

# Price Transparency Principles

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New York's hospitals are committed to supporting consumers' healthcare decision-making with education, consistent and clear information on our financial assistance policies, and transparent prices that meet consumer demands and comply with federal and state laws. As market dynamics shift and clear ways to engage consumers with price information emerge, New York's hospitals will continue their commitment to engage consumers and equip them with real healthcare decision-making information inclusive of price, convenience and care outcomes.

## Protect consumers from unexpected and unnecessary out-of-pocket health spending.

Now that hospital price information is public, government and others must 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 offers discounted hospital bills and limits collection practices for lower-income New Yorkers. Initiatives like these that make hospital coverage and care more affordable for consumers should be promoted and encouraged.

## Underpayment by Medicare and Medicaid continues to drive up hospital prices.

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: For each dollar of care provided in New York, Medicare pays 90 cents; Medicaid pays 67 cents. Therefore, hospitals are forced to offset these losses — if possible — with higher prices for patients with private insurance. Better reimbursement from Medicare and Medicaid, which makes up over half of service-based revenue in New York, would improve affordability for ALL patients and the fiscal stability of hospitals.

## Insurers continue to be the best source of price and quality/outcomes information for those with employer-based and other forms of insurance coverage.

The government sets prices for services provided to those insured by Medicare and Medicaid (about 40% of New Yorkers). Prices for those with employer-based or other private coverage (about 55% of New Yorkers) reflect insurer-hospital negotiated prices. 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.