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PULSE

Top-Ranked Hospitals Lack Full Compliance with Price Transparency Rule

New study reveals only 35% of the top 20 hospitals provided costs for six typical shoppable services in 2021, demonstrating that the CMS rule is not being followed.

A new report by Rice University's Baker Institute for Public Policy has revealed that top-ranked hospitals are not complying with the Center for Medicare and Medicaid Services' (CMS) hospital price transparency rule, as many have failed to submit accurate pricing data for common shoppable services.

Under this rule, all U.S. hospitals are required to provide pricing information online in two ways:

1. As a comprehensive machine-readable format file containing prices for all items and services offered by a hospital.
2. In a display of at least 300 shoppable services in a consumer-friendly format.

The CMS rule materialized from former President Donald Trump's executive order on "Improving Price and Quality Transparency in American Healthcare," with the goal to increase price transparency and allow for consumers to make health care decisions before going to the hospital, according to CMS.

According to CMS, in addition to listing the prices for items and services, hospitals must also list plain-language descriptions of the services, group them with ancillary services and provide the discounted cash prices, payer-specific negotiated charges, and de-identified minimum and maximum negotiated charges.

The rule was finalized in November 2019 and compliance was required by Jan. 1, 2021.

In July and August 2021, a research team from the Baker Institute examined price transparency compliance among the 20 highest-performing hospitals in the U.S. ranked by *U.S. News and World Report* as well as 41 neighboring high-quality hospitals. Prices for brain MRIs, abdominal ultrasounds, chest X-rays, basic metabolic panels, electrocardiograms (ECGs), and lower joint replacements were examined for the study.

Report Findings

Of the 20 highest-performing hospitals, one did not provide pricing information for the six shoppable services. For one of the services, four hospitals failed to submit the cash, minimum, or maximum price. Only seven of the highest performing hospitals made all three pricing types for each of the six services publicly available, whereas 13 hospitals revealed cash prices for all six treatments.

Researchers discovered that 18 of the 20 highest-performing hospitals and the 41 high-quality hospitals in the surrounding area had complete pricing data for the six services. Except for joint replacements, more than 80% of the 61 institutions reported cash prices for each service.

Only half of the hospitals revealed their services' minimum and maximum negotiated rates, with the prices most commonly only available in downloadable data files, according to the research.

The top 20 hospitals were spread over 14 cities. Hospitals in three cities failed to submit any negotiated minimum costs for

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Top-Ranked Hospitals cont. from page 1

any services. At least one top-20 hospital, as well as one or more high-quality hospitals, were found in seven cities, each reporting costs for one of the six services. In five of seven locations, the top-20 institution was the most expensive for ECGs, three of six cities for chest X-rays, and three of seven cities for abdomen ultrasounds.

Researchers discovered that negotiated minimum pricing differed significantly between hospitals in the same cities. A top-20 hospital in St. Louis, for example, reported a minimum negotiated price of $363 for a brain MRI, compared to $904 from a competitor in the same city. In addition, a brain MRI at one of New York's top-20 hospitals cost $463, while another cost $2,901.

Since the Jan. 1, 2021, implementation of the price transparency rule, trends across the country point to continued low compliance across top-ranked hospitals, and compliance with the rule continues to create financial and administrative burdens.

"Employers should use their influence as the largest consumer of health insurance to assert the need for hospital compliance to both hospitals and regulators. But even now, with limited information, there is substantial room for cost savings while maintaining quality if insurers can encourage patients to seek out care at lower cost, highly rated providers," the report says.

Best practices on price transparency and patient account resolution tips are available in a joint report from ACA International and the Healthcare Financial Management (HFMA) Association Accounts Receivable Resolution Task Force.

HFMA also developed a Price Transparency Task Force.

As part of the focus on price transparency, the task force's goal was to identify how hospitals can be proactive about sharing price estimates with patients.

Recommendations from the Price Transparency Task Force, according to the HFMA report, include:

- Refer insured patients to their health plans. This is the best option for insured patients as health insurance companies are most equipped to help their customers find the total estimated cost of a service.
- Partner with health insurance companies. This helps provide the most up-to-date information for hospitals providing estimates to insured patients.
- Work directly with uninsured patients. Hospitals should share cost information with these patients and alternatives for paying for their medical care.
- Share the responsibility with patients. It is the provider's responsibility to streamline information requests, while it is the patient's responsibility to provide request information on their care in a timely manner.

