



# Do more with less: Pricing transparency, CDM, and the regulatory environment

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# Polling question

How many cups of coffee have you had so far?

1. 0
2. 1-2
3. 3 or more
4. Stop Caffeine Shaming Me!



# Learning objectives



- ▲ Understand the evolution and challenges related to pricing transparency and consumer protection regulation
- ▲ Identify the “pricing” risks and opportunities for your organization
- ▲ Identify strategies to improve your charge master and charging structures for your organization

# The environment



# Polling question

Do you think the current Pricing Transparency Regulations actually help the consumer?

1. Absolutely
2. Unsure
3. Not at all



# History of pricing



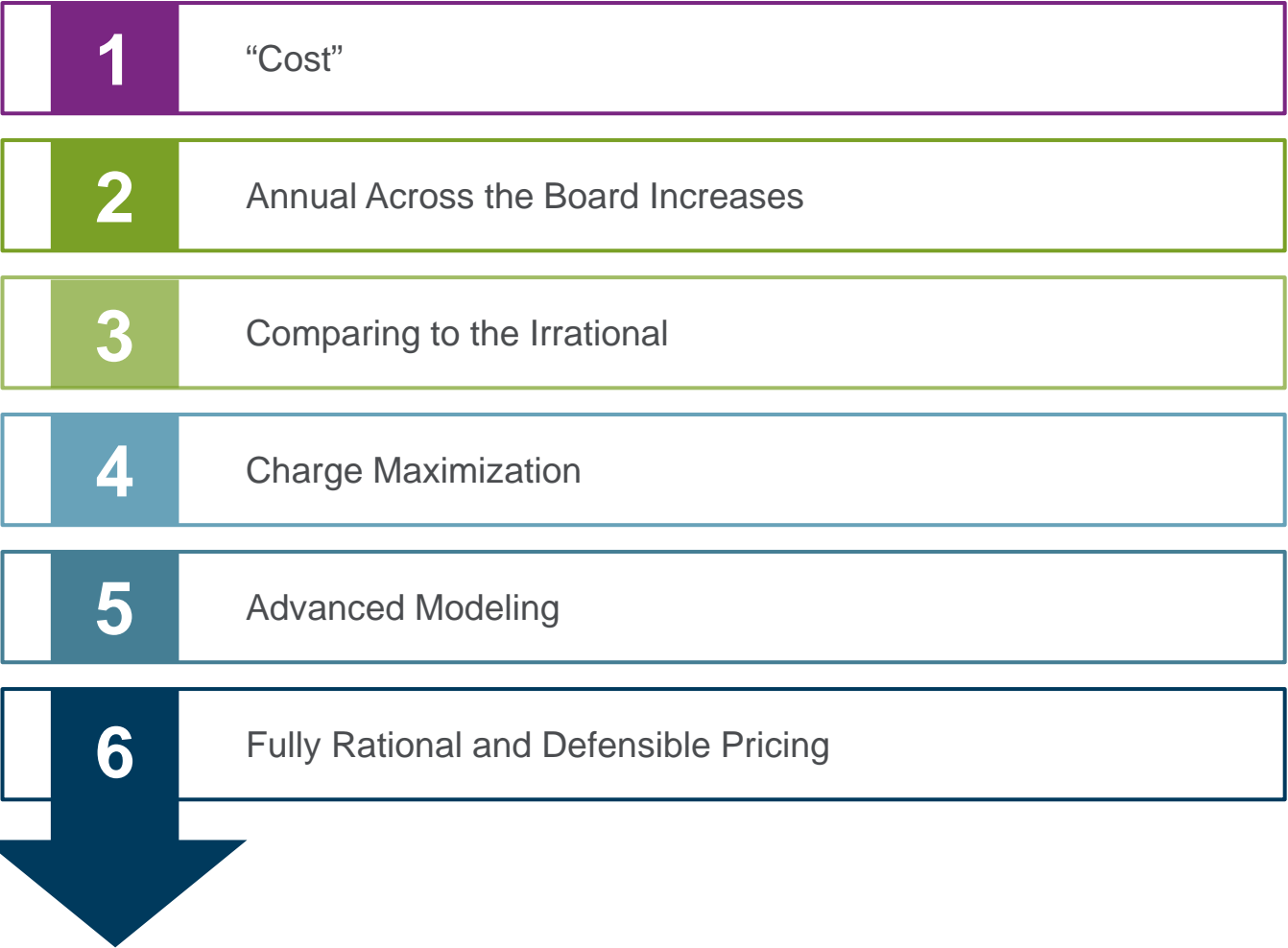
# Does a Price Really Matter?

Charity Care	No
Fee-Schedule	No
DRG	No
Government Payors	No
Self-Pay/Cash	Maybe
Percent of Charge	Yes



What a patient will actually owe is what matters and we all know that has little or nothing to do with price.

# How we price





# Pricing Transparency Regulation

Effective Date: January 1, 2021

## Requirements

Single machine-readable digital file containing the following standard charges for all items and services provided by the hospital: [gross charges](#), [discounted cash prices](#), [payer-specific negotiated charges](#), and [de-identified minimum and maximum negotiated charges](#).

Display of at least 300 “shoppable services” (or as many as the hospital provides if less than 300) that a health care consumer can schedule in advance. Must contain plain language descriptions of the services and group them with ancillary services, and provide the [discounted cash prices](#), [payer-specific negotiated charges](#), and [de-identified minimum and maximum negotiated charges](#).



