Presentation to Puerto Rico Hospital Association

Price Transparency:
Overview and Key Changes for 2024

This presentation will provide a general overview of the regulations, review key changes for compliance in 2024 and provide links to resources that can assist in developing machine readable files.

Thursday, February 29, 2024

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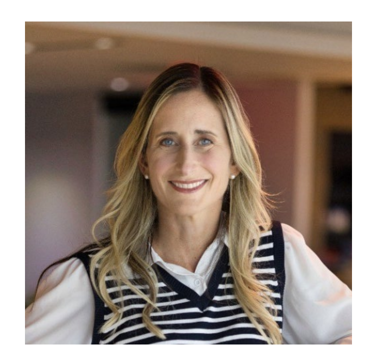
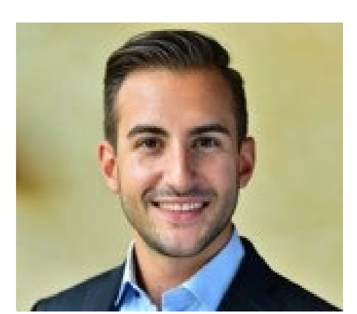
Introductions

Introductions

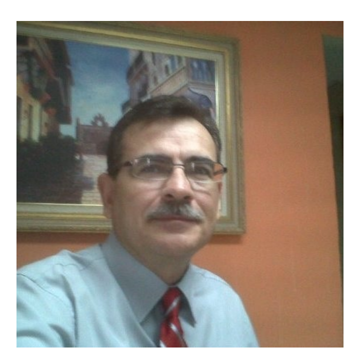
Annie Mayol
Managing Director
FTI Consulting (Puerto Rico)
Annie.Mayol@fticonsulting.com
(787) 420-9656



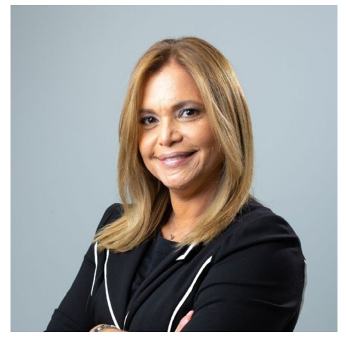
Nicholas Pillarella
Senior Director
FTI Consulting (Miami)
Nicholas.Pillarella@fticonsulting.com
(917) 868-3760



Andres Rodriguez
President
Cygnus Healthcare and Technology Inc.
hfmspr@yahoo.com
(787) 225-4661



Carmen Ana Lliteras
Galindez LLC
CarmenAna@alindezllc.com
(787) 225-4661



Overview

Overview of Price Transparency

The Hospital Price Transparency rule enforces the mandate of Section 2718(e) of the Public Health Service Act by obligating every hospital in the United States to compile, regularly refresh, and disclose an annual list of the standard rates for the goods and services they offer. This includes prices for diagnosis-related groups as defined in section 1886(d)(4) of the Social Security Act.

The Act specifies the requirements of the hospital that must be posted publicly on the hospital's website.

Starting from January 1, 2021, every hospital in operation across the United States has been mandated to provide this information through two distinct methods:

1 Machine Readable File

- File that conveys information about charges from the charge master
- Must be in a specific file format (CSV, JSON, XML)
- Contains specific elements specified by CMS, including but not limited to:
  - Hospital demographic information
  - Payer/Plan Names
  - Billing codes
  - Charges
  - Negotiated rates
  - Min/Max rates for each code
- Must be posted and easily accessible on hospital website

2 Shoppable Services

- Shoppable services are common outpatient services that patients schedule in advance.
- Requirement can be met in one of two ways:
  - A. Posting a file that contains up to 300 common services, with a minimum of 70 mandated by CMS
  - B. Having a patient estimator tool in place on the hospital's website that enables patients to input their insurance and specific the type of service that provides a price

Changes for 2024

New 2024 Requirements

Additional requirements have been outlined by CMS for 2024 that will require modifications to existing website and machine readable files to maintain compliance moving forward.

By January 1, 2024

- **Access to Hospital MRFs Improved**
  - Hospitals are required to include a TXT file in the root folder with MRF and contact information (click here to review CMS published tool)
  - A 'footer' link on the hospital's homepage must be placed, directing to the machine-readable file

By July 1, 2024

- **Standardization of Data Elements and Format**
  - Hospital MRFs must follow the CMS template layout and data specifications
  - Expanded data elements to include, as applicable: hospital and MRF information, standard charge types, payer-specific negotiated charges, item/service description, billing codes
  - Hospitals must affirm the inclusiveness, accuracy, and completeness of the standard charge information in the MRF

By January 1, 2025

- **Inclusion of Additional Data Elements**
  - New required data elements such as 'Estimated Allowed Amount', 'Drug Unit of Measurement', 'Drug Type of Measurement', and 'Modifiers' must be encoded in the MRFs.

New Data Element Requirements

Beginning in July 2024, additional data fields will be required for the machine-readable file to remain in compliance. Additional fields will be required by January 2025, and are indicated below with an asterisk.

