



## Price Transparency – As Easy As 1, 2, 3

By: Michael Ryan, President of CostFlex Systems, Inc.

### What is “Transparency of Pricing”?

Even if you are not in the healthcare arena, you are probably hearing some chatter about “Transparency of Pricing”. Those of us who are in the industry, however, are hearing it about as much as COVID updates.

Transparency of Pricing, also called “Hospital Price Transparency” (see: <https://www.cms.gov/hospital-price-transparency>), is a law that is, on its face, a good thing for consumers—hospitals must post their standard charges as well as the negotiated rates by insurance carriers for 300 “shoppable” services that a healthcare consumer (patient) can schedule in advance. There are teeth in this law, as hospitals could face a fine of \$300 per day and the withholding of Medicare payments if they are not in compliance by January 1, 2021.

As with anything like this, countless vendors are plying the hospitals with “solutions” to this challenge—often with hefty price tags. Our clients have asked if we have created a solution to handle this for them, and the answer is we didn’t have to create anything new. Our clients can use the existing software to accomplish the classification of the data. However, we are working on the final stages of the presentation layer for them.

### Existing CostFlex Solutions

CostFlex Systems, Inc. has been working with existing clients over the last several months to perfect the classification of “Shoppable Services” by insurance company. If you do not do this for a living, it would seem to be an easy task—as simple as going to your contracts (i.e. Blue Cross, Aetna, etc.), pulling the rate for hysterectomies, say, and putting it on a spreadsheet. However, the reality is not that easy. Hospital/payer contracts can be quite complex, with multiple fee schedules, limits, stop losses, and carve-outs that can cause two identical patients with the same insurance company to have different reimbursement rates.

The solution that CostFlex clients are using consists of a three-step process that involves existing tools:

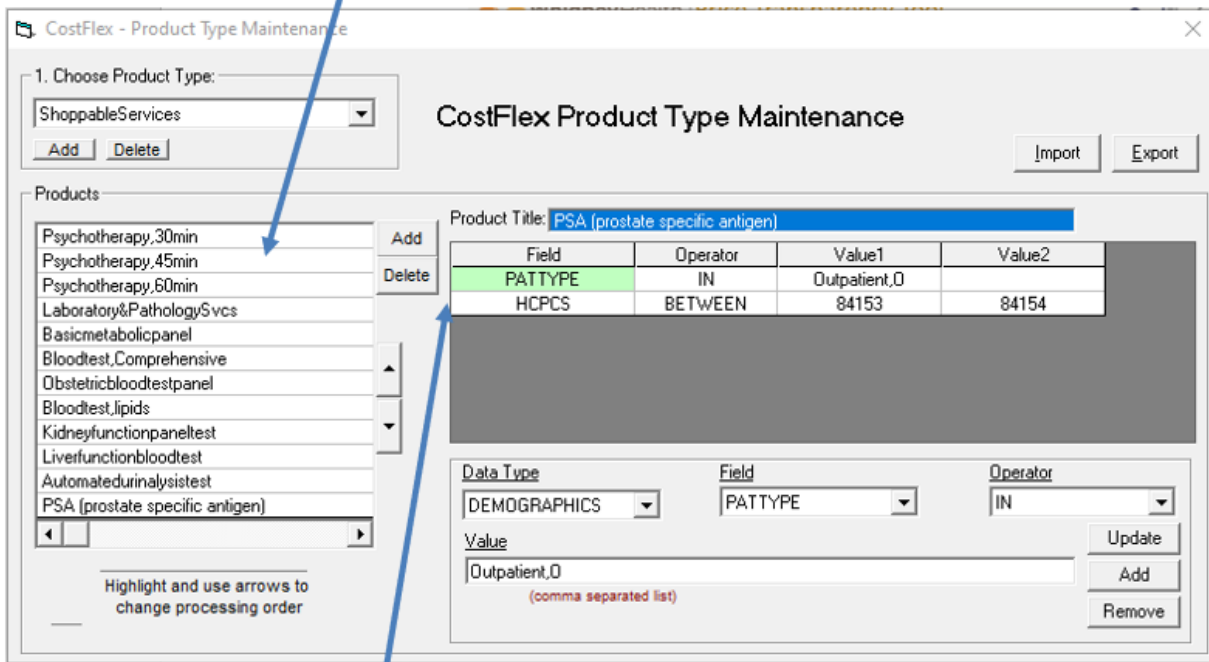
- 1. Classify Patients:** Using the Product classification utility, you can classify patients into one of the 300 shoppable services.
- 2. Calculate Projected Reimbursement:** Using the Contract module, each of these patients can be calculated against 100% of all their modeled contracts to calculate the “Allowed Amount,” or what each insurance contract would reimburse.