Access the report and additional resources from the task force here: https://www.hfma.org/dollars.

First Wave of Medical Debt Credit Reporting Changes Underway

ACA has some insight on changes to medical debt data furnishing practices that began to take effect on July 1.

Two of the three changes to medical debt credit reporting practices imposed by the national credit reporting agencies (CRAs)—Equifax, Experian and TransUnion—took effect on July 1. In this article, ACA International provides some insight on what to expect going forward.

In March 2022, the CRAs announced joint measures that would result in nearly 70% of paid medical debt tradelines being removed from consumers' reports. The announcement outlined three major components:

1. Effective July 1, 2022, the CRAs will no longer include on consumers' credit reports any medical debt that has been paid in full after being sent to collections.
2. Effective July 1, 2022, unpaid medical bills cannot be reported until they are at least 365 days past the date of first delinquency.
3. Starting next year—on March 30, 2023—the CRAs will no longer include on consumer reports any medical debts with an original balance less than or equal to $500.

In March, along with the announcement, the CRAs released a summary of these measures that includes information about impacted data furnishers, required furnisher action, and the effective dates of each initiative.

ACA remains engaged in talks with the CRAs and policymakers about industry concerns regarding these changes and will continue to advocate for positions that better balance the concerns of the debt collection industry, medical providers, patients, regulators, and consumer advocates.

"We continue to have serious concerns about the consequences of the CRAs' decision to change the timeframe for including unpaid consumer debt on a credit report and to not include certain unpaid debt owed to medical providers, some of whom stood or stand on the front lines of the pandemic," said ACA CEO Scott Purcell.

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NEWS & NOTES

Consumers Continue to Report Medical Debt Challenges

American consumers reported instances of debt collectors trying to collect medical debt that was already paid or did not belong to them as challenges with medical debt continue, according to report from the Consumer Financial Protection Bureau.

ACA continues to advocate with the CFPB to ensure accurate data about the industry is documented in the complaint database used for these reports by providing context to the overall volume of complaints, sound verification processes, weeding out duplicative touches, as well as accurate reporting that reflects the difference between consumer inquiries and actual allegations of harm.

Read more here.

Report Finds COVID-19 Did Not Impact Medical Debt

A study from JAMA Health Forum found the COVID-19 pandemic and the accompanying financial challenges were not associated with any changes in medical debt.

Researchers analyzed trends in medical debt between January 2018 and September 2021 among 37 million people and used credit reports from the credit reporting agency TransUnion.

Between the first and second quarters of 2020, medical debt in collections declined, according to the study. The last two quarters of the year, when COVID-19 infection rates peaked, saw a minor increase in medical debt; however, the first and second quarters of 2021 saw a decline.

The results suggest that any increases in medical debt were offset by fewer elective medical procedures and new health care policies implemented during the pandemic.

Read the full article here.

Read More

For more health care collections news, visit ACA's Health Care Collections page at www.acainternational.org/pulse-newsletters-archive

First Wave of Medical Debt cont. from page 2

Action Plans

So, what should debt collectors that furnish data regarding medical debts do now that the changes are in effect?

First, according to the CRAs, data furnishers do not need to make any changes when reporting paid collections. The CRAs have stated that furnishers should continue to report paid medical collections with a status code 62 ("account paid in full was a collection account"). The CRAs will then remove the paid medical collections accounts from consumers' reports without any additional action from the relevant data furnishers.

"With respect to paid accounts, the CRAs themselves have assumed the obligation to delete or suppress medical debt accounts that have been or will be reported as paid," said ACA's Senior Counsel Colin Winkler.

The second change, also in effect July 1, requires that data furnishers refrain from reporting medical debt collection accounts until they are at least 365 days past the date of first delinquency (DOFD) with the original creditor.

