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POLITICS

Trump's Push for Health-Cost Transparency Sparks Furor

Hospitals and consumers square off in public comments on White House plan to force disclosure of negotiated prices



Hospitals oppose the rule, saying it would pose an unrealistic burden. Proponents say disclosure will drive down prices PHOTO: ROSEM MORTON/REUTERS

By Stephanie Armour

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A Trump administration plan to make hospitals disclose their negotiated prices is spurring a battle between industry and patient advocates that could determine how far the White House will go with its initiative.

Friday marks the end of a public input period that has seen more than 750 comments on a proposed rule that would include upending the secret negotiations that determine how much insurers pay for treatments and care. The administration is expected to release a final rule in November. It would take effect Jan. 1, 2020.

Hospitals oppose the rule, saying it would pose an unrealistic burden and unfairly exempt insurers from showing their own costs, and are skeptical it will even take effect. Behind the scenes, proponents of the proposal have been pushing the administration to stay the course.

Patient Rights Advocate, a group supporting the rule, has shared videos with the administration featuring employers who say they have benefited from price disclosure. Former Republican Sen. Tom Coburn is a medical adviser to the group.

Price disclosure in health care has become a significant tenet of President Trump's 2020 re-election campaign message.

The administration envisions giving patients information that would allow them to make health-care decisions in much the same way they shop for other consumer services, a change could upend commercial health-care markets rife with complex systems of hidden charges and secret discounts.

"I've heard the doomsday warnings about price transparency and they typically come from those who want to protect the status quo because it works for them," Seema Verma, administrator at the Centers for Medicare and Medicaid Services, said in a Sept. 10 speech. "But it doesn't work for patients."

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Policy makers, employers and patients are often unable to see clearly which hospital systems and doctor practices are driving high

costs. Hospitals and insurers typically treat specific prices for medical services as closely held secrets, with contracts between the insurers and hospital systems generally bound by confidentiality agreements.

Hospital administrators and other critics said in public comments on the proposal that the mandate is unrealistic and unworkable. They have warned that insurers might demand the same hospital discounts won by competitors, while some hospital systems might push for payment rates that match their crosstown rivals'—which would drive prices upward. If doctors' negotiated rates become public, other doctors could lower their prices to try to lure away patients.

Some asked that any implementation be delayed for rural hospitals because they said they don't have the resources to comply.

"To expect rural and critical-access hospitals to find a patient-friendly way to publish information that they may not even be able to put their hands on will be a huge burden," said

Sandy Sage, a nurse in Cochran, Ga., at HomeTown Health LLC, network of rural hospitals and health-care providers.

Others said the administration should make insurers disclose the negotiated rates and that patients are more interested in getting out-of-pocket costs rather than the discounted price data.

“To further complicate out-of-pocket estimates, each plan, and/or employer has its own benefit structure and out-of-pocket responsibilities. This information is often unknown to the hospital,” according to the Missouri Hospital Association.

The administration is expected to take steps, likely through guidance or other action from the Labor Department, that could mandate negotiated price disclosures from insurers, several people familiar with the discussions have said.

The push has rattled the industry, with some executives at health organizations already taking steps to prepare. Some are building their own price-transparency tools or working with consulting groups on plans.

Still, skepticism remains. Sixty-six percent of health executives don't believe the rule will take effect, according to a poll of 161 organizations by Advis, a consulting group. More than half said a legal challenge is likely.

Many comments on the proposed rule also came from patients and doctors who said they back the disclosure of hospital prices.

“Access to honest and actual prices is fundamental to ensuring patient choice and ultimately reducing medical care costs,” Dr. Chao Li said in a public comment. “Currently, Americans are unable to make fully informed decisions and choose the care options that are best for them and their families.”

Proponents say disclosure will drive down prices, and that costs can then be linked to quality or outcome data that would arm consumers with more information when selecting providers.

Marty Makary, a health policy professor at Johns Hopkins University who has consulted with the administration on its price-disclosure initiative, said the industry opposes it because the lack of price competition is financially beneficial.

“In no market in any industry have we moved to transparent pricing and then moved back,” he said. “If airlines billed us after the flight, there would be price gouging and variation all over the place. The lack of information allows for price gouging.”

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