optimity ADVISORS

Price Transparency: Lessons from a Large Healthcare Payer

A Detailed Look at How New Regulations Could Impact Your Business

What Is Price Transparency, and Why Does It Matter?

As employers seek to limit exposure to rate increases from their health plans, patients face increased deductibles and cost-sharing. This pattern has increased demand for price transparency across the country, and recent federal mandates have required health insurance payers and providers to post medical services pricing to members to protect them from surprise out-of-network care costs.

Optimity believes that for both providers and payers, properly planning for and implementing price transparency initiatives offers an opportunity not only to satisfy these regulations but also improve the patient experience, satisfaction and loyalty.

In 2021, we worked with a major U.S. healthcare payer to help its providers and members better understand estimated out-of-pocket liability for both prior and current services, to help reduce increasing amounts of bad patient debt. As their partner, we evaluated the payer's current state and envisioned a plan to ensure compliance and improve the member experience.

Here, we share a detailed look into our analysis of transparency in coverage requirements for payers and the wide-reaching impacts across payers' lines of business.

Impact on Payers by Line of Business

Federal regulations require modifications across a range of member touchpoints, from provider training to digital experiences (websites, ID cards and mobile apps) for providers' lines of business. It is vital for your organization to build dynamically and adaptably to execute these changes.

KEY

- Employer
- Group
- Individual
- Pharmacy
- Medicare Part D (Drug)
- Hospitals
- ✛ Affected
- -- Possibly Affected

REGULATION	PROVIDER CONTRACTING	PROVIDER TRAINING	BENEFITS BROCHURE	MEMBER COMMS	WEBSITE	MOBILE APP	ID CARD	EOB	CALL CENTER
No Surprises Act **January 1, 2022** • Patients must consent to out-of-network billing • Independent dispute resolution (IDR) process for out-of-network providers to dispute payments made by payers • Payers and providers must work together to provide patients with AEOB's • Payers must maintain a provider directory • Payers must maintain a price comparison tool • Payers must update member ID cards • Prohibits gag clauses between payers and providers • Payer NQTL (Non-Quantitative Treatment Limitations) and spending reporting requirements	✛	✛	✛	✛	✛	--	✛	✛	✛
Medicare & Medicaid 2020 Hospital Final Rule **January 1, 2022** • Machine-readable file with hospital's gross charge and payer-specific negotiated charges; 300 shoppable services **January 1, 2023** • User-friendly cost tool **January 1, 2024** • User-friendly cost tool with all services		✛	✛	✛	✛	--			✛
Medicare & Medicaid 2022 (2020) Part C & D Final Rule **January 1, 2023** • Real-time comparison tools to enrollees with formulary and benefit information, including cost sharing, for enrollees to shop for lower-cost alternative therapies **January 1, 2021** • Connected to provider's EMR		✛	✛	✛	✛	--			✛
Transparency in Coverage Final Rule **January 1, 2022** • Provide machine-readable files disclosing in-network provider negotiated rates, historical out-of-network allowed amounts and drug pricing information **January 1, 2023** • Provide price comparison tools for individuals and providers to compare cost-sharing. 500 shoppable services • OPM Transparency Rule affects Provider Contracting, ID Card, & EOB*	✛*	✛	✛	✛	✛	--	✛*	✛*	✛

A Detailed Look at Transparency in Coverage Process Impacts

PAYER REQUIREMENTS

Patients must consent to out-of-network billing, or they will only be billed for the in-network cost sharing amount

PROVIDER TRAINING Providers must be trained to inform members if they will be receiving out-of-network service

IDR process for out-of-network providers to dispute health plan payments

PROVIDER TRAINING Providers must be trained in how to approach independent disputes with the payer

Payers must provide patients with an advanced explanation of benefits prior to scheduled services

PROVIDER CONTRACTING Providers must regularly share billing estimates with Payers

PROVIDER TRAINING Providers must be informed on how to share billing estimates

EOB Health plans must create and provide advanced EOBs for members

Plans must maintain price comparison tools for patients and providers both online, over the phone, and via paper

PROVIDER TRAINING Providers must be informed on how to access the price comparison tool

WEBSITE A price comparison tool must be added to the website

CALL CENTER IMPACT Call centers must provide members with price comparisons

REPORTING Payers must be equipped to provide paper price comparisons

Plans must maintain up-to-date in-network provider directories

WEBSITE The provider directory should be added to the health plan's website

Prohibits gag clauses between payers and providers

PROVIDER CONTRACTING Contracts with providers can no longer include gag clauses

Payers must submit NQTL reports 20 times per year for plans where NQTL is relevant.

REPORTING Payers must prepare and submit NQTL reports at the governments request

Health plans must report, among other data, plan-specific prescription drug spending and hospital spending information to the HHS, Labor, and Treasury Secretaries

REPORTING Payers must track, consolidate, and report spending data to the government

Payers must provide three machine-readable files for internet posting disclosing in-network provider negotiated rates, historical out-of-network allowed amounts and drug pricing information

WEBSITE Payers must make digital files publicly available and update them on a monthly basis

TECHNOLOGY Payer must provide API endpoints for a pricing information database

Member's insurance card will need to identify their in- and out-of-network deductibles and out-of-pocket limits

WEBSITE Website Digital ID card must include out-of-network deductibles and OOP rate

ID Members insurance cards must be updated to include out-of-network deductibles and OOP rates

Meet the Authors

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As an experienced healthcare leader and innovator, Mike has helped businesses grow, while transforming, for more than 30 years. He delivers profitable growth by leveraging best practices, market innovations, vendor relationships and technologies. Mike can bring perspectives and advancements that span the health ecosystem, from government programs, to managed care, pharmacy and pharmacy benefits. His focus and experience on compliance-based products, member experience and operational excellence builds businesses that grow revenue and margin.

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Scot has 25 years of experience delivering solutions impacting customer, partner and employee experience. He focuses on program management and process improvement within health payer, provider, and pharmacy, covering commercial group, Medicare/senior and individual consumer market segments.

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Doris is a thoughtful, disciplined, and empathetic creative professional with 20+ years of experience delivering brands and products that transform customer experiences and optimize business efficiency. She guides multi-disciplinary teams to take a user-centered, design-driven approach to deliver digital transformation, organizational change, and consumer engagement solutions.

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