

## CMS' Price Transparency Rule:

# An Opportunity to Curb Complexity While Enabling Consumer Choice

A leading perspective of the Price Transparency Rule's purpose is to encourage competition among payers and providers to ultimately provide consumers with a transparent shopping experience. While Guidehouse found that most providers were compliant<sup>2</sup> in disclosing prices, the lack of consistency in format and content of the published data makes it difficult for Centers for Medicare & Medicaid Services (CMS) and other key players to derive value from the postings and ultimately deliver on the underlying purpose of the rule—consumer protection through transparency into a patient's out-of-pocket liability. These issues will only be magnified if inconsistencies continue through 2023, when payers will be required to post cost transparency tools.

Guidehouse sees opportunity to help CMS not only achieve meaningful compliance across the country and pave the way for true price transparency and consumer shoppability, but also drive other key imperatives in CMS' agenda, including promoting health equity and the shift to a value-based approach to care delivery. We have provided expertise in navigating numerous payment methodologies and creating guiding principles for several payers and providers across the market to strengthen the Rule's mandated solutions (Machine-Readable File, Shoppable Services, Advanced Explanation of Benefits, etc.) and fulfill the need for greater clarification around MRF standards.

By using our industry knowledge of price transparency file creation and experience in different payment methodologies to

standardize the various transparency tools, we believe there are **two major opportunities** for CMS to build upon the current Rule that will help drive accountability, equity, and innovation throughout 2022 and beyond:

### **Machine-Readable File— Shoppable Services File Compliance and Standardization**

The first opportunity is centered around overall compliance and how Guidehouse can help CMS achieve global standardization and accuracy by leveraging existing MRFs to mitigate inconsistency throughout the country—the goal being to enable all payers and providers to equitably compare negotiated prices in a truly transparent market. Guidehouse can leverage its analyses of **more than 4,000 providers across the US to refine the requirements of the machine-readable and shoppable services files** necessary to achieve compliance and accuracy from hospitals today and payers in the future. This would allow CMS to laterally compare hospital MRF postings.

Guidehouse can partner with CMS to leverage its data aggregation and analytic capabilities to deliver consistent service-level pricing data across multiple healthcare markets while supporting CMS' core tenet of delivering accurate and timely cost information. Once consistency and standardization are in place, we are confident that our solutions will enable CMS to identify further alignment with other national payer/reimbursement imperatives such as value-based care.



## Pricing Templates and the AEOB

Given the Rule's current emphasis on the Fee-For-Service healthcare approach, CMS can shift the public narrative toward furthering value-based care by integrating quality and/or volume data into the MRF through internal or external sources. However, these opportunities that Guidehouse can offer will only go as far as the compliance level of the payer market driven by the 2022 Payer Price Transparency Rule.

While hospital transparency publishing can be useful and valuable, Guidehouse believes that **the bulk of the transparency opportunity will be realized when payers are required to comply**. As we've seen throughout 2021, compliance is an arbitrary measurement from which it is difficult to extract value. Should these trends continue, deriving value from the Payer postings of price transparency files may be an even more difficult task given the file size requirements needed to produce compliant files, at the very least.

Guidehouse sees an opportunity to clarify CMS' intentions with payer compliance by helping CMS build templates for how hospitals and payers should price published data. Guidehouse has already built **guiding principles for both payers and providers** and is able to leverage this knowledge and experience to create templated pricing schemes and provide guidance on how hospitals and payers can best compile a complete list of service claims to be priced for the advanced explanation of benefits (AEOB). By offering these templates and service claim guidance, hospitals will be able to collect pseudo claims to send to payers for the AEOB and price self-pay estimates. In addition to these benefits, both providers and payers could leverage template pricing for their shoppable service files, thereby reducing price variance and ensuring accuracy for consumers and consistency for other stakeholders.

In order to guarantee the success of accurate AEOB estimates, Guidehouse understands the impact payer-provider communications have had on the delayed regulations for AEOB. Guidehouse sees the **AEOB as a unique opportunity for payers and providers to enhance their current communication pathways** and build toward a more **digitally enabled healthcare landscape** while furthering consumer engagement. It is Guidehouse's position that the success of AEOBs through structured requirements and market analysis will be the driving force toward transparent consumer shopping and will enable CMS to provide reliable guidance to payers and providers to build the necessary communication protocols.

## Price Transparency— Impact on Rural Essentiality

These templates and protocols will ultimately serve as the foundation to progress on other CMS imperatives, including health equity. As an example, empowering patients in rural communities is a key component to CMS' Rural Health Strategy.<sup>3</sup> What we are proposing will equip small providers and small payers with the necessary price transparency tools that promote certain health equity initiatives. Tools like up-to-date pricing benchmarks and provider-to-payer communication pathways will enable stakeholder alignment around cost sharing and value arrangements that will empower rural patients to take ownership over where they receive care. This consumer-driven approach will ultimately **drive down high-cost service utilization and outmigration** from rural areas (i.e., emergency department) and **encourage low-cost, closer alternatives** that otherwise would not have been easily acceptable without understanding true out-of-pocket prices (i.e., outpatient imaging and labs; urgent care).

Eventually we expect the impact of Price Transparency in rural America to expand beyond patient access and care delivery and also **inform provider growth strategy and economic development in rural markets**. By publishing prices in a rural region, employers can begin to see the cost of labor for a given market and opt to explore potential expansion or relocation of their operations. Providers may then benefit from the influx of commercial patients and present direct contracting opportunities with the provider.

The opportunity we see in Price Transparency is boundless. Guidehouse aligns strongly with the spirit of the rule—one that is focused directly on protecting consumer rights and empowering consumer choice—but we also understand its complexity and the opportunity for stakeholders to thrive in a price-transparent world. As we close out the end of the first compliance year of CMS' Price Transparency Rule, and the onus shifts to payers, we invite CMS to consider compliance and standardization as a leading impetus for change. Doing so will allow CMS to be able to enhance the utility of pricing data for all stakeholders to achieve the goal of driving competition for payers and providers and value for consumers, while transforming the way we deliver healthcare across the country.

1. **Medicare and Medicaid Programs: CY 2020 Hospital Outpatient PPS Policy Changes and Payment Rates and Ambulatory Surgical Center Payment System Policy Changes and Payment Rates**, <https://www.federalregister.gov/documents/2019/11/27/2019-24931/medicare-and-medicare-programs-cy-2020-hospital-outpatient-pps-policy-changes-and-payment-rates-and-p-983>.
2. **How Hospitals are Faring in Meeting Price Transparency Requirements, February 9, 2021**, <https://guidehouse.com/insights/healthcare/2021/blog/hospitals-meeting-price-transparency>.
3. **CMS Rural Health Strategy**, <https://www.cms.gov/About-CMS/Agency-Information/OMH/Downloads/Rural-Strategy-2018.pdf>.





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