American Hospital Association™
Advancing Health in America

Fact Sheet: Hospital Price Transparency — Current Landscape and a Better Path Forward

The Issue

Policymakers are increasingly focused on price transparency as a tool to improve affordability, provide price certainty to patients, and better inform employers and other healthcare purchasers and researchers about healthcare spending. **Hospital and health systems are committed to improving price transparency and share policymakers' concerns that the current approach is not working.**

Despite significant efforts over the last decade, the current price transparency framework is not delivering actionable information for patients or useful insights for purchasers and policymakers. Hospitals dedicate substantial resources to comply with a range of federal and state price transparency requirements, including the Hospital Price Transparency Rule and provisions of the No Surprises Act. Yet, patients continue to lack certainty about their expected out-of-pocket costs for a specific course of treatment, and publicly available data is often challenging to use and does not provide meaningful insights.

The AHA encourages policymakers to reevaluate the current price transparency policy landscape and refocus their efforts on policies that will achieve more meaningful results for patients, healthcare purchasers and policymakers.

Current Federal Approach

Federal price transparency efforts include multiple policies that operate independently across the healthcare system.

- The ***Hospital Price Transparency*** regulations require hospitals to post comprehensive machine-readable files containing negotiated rates, self-pay rates and chargemaster information. In addition, hospitals are required to provide consumer-friendly displays of at least 300 shoppable services. Since the regulation's implementation in 2021, the Centers for Medicare & Medicaid Services has continued to refine these requirements almost annually.
- The ***Transparency in Coverage*** rule requires health plans to publish machine-readable files of all in-network rates and out-of-network allowed amounts, as well as provide enrollees with consumer-friendly out-of-pocket cost estimates.
- The ***No Surprises Act*** established additional transparency requirements, including good faith estimates for uninsured patients and Advanced Explanation of Benefits (AEOBs) for insured patients. The AEOB requirement has not yet been implemented.

The current approach places a significant administrative burden on hospitals without corresponding improvements in value for patients, purchasers or researchers. Much of the challenge in meeting patient price transparency needs is due to the complexity of health plan benefit design and the need to link unique care information with health plan benefits. Meanwhile, the machine-readable files have produced extensive data on rates for individual items and services but without the algorithms and rules that health plans apply to those rates to generate the actual payment amount (or price) for a service. In addition, the regular updates to the hospital machine-readable file requirements make it challenging for stakeholders to learn from and utilize the data.

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A Better Approach

Achieving the goals of price transparency will require solutions that are more coordinated and patient-centered. **The AHA recommends that policymakers maintain those policies that are working, sunset those that are not and explore alternatives to meet unmet transparency needs.** Specifically, we believe the following ideas will improve meaningful price transparency.

- **Improve Patient Cost Information Through Implementation of the AEOBs.** With AEOBs, insured patients will receive a more complete, personalized estimate of their expected costs for scheduled care. Implementation of AEOBs has been delayed due to the need for coordination across providers, health plans and technology systems. The AHA supports a **"mock claim" approach** that would use existing electronic claims infrastructure to transmit good-faith estimates to plans, allowing them to generate timely, patient-specific AEOBs without requiring new systems or legislation.
- **Strengthen All-payer Claims Databases (APCDs).** APCDs have the potential to provide a more accurate and complete picture of healthcare spending than machine-readable files by capturing actual payment amounts, which reflect health plan-specific payment rules. However, existing APCDs are limited because they often lack data from self-insured employer plans governed by the Employee Retirement Income Security Act of 1974 (ERISA). The AHA supports federal action to require broader purchaser participation in APCDs, which would enhance APCDs' value for policymakers, researchers and purchasers in seeking reliable, real-world cost data.
- **Expand Use of Presumptive Eligibility for Financial Assistance.** Hospitals are committed to connecting eligible patients with financial assistance, but current approaches often rely on patients to self-identify. Expanding the use of presumptive eligibility tools would enable hospitals to proactively identify patients eligible for charity care or public assistance programs, reducing unnecessary billing and collection efforts. However, these tools typically require significant financial and resource investments to implement and maintain. Improving access to relevant data sources, such as information on patient enrollment in programs like the Supplemental Nutrition Assistance Program (SNAP), or developing shared service options, could help make these tools more widely available across hospitals.
- **Adopt Standardized Patient Financial Communications.** Patients often face confusion when trying to understand healthcare pricing and billing. The AHA is working with members and key stakeholders to develop a standardized template for how hospitals present pricing and financial information on their public websites, including clear links to where patients can receive cost estimates, financial assistance resources and billing support. Greater consistency would improve patient understanding and help ensure that individuals can more easily navigate the financial aspects of their care.