# Polling question

## Are you in Compliance with Pricing Transparency Rules?

1. 100 percent – We have a comprehensive machine-readable file with all items and service and a display of shoppable services in a consumer-friendly form
2. Meet the “spirit of the regulation”
3. Just waiting for Medicare to send us a letter of noncompliance.
4. Does not apply



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Who really benefits from this regulation?

# Is a fully defensible and rational Charge Master possible?

First we need to define what it is:

- ▲ Easily explainable to patients
- ▲ Logically and relationally priced
- ▲ Sustainable
  - Maintainable
  - Able to support net revenue for the organization
- ▲ Other?



# Is a fully defensible and rational Charge Master possible?

Any strategy MUST require a multi-year approach

- ▲ Contracting Strategy
- ▲ Movement from percent of charge
- ▲ Payor alignment for percent of charge to keep you whole
- ▲ Understanding of actual costs or cost proxies
- ▲ Supplies and RX vs. Procedures
- ▲ Development of a model and comprehensive analysis
- ▲ Execution of pricing plan and monitoring



Do you currently track the actual impact of your pricing changes?

# No Surprises Act



# No Surprise Act

## Goal



“Established protections for enrollees of health plans from surprise medical bills when they receive emergency services, non-emergency services from nonparticipating providers at participating facilities, and air ambulance services from nonparticipating providers of air ambulance services under certain circumstance”

# No Surprise Act

## Overview

- ▲ For “Emergency” Services “Certain” Non-Emergency Services and Air Ambulance
  - No balance billing
  - Limitations on cost-sharing
- ▲ Expanded to most every payer
- ▲ The plan or issuer must not impose cost sharing that is greater than the amounts that would apply if the items or services had been furnished by a participating provider
  - “Recognized Amount”





# Considerations

- ▲ Who has the leverage?
  - Payor
  - Provider

The No Surprises Act and the IFC establish limits on the total amount that must be paid by a plan or issuer for protected items or services (the out-of-network rate). Similar to the limitations applicable for calculating cost-sharing amounts, the out-of-network rate must be equal to one of the following amounts less any cost sharing from the enrollee: (1) an amount determined under an All-Payer Model Agreement; (2) if there is no such applicable All-Payer Model Agreement, an amount determined by a specified state law; (3) in the absence of an applicable All-Payer Model Agreement or specified state law, if the plan or issuer and the provider or facility have agreed on a payment amount, the agreed on amount; or (4) if none of those three conditions apply, and the parties enter into the IDR process and do not agree on a payment amount before the date when the IDR entity makes a determination of the amount, the amount determined by the IDR entity.

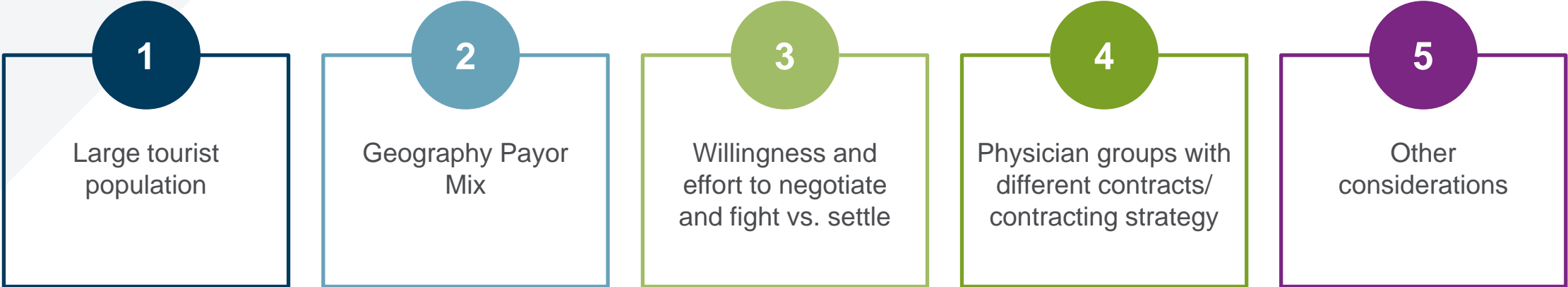


# Considerations

- ▲ Who do you contract with
- ▲ How do you negotiate “one-offs”
- ▲ Ability to waive requirements
- ▲ More front-end forms? (ABN, Non-Coverage, Out-of-Network Notice)
- ▲ Remittance processing and contract management
- ▲ How will insurances process
- ▲ Silent PPOs- what is next for them
- ▲ Other



# Will/How Will It Impact Your Organization





# Surprise Billing

- ▲ Who Benefits
- ▲ Long-term consequence
  - More administrative costs

# The Horizon

- ▲ The government seems interested in “protecting healthcare consumers.”
- ▲ Groups are interested in facilitating compliance
- ▲ Is this Pandora's box opening or just a phase?
  - Going after structural issues with US Healthcare system



# What should you be doing



## Comply with Transparency Regulation

- They will start enforcing and groups are drawing attention



## Understand your current pricing and contracting scenarios

- What levers do you have
- Where do you have “visual” pricing risks
- Develop a strategy



## Continue to follow Surprise Billing Act

- Final rules and provisions may/will change
- Be proactive with waivers if/when needed
- Audit remittances

# Questions?

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