healthgram

COMPLIANCE UPDATE

Q1, 2020

Price Transparency Requirements for Hospitals to Make Standard Charges Public

Status: The final rule is effective on January 1, 2021

What it is:
This final rule establishes requirements for hospitals operating in the United States to establish, update, and make public a list of their standard charges for the items and services that they provide. These actions are necessary to promote price transparency in healthcare and public access to hospital standard charges.

What you need to know:

- By disclosing hospital standard charges, the public (patients, employers, clinicians and other third parties) will have the information necessary to make more informed decisions about their care.

- The intended impact of this rule is to ultimately drive down the cost of healthcare services, making them more affordable for all patients.

- Hospitals will be required to make public a machine-readable file online that includes all standard charges for all hospital items and services including:
    - *Gross Charges:* A full un-negotiated charge for services and items, as shown on the hospital's ChargeMaster list. These prices are what an uninsured or self-pay individual could be charged.
    - *Payer-Specific Negotiated Charge:* The individual negotiated rates the hospital has with each health plan and insurance payer that their patients use.
    - *Discounted Cash Price:* Negotiated cash price of items and services applicable to self-pay consumers.
    - *Minimum and Maximum Negotiated Charge:* The lowest and highest charge the hospital has negotiated with all third-party payers for an item or service.

- Hospital groups have filed a lawsuit in an attempt to block Trump's new transparency rule.

Further Consolidated Appropriations Act, 2020 (the "Act")

Status: Repeal of the Cadillac Tax shall apply to taxable years beginning after December 31, 2019.

What it is:
On December 20, 2019, President Trump signed into law HR 1865, the "Further Consolidated Appropriations Act, 2020" (the "Act"). The 715 page law covers many areas, but two particular areas of interest to the self-funded community are:

- Repeal of the "Cadillac Tax," and
- PCORI fees extended 10 years (starting on page 564)

Further Consolidated Appropriations Act Cont.

What you need to know:

Repeal of the "Cadillac Tax"

- The Cadillac Tax was originally intended to reduce excess health spending, as well as raise revenue for administration of the ACA.
- It imposed a 40 percent tax on the cost of employer-provided health benefits exceeding $11,200 for single coverage and $30,150 for family coverage.
- The tax would have applied to both employer and employee share of the cost of health coverage, contributions to health reimbursement arrangements, flexible spending accounts, health saving accounts and onsite medical clinics.
- The tax was set to take effect in 2018. However, Congress delayed implementation numerous times. The above new law repealed the Cadillac Tax.

PCORI Fees Extended 10 Years

- The Patient-Centered Outcomes Research Institute (PCORI) was established under ACA to conduct research to evaluate the effectiveness of medical treatments, procedures, and strategies that treat, manage, diagnose, or prevent illness or injury.
- The research considers both the effectiveness of the treatment, as well as an individual's decisions and outlook regarding the treatment.
- The PCORI fee requires self-insured employers and insurers to pay an annual fee to fund the medical research.
- The PCORI fee has been extended for 10 years, meaning that self-funded employers and insurers will have to continue to pay this fee until 2029 or 2030, depending on their plan year. The amount due per life covered life is adjusted annually.