



Healthcare Association of New York State

# Price Transparency Principles

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State and federal government policymakers have been actively promoting price transparency in healthcare. New York state and its hospitals and health systems are already leaders in advancing productive transparency initiatives. HANYS and its board of trustees believe that the following five healthcare price transparency principles can guide future policies, supplement existing efforts and improve current transparency initiatives designed to protect consumers.

### Hospital charges are not a good way to inform consumers about what prices they may pay.

Hospital charges are **not** the final price insurers or consumers pay for hospital services. Hospital charges are a benchmark dollar amount for individual services or items provided to patients during a hospital visit. Prices for those insured by Medicare and Medicaid (about 40% in New York state) are set by the government. Prices for those with employer-based or other private coverage (about 55% in NYS) reflect insurer-hospital negotiated discounts from hospital charges. Approximately 5% of New Yorkers are uninsured. Low-income, uninsured New Yorkers are protected from financial exposure under the state's hospital financial assistance law – which requires hospitals to offer financial assistance and limits collection practices for individuals eligible to be billed for services. Uninsured patients who have resources to pay for services have the opportunity to negotiate a discount from fees charged for hospital services.

### Medicare and Medicaid should adequately reimburse providers for services to avoid the cost shift that drives up hospital charges.

Public insurers (Medicare and Medicaid) do not pay an adequate price to hospitals for services. These reimbursement levels do not cover the full cost for providing care to patients. Therefore, hospitals are forced to offset these losses by using inflated charges as the starting point to negotiate the discounted prices private insurers pay to hospitals for services provided to their insured patients. Better prices from Medicare and Medicaid, which makes up over half of service-based revenue in New York, would improve affordability for patients and the fiscal stability of hospitals.

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## Instead of broad-based charge or price transparency efforts, the industry should focus on protecting consumers from unexpected and unnecessary out-of-pocket health spending.

There is no evidence that the broad-based disclosure of hospital charges or insurer-hospital negotiated prices across a full suite of hospital services helps consumer decision-making or lowers overall health system costs. Instead, the government and others should focus on initiatives that limit unexpected and unnecessary out-of-pocket spending for consumers. New York's surprise billing/out-of-network law is a national model for protecting consumers from financial exposure for emergency services, and our hospital financial assistance law protects low-income New Yorkers from hospital bills. Initiatives like these that make hospital coverage and care more affordable for consumers should be promoted and encouraged.

## Insurers are the best source of pricing information for consumers with employer-based and other forms of private coverage.

Insurers negotiate and set service prices across networks of providers. As a result, the meaningful price for consumers for health services is only derived once the insurer's negotiated discount is applied. Therefore, consumers should consider their insurer as the best source regarding covered providers, covered costs, out-of-pocket costs and provider quality/outcomes information.

## New York's hospitals are committed to supporting consumers' healthcare decision-making with education and information.

Hospitals in New York are committed to: complying with government policies and procedures that inform, educate and compassionately lay the groundwork for billing and collections for uninsured consumers and those with high-deductible medical insurance plans; maintaining the high standard of compliance with the state's hospital financial assistance and out-of-network laws; and actively advancing information in their market, where and when appropriate, to support real healthcare consumer decision-making inclusive of price, convenience and care outcomes.





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