

Blog Post

January 1, 2021: The Deadline for Hospitals to Make Transparency Clear

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By Kirk S. Davis

Hospitals that are not ready for the Centers for Medicare & Medicaid Services (CMS) new transparency requirement must act quickly. CMS has advised that the new year will begin with new auditing and monitoring of these requirements.

Effective January 1, 2021, hospitals operating in the United States are required to have detailed pricing information prominently displayed on their websites. They must post their ***standard charges*** online. Standard charges are “the regular rate[s] established by the hospital for an item or service provided to a specific group of paying patients.” (45 CFR §180.20). These include the hospital’s gross charges, payer-specific negotiated charges, de-identified minimum and maximum negotiated charges, and discounted cash prices. The information must be posted online through both of the following formats:

- Machine Readable File: A single digital file containing the standard charges provided by the hospital
- Consumer Friendly Display of “Shoppable” Services: A consumer-friendly display of 300 shoppable services (services that can be scheduled in advance), or as many as the hospital provides if it is less than 300

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CMS has made clear that they will begin auditing compliance with the transparency requirements beginning on the rule's effective date – January 1, 2021. Monitoring activities may include evaluating complaints made by individuals to CMS and audits of hospital websites. If hospitals are found non-compliant with the rule, any of the following actions may be taken, which generally will occur in this order:

- Warning Notice: A written warning notice to the hospital of the specific violation(s)
- Corrective Action Plan (CAP) Request: Issuance of a CAP if noncompliance constitutes a material violation of one or more requirements
- Civil Monetary Penalty (CMP): Imposition of a CMP (not in excess of \$300 per day) and publicization of the penalty on a CMS website if the hospital fails to respond to the request to submit a CAP or comply with the requirements of a CAP

CMS is sending a strong message that consumers have a right to understand the cost of their care before the care is provided. Hospitals will be held accountable for failing to provide transparent pricing information.

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