

CHA Key Messages

Upcoming Federal Requirements Will Not Make Health Care Costs Understandable, Meaningful for Consumers

- 1. Health care consumers should receive accurate, relevant information to help them assess the overall value of a health care service — including out-of-pocket cost estimates and information about quality and patient outcomes.**
 - Patients — even those with good health insurance — often face confusing or overwhelming bills for the care they receive; giving them access to information about both quality of care and their out-of-pocket costs helps them make more informed health care decisions.
 - This information should be relevant, user-friendly, and presented in a format that consumers can understand.
- 2. California hospitals are committed to price transparency — leading the nation in helping consumers understand their out-of-pocket health care costs.**
 - California’s hospitals, in accordance with state law, provide patients with good faith estimates of their expected out-of-pockets costs for any planned health care service. Few states have such a requirement.
 - Many hospitals have developed innovative online tools that give patients specific information on their expected out-of-pockets costs based on their planned procedure and insurance costs including deductibles and co-payments
- 3. As a court case questioning a new federal regulation that requires hospitals to publicize payer-specific negotiated payment rates with health plans is deliberated, hospitals remain concerned that the rule *will not* achieve the goal of providing patients with useful price information.**
 - Requiring hospitals to provide detailed information on the thousands of negotiated payment rates with insurers does nothing to help consumers understand what they care about most — their out-of-pocket costs for the care they will receive.
 - The Jan. 1, 2021 effective date for the regulation should be delayed to allow hospitals time to work with state and federal officials to identify solutions to provide patients with the information they need to make informed health care decisions and understand their expected out-of-pocket costs.
 - As acknowledged by the [Federal Trade Commission](#), the rule — along with recently finalized requirements for health plans to reveal their negotiated rates — could actually drive prices up, as hospitals become aware of competitors’ negotiated rates and are disincentivized to offer discounts for large numbers of insured patients.
- 4. Variations in negotiated rates — some fair for hospitals and others unfair for hospitals — are the result of a complex system, with many factors.**

- Agreed-upon payment rates between providers and insurers are built on decades of negotiations and positioning in a fee-for-service world with variable market dynamics.
- They vary dramatically due to the diversity of hospitals and insurers, the size of the populations served, the geography of the area served and the types of services provided.
- Publicly sharing these rates without the background context will raise questions about variation, but help little in informing an understanding of what rates are appropriate.