Hospitals meet the standard charges mandate, but what I am seeing?

Happy New Year 2019 - Charge Away?!

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Its January 1, 2019 - the day that hospitals have been mandated by the Centers for Medicare and Medicaid Services (CMS) to publish their standard charges. And how did they do?

The first thing I looked for this morning was to Google to search for "hospital standard charges CDM". Many results appeared. The results included articles, opinions and links to some hospitals that have already published their standard charges on their hospital webpage.

What did I see? I saw inconsistencies in how many approached their compliance with the CMS mandate. No surprises there. CMS was not detailed in their requirements of what was to be published. The basic message was "just give us everything". And so here we are . . .

- Some did not provide their standard charges - at all. Blame it on the holiday. Maybe we will see them tomorrow?
- Some did not provide their standard charges in a machine readable format.
- Some provided limited information such as description and price only. No CPT, No UB04 Revenue Code, No modifier, No CDM number and/or No patient friendly description. Others provided it all.
- Some provided their statistical and zero dollar line items, while others did not.
- Some provided the standard charges by DRG (a requirement added rather late in the game) and others simply did not.

Messaging

I searched and viewed the standard charges published and the message provided on the webpages to those that would do the same. If I was not in the industry, I would be VERY confused. The jargon, the acronyms, the explanation of why the charges don't really represent costs and the passive aggressive tone of the message that you are just complying with CMS and not out of the kindness of transparency with the patients served.

I still feel strongly this mandate is not one to help the general public. This was a ploy to increase if not create price competition in many markets and, for consultants like myself, create work to change the approach to how the industry prices today. The government understands the discrepancies in pricing nationwide. They see it. I can't say they understand it. Having worked with CMS on pilot projects and other initiatives, the understanding of the daily financial operations of a hospital is not their strong point. I am not writing this article to bash CMS, but rather support my fellow hospital financial management peers.

Many of us remember the Time magazine article about hospital pricing years ago. And many credit the need for pricing transparency to that article. Regardless, here many of you are with our charge description masters exposed for all to see. And from what I see, there is much more work to be done. As your ally I challenge you now to take the opportunity to look inward at your charges, look at your peers too. Perform a quick reality check. As you look at your standard charges, ask yourself these questions:

- ***Can I relate my charges to my costs? Do I even know my costs?***

As the Time article pointed out, prices were set years prior at many hospitals. And the prices were set at a mark-up over CMS' current day payment rate. Since that time the payment rates changed, the reimbursement structure changed (think composite rates) and annual across the board increases compounded the issue. Prices lost their relationship to costs and in many cases to CMS' payment rates.

- ***Do my charges make reasonable sense? Do I have varying charges for the same CPT?***

Sure you can argue charges may differ by cost center/department, but do they differ that much to have a variance in charging? Charges are already likely set higher than expected reimbursement anyway. And likely 200% over. So I need an EKG performed. Does it really cost more to perform when I came in to the emergency room versus having to come in as a scheduled outpatient? Or because I was admitted that day?

- ***Do my charges reflect the intensity of the service provided?***

Even CMS doesn't get this one right. Look at computed tomography (CT) APC payment rates. A CT with contrast is paid the same as a CT with and without contrast (in most cases - spinal is really off). Do your prices internally account for the additional images for the with/without contrast? Likely not if you price strictly from the APC CMS payment rate.

That is an easy example. Many more scenarios also exist.

- ***Am I charging for routine items and services?***

When I was reviewing the published rates today, I was still seeing many items with a charge that many (include payers) would consider routine. And while the CMS guidance is a bit grey in this area for hospitals, I hope we can agree that gloves, gowns, masks and the like are not patient chargeable.

- ***Are common items egregiously priced? Should my patient shop at Walmart first?***

Closely related to the recognition of routine items and services, is charging for items that could be purchased at your local Wal-mart. Think transparency and how you would like to explain to your patient why an Ace bandage that costs $5 at Wal-mart is $25 at your hospital. Oh yeah, and we charged you $1,200 to tell you that you needed the Ace bandage, after your $900 diagnostic x-ray, and the $3 Ibuprofen for your comfort.

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Luna Healthcare Advisors LLC provides revenue integrity advisory services to providers across the nation and in support of large consulting, advisory and accounting firms. Example engagements include pricing transparency initiatives and analysis, development and support of revenue integrity programs, charge description master reviews and billing compliance audits.

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Caroline, did you see any hospitals or health systems that you thought were doing it well?

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I did. Saying "done well" may be subjective in the absence of better direction and guidance from CMS. I think CPTs should be included. It gives the patients another reference for comparison. But it's not written as a requirement. I like that hospitals put first examples of what a full case would look like. That allows patients to not have sticker shock when they say a delivery was priced at $5000 but didn't realize room and board and other charges would also be included.

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CEO at Lighthouse Healthcare Advisors, LLC
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Huge challenge for hospitals, especially in Maryland. Too many variables involved to develop a valid portrayal that makes sense to patients. Hopefully CMS will revisit this and give more guidance on the minimums required to comply,

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Agreed Cathy. There are definitely more questions than answers on this topic.

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