easily accessible
- Be free of charge
- Be searchable by description
- Not require a user to register or create an account or password.

To follow the policy, health systems will have to provide a machine-readable file and either a consumer-friendly list of shoppable services or a patient estimator tool.

 Machine-readable format is a digital representation of data or information in a file that can be imported or read into a computer system for further processing. For example: .XML, .PDF, and .CSV

How does Price Transparency affect patients?

Price transparency is intended to provide patients with a price estimate prior to the date of service and protect patients from surprise medical bills. A whopping 93% of US consumers were surprised by a medical bill, according to a 2018 Instamed report. Additionally, patients find healthcare pricing difficult to understand and do not have a true understanding of their financial responsibility. As an added benefit of price transparency, healthcare consumers are given advance notice and/or an explanation of charges for costs not covered by insurance plans.

More of the financial responsibility for healthcare costs are shifting to the patient. As this trend continues, patients increasingly want to know costs, compare services, shop for the most affordable (or highest quality) services, and budget for medical expenses. Of course, a differentiator in the market is the patient experience. Certainly, cost competitive services are important, but hospitals must maintain vigilant focus on their patient experience scores, as this is likely to be a deciding factor when a patient chooses a location for service.

 According to the Commonwealth Fund Study of Medical Expenditure Panel Survey: December 2018, medical premium contributions and out-of-pocket expenses increased by 50% from 2007 to 2017.



How does this affect the Patient Experience?

The Beryl Institute defines Patient Experience as “the sum of all INTERACTIONS, shaped by an organization’s CULTURE, that influence patient PERCEPTIONS across the CONTINUUM of CARE.” That said, your patients’ first interaction could be searching your organization’s website for Price Transparency information. What will they find? A tool or information that is easy to use or something that frustrates them to the point of giving up, causing a shift to a competing facility or a delay in care.

Patients who are actively engaged in their care have better health outcomes (including lower readmission rates), so having a patient-friendly way to communicate Price Transparency information is critical. Research shows a majority of patients who have cost information

in advance proceed with their medical service and do not delay care. Price transparency provides patients with the tools they need for responsible healthcare planning.

Using an estimation tool or publishing a consumer-friendly menu of services will enable hospitals to provide patients with a more favorable experience from the beginning. When healthcare consumers have the opportunity to be personally involved in their financial responsibility, they are more likely to form positive provider relationships and develop a stronger sense of loyalty to their healthcare system of choice. By having a clear understanding of CMS Price Transparency, the healthcare market can adopt a consumer-minded approach and ensure patient-centered goals are met.

Final Thoughts

Don’t delay, start strategically orienting your organization’s approach to this now. Price transparency is a powerful consumer tool that will direct decisions and translate to the bottom line. Equally important is maintaining a patient-centered view on the price transparency experience. Not only is this likely to be the first encounter a patient has with your organization, it can ultimately affect whether or not they become your customer.



A 2016 Price Transparency survey completed by Accenture showed that 91% of patients say it is important to know their out-of-pocket costs up front. About half (46%) of those surveyed said that they wanted the price information to help with budget planning.



Susan Milligan, CHAM, CRCR
Director Patient & Guest Experience
Ensemble Health Partners



Gwen Collins, MBA
Patient Experience Manager
Ensemble Health Partners



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Contact us to learn more at Solutions@EnsembleHP.com
or 704-765-3715.