MRF Information
MRF Date
CMS Template Version
Affirmation Statement

Hospital Information
Hospital Name
Hospital Location(s)
Hospital Address(es)
Hospital Licensure Information

Standard Charges
Gross Charge
Discounted Cash Price
Payer Name
Plan Name
Standard Charge Method
Payer-Specific Negotiated Charge - Dollar Amount
Payer-Specific Negotiated Charge - Percentage
Payer-Specific Negotiated Charge - Algorithm
Estimated Allowed Amount (as of 1/1/25)*
Additional Generic Notes
Additional Payer-Specific Notes
De-identified Minimum Negotiated Charge
De-identified Maximum Negotiated Charge

Item & Service Information
General Description
Setting
Drug Unit of Measurement (as of 1/1/25)*
Drug Type of Measurement (as of 1/1/25)*

Coding Information
Billing/Accounting Code
Code Type
Modifiers (as of 1/1/25)*

Additional information around file formatting of these fields can be found at the CMS Github website, which was developed by CMS for review by hospitals to assist them with formatting and layout question: https://github.com/CMSgov/hospital-price-transparency

Understanding the "Standard Charge Method" Field

Negotiated charge methodology is required as of January 1, 2024. The purpose of this field is to indicate the type of reimbursement that the hospital receives for a particular service.

There are 5 values that can be used in this field to ensure compliance with this new requirement: Case Rate, Fee Schedule, Percent of Total Billed Charge, Per Diem and Other. The appropriate selection will be driven by hospital contracts.

Below is a summary of the options to be used when populating the "Standard Charge Method," which is required after January 1, 2024:

Valid Values	Methodology Description
Case Rate	A flat rate for a package of items and services triggered by a diagnosis, treatment, or condition for a designated length of time.
Fee Schedule	The payer-specific negotiated charge is based on a fee schedule. Examples of common fee schedules include Medicare, Medicaid, commercial payer, and workers compensation.
Percent of Total Billed Charge	The payer-specific negotiated charge is based on a percentage of the total billed charges for an item or service. This percentage may vary depending on certain pre-determined criteria being met.
Per diem	The per day charge for providing hospital items and services.
Other	If the standard charge methodology used to establish a payer-specific negotiated charge cannot be described by one of the types of standard charge methodology above, select 'Other' and encode a detailed explanation of the contracting arrangement in additional notes.

Machine Readable File Requirements

Machine Readable File Overview

Price Transparency regulations effective 1/1/2021 requires hospitals to publish a machine-readable file containing negotiated rates

Per 45 CFR—PART 80, a hospital must make two items public:

(1) Report of standard charges for an individual item or service (e.g., listed in the CDM) or package service (e.g., IP DRGs or OP surgical procedures in a machine-readable format)

(2) Report of standard charges for 300 shoppable services* (i.e., subset of (1))

Standard charges previously included the following standard elements:

I. Gross charges
II. Discounted cash price
III. Payer-specific negotiated charge: The charge that a hospital has negotiated with a third party payer for an item or service (Each payer's negotiation charge must be clearly associated with the name of the third-party payer's name and plan)
IV. De-identified minimum negotiated charges
V. De-identified maximum negotiated charges

The standard charge report can be constructed from four data sets listed below, with illustrative example:

All Services	Primary Codes (DRG or HCPCS)	Descriptions	Standard Charges (Five Categories) I Gross Charge	II Discounted Cash Price	III Payer1 Plan 1	III Payer1 Plan 2	III Payer2 Plan 1	III Payer2 Plan 2	VI De-identified minimum negotiated charge	V De-identified maximum negotiated charge
Package Services	216	Cardiac valve and other major cardiothoracic procedures with cardiac cath with major cc	Will need to develop based on data analysis							
	460	Spinal fusion except cervical w/o major cc								
	19120	Removal of 1 or more breast growth, open procedure								
	29826	Shaving of shoudler bone using an endoscope								
Individual Services	97110	Therapeutic exercises	$ 120.00							
	73721	MRI scan of leg joint	$ 1,678.00							
	72148	MRI scan of lower spinal canal	$ 1,678.00							
	85027	Complete cbc automated	$ 80.00							
	85025	Complete cbc w/auto diff wbc	$ 100.00							

1 CDM Data Set
- Code
- Description
- Charge
- Identifiable fields
- Department

2 Prompt Pay Discount
- Discount %
- Identifiable fields*

3 Contracts and Rate Sheets
- Payer Code
- Payer Description
- Plan Code
- Plan Description
- Reimbursement Rate

*Shoppable Services are defined as a service that can be scheduled by a consumer in advance

Shoppable Services Requirements

Shoppable Services

Hospitals are required to display their standard rates for a minimum of 300 services that can be scheduled ahead of time, complete with descriptions and any additional services typically offered in conjunction.

This encompasses a variety of services including x-rays, outpatient consultations, imaging, lab tests, or combined offerings like a colonoscopy. You will have access to the standard fees for these services and be able to review any related expenses.