- Experian has confirmed that, with respect to paid medical collections accounts, it would remove those accounts from its database effective July 1 and that furnishers should continue to report them under status code 62.
- Experian also stated that, with respect to the prohibition on reporting medical collections accounts until 365 days from the DOFD, it would be removing from the Experian database any accounts that do not meet this criterion and that it would be "enhancing discard 45 to change the DOFD from 180 to 365 days." In addition, Experian stated that after July 1, furnishers should cease to furnish data about medical collections accounts less than 365 days from the DOFD.
- TransUnion stated, with respect to the 365-day delay in reporting medical accounts, that "[m]edical debt accounts reporting that are not over 365 days past the Date of First Delinquency as submitted on the METRO II (Field 25) will not output on the credit report." TransUnion did not indicate that furnishers had any affirmative obligation to delete these accounts.

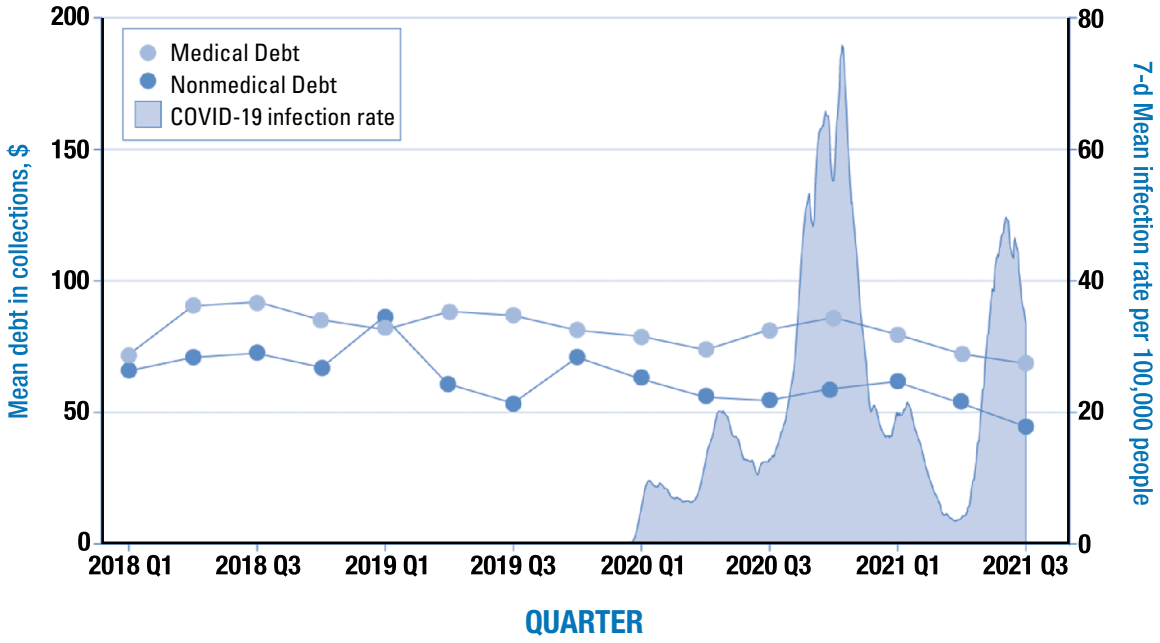
ACA's View

"We are proud of the compliant work and detailed processes ACA International member agencies have in place to work with medical providers, including those on the front lines of the pandemic, and patients, to ensure accurate credit reporting and to help resolve patients' disputes and related payor issues," Purcell said.

DATAWATCH

Trends in Medical Debt During the COVID-19 Pandemic

A study from JAMA Health Forum found that medical debt was not negatively affected by the COVID-19 pandemic throughout 2020 and 2021. Taken from a pool of 26 million people using credit reports from TransUnion, the study found that medical debt in collections declined while infection rates were lower and increased with a spike in cases.



Source: Guttman-Kenney B, Kluender R, Mahoney N, Wong F, Xia X, Yin W. Trends in Medical Debt During the COVID-19 Pandemic. JAMA Health Forum. https://bit.ly/3u6CbLI

PULSE is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

Communications Department
ACA International
3200 Courthouse Lane
Eagan, MN 55121
comm@acainternational.org

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