



Skepticism about new US Government hospital pricing transparency rule



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The US Government's new rule that hospitals post price lists online is unlikely to reduce out-of-pocket health-care costs for patients as intended, experts told *The Lancet Oncology*.

Starting Jan 1, 2019, the US Centers for Medicare and Medicaid Services (CMS) requires hospitals to post online chargemasters, or comprehensive lists of standard prices for medications, devices, and procedures. The 2010 Patient Protection and Affordable Care Act, known as Obamacare, required that hospitals publicly disclose prices, but the new CMS rule specifies that hospitals must make such information available online.

Online transparency of hospital prices is meant to encourage comparative shopping by patients and to foster competition among hospitals to help bring down health-care costs, government officials said. It is also "just the beginning" of a broader push for health-care price transparency reforms, promised the current administrator of the CMS, Seema Verma. In October, 2018, the federal government proposed mandating disclosure of list prices for drugs advertised directly to patients on television that are covered by Medicare and Medicaid and cost more than US\$35 a month. The Medicare national health insurance programme, which covers Americans older than 64 years, also announced on May 16, 2018, a comprehensive review of how it will pay for costly treatments for patients with cancer, including when to cover and how best to pay for chimeric antigen receptor T-cell therapy. The final decision, expected in May, 2019, should foster consistent coverage for these treatments across the USA, according to news reports.

However, the price-lists rule does not require hospitals to explain complex chargemasters to patients, or detail what portion of a given charge is likely to be covered by insurance policies and which will be left to be paid by patients themselves as out-of-pocket health-care expenses.

According to oncologist Vinay Prasad (Knight Cancer Institute, Oregon Health & Science University, Portland, OR, USA), information about out-of-pocket health-care expenses would be more helpful for patients than hospitals' list prices, which do not always predict how much insurers will actually pay. "Health-care cost transparency could be informative, and in some cases lead people to make different choices, but there are some fair concerns about the CMS hospital price transparency rule. First, hospitals must post this information on their website, but there is no mandate that it be easy to find, and easy to compare between hospitals", explained Prasad. Even finding a list of oncologists on hospital websites can be "nearly impossible" in the USA—"Hospital websites don't win prizes for ease of accessing information", added Prasad.

"Patients who can make sense of the chargemaster lists may appreciate being able to see them and possibly save money", said cancer survivor and sarcoma patient advocate Suzie Siegel (Tampa, FL, USA). "But do hospitals have any incentive to help patients understand chargemasters? I'm embarrassed to say that I had never heard this term although I knew Medicare rarely paid the charged amount."

The new CMS price transparency rule is "an absurd answer to a bogus question", said Alan Sager (Boston University School of Public Health,

Boston, MA, USA). "They are an absurd answer because chargemaster prices are very rarely the prices that hospitals or other caregivers ask us to pay—and almost never the prices actually paid", Sager explained. The government has assumed that to contain health-care costs, patients with cancer or other serious illnesses will shop around for health care on the basis of price and quality, as they would for groceries. "It imagines that patients would be willing and able to use information about price and quality to choose higher-valued caregivers [and] assumes that good information about price and quality could be made available." A competitive free market is not possible in health care because patients are often unwilling or unable to use available information to seek health care on the basis of price or quality, Sager said. Available price data are "not good" and information about quality of care are "even worse", he stated. More important to patients than price—and more consequential for health-care costs and quality of care—is whether a given treatment is clinically justified, Sager added. "Information about price or quality does not help us learn whether to have an MRI, fill an expensive prescription, or accept a surgeon's recommendation", he explained.

Asked if the American Hospital Association will offer guidance to hospitals to help patients understand chargemasters and out-of-pocket costs, a spokeswoman replied that US hospitals are "committed to improving patients' access to information on the price of their care, and, specifically, on what the patient will pay out-of-pocket".

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For the US Government's fact sheet on hospital price-list transparency see <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-fy-2019-medicare-hospital-inpatient-prospective-payment-system-ipp-s-and-long-term-acute-0>

For the proposed US government mandate on television advertisements see https://www.washingtonpost.com/national/health-science/tv-ads-for-drugs-will-send-patients-to-websites-with-pricing-information/2018/10/15/b74ac344-d090-11e8-b2d2-f397227b43fo_story.html?utm_term=.de373ac90627

For the CMS National CAR-T Cell Coverage announcement see <https://www.cms.gov/medicare-coverage-database/details/nca-tracking-sheet.aspx?NCAId=291>

For the news reports on CMS National Coverage Analysis see <https://www.biopharmadive.com/news/cms-car-t-national-coverage-decision-kymriah-yescarta/523777/>