On October 29, 2020, the Centers for Medicare and Medicaid Services (CMS), along with the Departments of Labor and the Treasury, issued a final rule on health care price transparency that will, for the first time, require most private health insurance plans to both provide personalized cost-sharing information to patients and publicly report negotiated prices for specific health care services.¹

Beginning on January 1, 2023, health plans will be required to provide their members with an online tool that will allow them to view these negotiated rates, as well as a personalized estimate of what they could expect to pay out of pocket for 500 of the most “shoppable” health care services (e.g., common laboratory tests, outpatient visits, and nonurgent procedures). By January 1, 2024, these shopping tools must report this cost information for all health care services. These new requirements are the culmination of multiple steps outlined in a 2019 executive order to create more transparency in health care,² portions of which have faced legal challenges.

While this rule seeks to standardize the real-time availability of accurate, personalized estimates of patients’ out-of-pocket costs, many health plans currently offer tools that provide similar information.³ When available, these tools have been infrequently used by patients, even among those who routinely face the full price of health care services before meeting the deductible component of their insurance plan,⁴ and have had little impact on consumer out-of-pocket spending.⁵ Thus, complementary actions at both the macro and micro level are necessary to ensure that the implementation of these new requirements translates into meaningful clinical and financial benefits.

At the macro level, new educational efforts and further alignment of financial incentives are needed for both patients and providers to routinely incorporate price information into health care decision-making. On the patient side, one likely driver of low use of price information to date is that many patients do not generally think of health care services as being shoppable. Although the new transparency rule initially targets services with the greatest potential for transparent prices to be helpful—including many routine services that are nonurgent and unlikely to vary in quality—patients will need to be convinced that this information is trustworthy, reliable, and worth using. Furthermore, even when out-of-pocket costs are made available to patients, many will need guidance on how to best use this information, such as clear direction on when their use of prices could be most helpful (e.g., when planning an elective outpatient procedure in a few months) and least helpful (e.g., when needing emergent care for a potentially life-threatening condition).

Providers already realize the difficulties patients face in paying for medical care and that rising out-of-pocket costs are a driver of health care disparities. The continued movement away from fee-for-service reimbursement to quality-driven, alternative payment models supports interventions that seek to enhance access to, and affordability of, clinically indicated services. Greater price transparency could help providers reach targets that are often rewarded in these models. For example, information about the total and out-of-pocket prices of services could assist providers in achieving incentives through the CMS Merit-based Incentive Payment System.

Beyond alignment with payment models, messaging from health system leadership and professional societies needs to encourage providers to view having cost conversations with patients as a core professional responsibility. Clinicians in some specialties are already familiar with the
potential for the financial toxicity that arises in certain clinical scenarios\(^6\) and might be better equipped to develop best practices regarding effective cost conversations. Others will need more convincing, as well as new skills to consider prices alongside the data they currently use in their clinical decision-making, before they are comfortable with routinely incorporating cost conversations into the limited time they have for patient encounters.

At the micro level, targeted approaches are needed to enable the routine use of transparent health care price information in health care delivery. First, enhanced integration of health plan data into electronic health record (EHR) systems would allow for the real-time calculation of out-of-pocket costs for specific services. In this scenario, prices for services could be considered alongside other available EHR data, including clinical guidelines and quality measures, so that providers and their patients can gauge and discuss the value of specific services.

Second, to optimize use of price information, it will also be necessary to develop new clinical workflows that are tailored to different health care environments. For example, in patient-centered medical homes, price information could be accessed and used not only by physicians and advanced practice clinicians but also by other health care team members, such as nurses, pharmacists, or social workers. Any team members who will use price information with patients will need training on how to have effective, patient-centered cost conversations. In health care environments without such a robust team structure, different approaches will likely be needed depending on available resources.

When patients use price information to seek services at facilities other than those where they already receive most of their health care, the continued pursuit of EHR interoperability will be vital to minimize the risks of further fragmentation of care.

To date, efforts to encourage greater price transparency have been driven by a belief that publicly available information about costs of care would increase market competition, steer consumers toward lower-cost providers, and ultimately constrain, if not decrease, health care costs. Yet as more patients are being asked to pay more out of their own pockets for care, accurate and actionable price transparency could also protect consumers against the use of harmful care, excessive variation in prices, and the potential for surprise billing. Greater recognition of the consumer protection offered by widespread availability of accurate and actionable estimates of patients' out-of-pocket costs could help entrench the political support needed to make transparent health care prices a long-term feature of American health care. For this possibility to come to fruition, policy makers and other stakeholders will need to preserve and build on policies such as the new federal price transparency rule.

The prospect of timely, personalized estimates of patients' out-of-pocket health care costs can assist patients and clinicians in achieving greater value. While the provision of prices is essential, additional steps are necessary to ensure that this new policy translates into meaningful uptake, more efficient care delivery, and, most importantly, improved patient-centered outcomes.
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