**3. Aggregate data and Export:** Using the standard exports, a statistically significant collection of patients can then be grouped by Shoppable Service with the Allowed Amount for each contract displayed and exported for use by the hospital team.

How this looks in the product:

**Step 1:** To classify patients, CostFlex has the Product grouping tool that will give the end-user the ability to set “where” criteria for patients.

The end user can create an unlimited number of “products” – each one can be a shoppable service



Each Product has selection rules that will classify patients that can fall into this product. Here the patient needs to be an outpatient and have a HCPCS code between 84153 and 84154 to be classified as a PSA

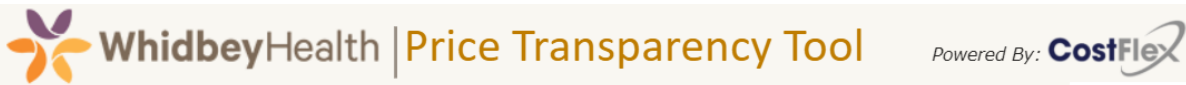
Patients that meet these criteria will get classified with the corresponding product code automatically during patient selection for reporting and calculations.

**Step 2:** Using contracts modeled with the CostFlex Contract tool, each patient can be calculated against all contracts in the system yielding the projected reimbursement (or Allowed Amount) for that patient for each contract.

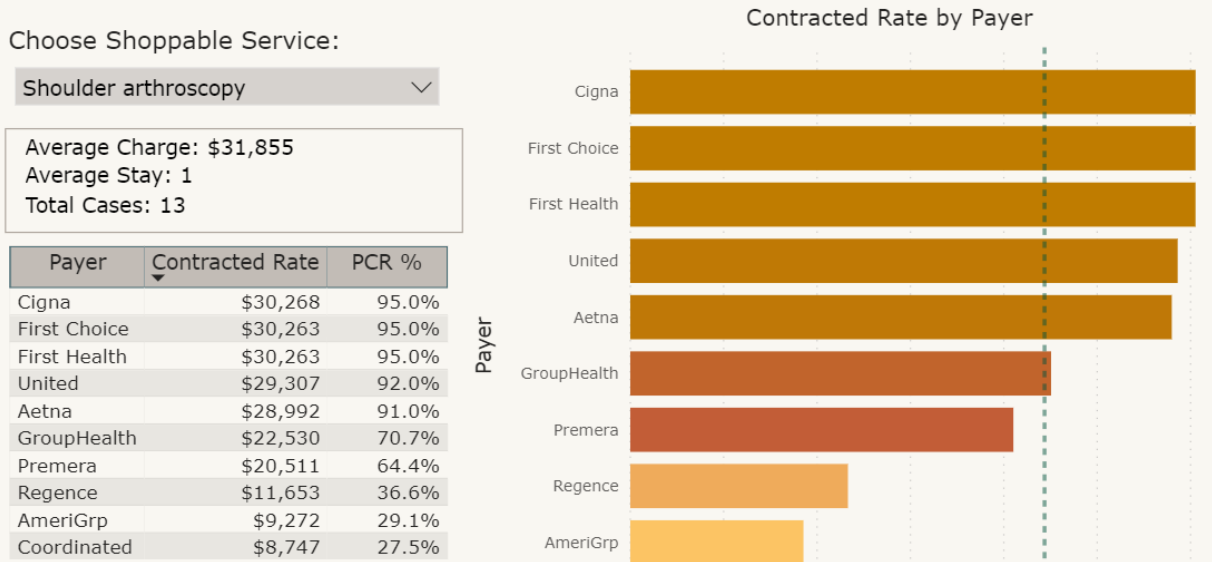
**Step 3:** Once patients are classified and calculated, it is easy to aggregate the calculated reimbursement by Shoppable Service and export the data from the system to input it into any other data presentation program.