- There are no material changes to the compliance requirements for shoppable services in 2024.
- There are still two ways to be compliant with Shoppable Services:

1 Patient Estimator Tool

- If the hospital leverages this type of technology, it is considered compliant with the Shoppable Services Requirement
- To quality, the must:
  - Allow patients to access out-of-pocket cost estimates
  - Contain estimates for all 300 shoppable services
  - Be prominently displayed on the hospital's website with no barriers to access (i.e., logins or requiring personal info)

2 Shoppable Services File

- For organizations that do not employ a Hospitals can employ a patient estimator tool on their website to provide pricing for various plans and services that are offered.
- Publish all core & ancillary charges associated with 300 shoppable services.
  - 70 CMS-specified shoppable services
  - At min, 230 of the hospital's most common shoppable services
- Shoppable services: any service that can be planned, allowing consumers to shop around for the service.
- CMS guide to create shoppable services linked here

Financial Impact for Non-Compliance

Financial Implications for Non-Compliance

According to PatientRightsAdvocate.org, a survey of 2000 hospitals indicates that only 24.5%[1] of the hospitals fully complied with a rule to post prices for certain items and services, putting a substantial number of organizations at risk for financial penalties.

Important Facts about CMS Penalties:

- **Penalties are not automatic[2]**
  - CMS provides hospitals with 45 days to submit a corrective action plan (CAP) after non-compliance is noted by third party auditors
  - After submitting the CAP, hospitals have 90 days to achieve compliance
  - Penalties will only apply if the hospital remains non-compliant after failing to meet their corrective action plan
- ***It is critical to submit a corrective action plan within the 45 days after notice of non-compliance and work with auditors to avoid monetary penalties***
- **Fines have increased substantially since the regulation was introduced in 2021**
  - In 2021, there was a flat $300/day penalty
  - As of 2022, $10 per bed per day with minimums:
    - <30 Beds: $300/d minimum ($110K annually)
    - >550 Beds: $5500/d maximum ($2M annually)

[1]PatientRightsAdvocate.org Feb 2023 Price Transparency Compliance Report (link)
[2]Healthcare Finance: CMS steps up enforcement and fines of hospitals in noncompliance with price transparency rule (link)

Case Studies and Success Stories

Price Transparency Case Study: Pricing Services Update

FTI Consulting has assisted an east coast hospital with several different services on various projects over the past few years.

This work focused on providing a refresh of their Online Price Transparency files for each of their hospital locations to remain in compliance with the Medicare rule 45 CFR-Part 80.

SITUATION:

FTI Consulting previously created 5 price transparency files based on the CMS requirements, their Chargemaster prices and contracted rates.

The CMS final rule establishes requirements for hospitals operating in the United States to establish, update, and make public a list of their standard charges for the items and services that they provide.

This was a refresh project to update the pricing and contracted rates in each online file to incorporate their new annual price updates.

OUR ROLE:

- FTI Consulting created the original price transparency files aka Machine Readable Files (MRF), which allowed the team to make the required updates to each file more quickly with knowledge of the file format and data elements included.
- FTI Consulting requested an updated chargemaster file with their new annual price updates and updated contracted rates to populate each facility's online price transparency file
  - Each facility shares the same Chargemaster and prices, however the contracted rates vary between the facilities
  - Each file is populated with the required data elements:
    - Code- CPT, HCPCS, DRG
    - Description
    - Gross charge
    - Discounted cash price
    - De-identified negotiated minimum rate
    - De-identified negotiated maximum rate
    - Payer specific rates

OUR IMPACT:

FTI Consulting utilized the refreshed client data to update each of the 5-facility online Price Transparency Files

Client informed FTI Consulting of the recognition they received for the well formatted and compliant online files

Price Transparency Case Study: MRF Refresh

FTI Consulting had previously assisted a midwestern organization with creating their original machine-readable Price Transparency file in 2021 and 2022.

This engagement served as the annual refresh of the machine-readable file to remain in compliance with the Medicare rule 45 CFR-Part 80.

SITUATION:

FTI Consulting partnered the last two years to generate machine readable files in 2021 and 2022.

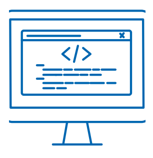
The CMS final rule establishes requirements for hospitals operating in the United States to establish, update, and make public a list of their standard charges for the items and services that they provide at the beginning of each calendar year.

This engagement incorporated the client's new annual price updates and made all necessary updates to the pricing and contracted rates in the machine-readable file.

OUR ROLE:

- FTI Consulting requested client's updated charge file and contracted rates
  - Created the standard template format and populated all applicable information including
    - Charge description
    - CPT/HCPCS
    - Standard charge, discount cash price
    - Payer specific negotiated rates
    - De-identified Minimum and maximum negotiated rates
  - Calculated the payer contracted rates, if noted as a percent of charge
- FTI Consulting created the Price Transparency file format based on the required fields by CMS, incorporating new methodology to adhere to guidance from CMS that billing files (835s) should not be used
  - Client leveraged an online price estimator tool, which regulations indicate can be used in lieu of a Shoppable Services file

OUR IMPACT:



FTI Consulting generated a revised Price Transparency file, which included updated guidelines from CMS, and delivered the file in under 4 weeks.

The client was able to post updated files and maintain compliance with the regulations with minimal time commitments and very low work effort from executive and data staff.

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Disclaimer

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