CostFlex													
Price Transparency - Data Extract for Publishing													
			Payer Contracted Allowed Amount										
ProductCode	Cases	Days	Avg Charge	Premera	Regence	Aetna	Cigna	First Choice	United	First Health	GroupHealth	Coordinated	AmeriGrp
ACL repair	18	0	36,414	24,853	16,879	33,140	34,596	34,599	33,501	34,599	21,010	9,009	9,549
Ankle fracture surgery	6	10	41,908	8,583	6,892	12,740	13,207	13,305	12,852	13,305	6,076	5,197	5,509
Carpal tunnel release	1	0	5,098	193	249	258	269	269	261	269	243	70	74
Cesaren delivery	5	8	16,470	935	3,135	4,163	4,346	4,346	4,209	4,346	1,644	2,325	2,465
Colonoscopy	47	10	5,961	9,362	9,913	14,177	14,759	14,802	14,321	14,802	8,523	4,885	5,178
Colonoscopy w biopsy	133	0	5,521	27,844	28,751	37,126	38,758	38,758	37,534	38,758	26,015	10,093	10,698
Endoscopic removal of gallbladder	4	2	25,986	3,301	4,554	5,287	5,421	5,524	5,313	5,524	1,461	1,911	2,026
Endoscopy	8	16	24,768	5,878	4,381	10,101	10,325	10,555	10,127	10,554	4,082	4,467	4,735
Endoscopy w biopsy	40	1	5,414	7,549	5,754	10,977	11,371	11,463	11,069	11,463	5,825	3,256	3,451
Extract cataract w/ lens imp	12	0	5,473	2,490	3,211	3,320	3,466	3,466	3,357	3,466	3,222	903	957
Hernia repair	3	0	16,497	1,877	2,420	2,502	2,612	2,612	2,530	2,612	2,742	680	721
Knee arthroscopy	11	0	22,021	9,184	5,843	12,246	12,784	12,784	12,380	12,784	5,353	3,329	3,529
Major joint replacement	4	18	66,007	8,221	10,837	13,392	13,897	13,967	13,495	13,967	5,392	7,425	7,870
Mastectomy, simple	2	0	22,046	1,672	797	2,229	2,327	2,327	2,254	2,327	2,450	606	642
Myosure hysterectomy	9	0	11,280	3,849	4,742	5,132	5,358	5,358	5,189	5,358	3,757	1,395	1,479

**Presentation Layer:**



The below rates are calculated averages for the referenced facility by each payer and the service chosen. Please be sure to contact your insurance company to verify your estimated patient responsibility (Out-of-Pocket) based on this rate.



As about 50% of the hospitals in the United States are relatively small (i.e., fewer than 100 patient beds) and do not have a large IT staff, CostFlex has been asked to work on a presentation layer to help them out. This means the end-users will be able to do the three steps mentioned above, then click a button to extract that data to be sent to CostFlex. CostFlex will then update a database with a link to a website that the end-user (i.e. hospital) can place on their website with a forward-facing interactive form for patients to access and see their rates.

As always, CostFlex is here to help you. Please let us know if there is anything we can do.

**Below are some useful links:**

<https://www.cms.gov/hospital-price-transparency>

<https://www.costflex.com>