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Trump rule forces Michigan hospitals to reveal secret prices

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Michigan hospitals have started revealing the once-secret prices they negotiate with insurance companies to comply with a new Trump administration rule aimed at making health care more affordable and prices more transparent.

The rules took effect Jan. 1 and require all hospitals nationwide to immediately publish their negotiated rates with insurers in two formats: a "consumer-friendly" list or online cost estimator with at least 300 common services and procedures, and a giant data file with rates for nearly all procedures and insurance plans.

Hospitals that fail to comply with both disclosures can be fined up to \$300 per day. As of Tuesday, many, although not all, southeast Michigan hospitals appear to be in compliance.

The Free Press could not locate any disclosures for Detroit Medical Center hospitals. And of Tuesday afternoon, several other hospital systems appeared to be in only partial compliance and some disclosures leave out negotiated rates with major insurance plans such as Blue Cross Blue Shield of Michigan.

What's more, many hospitals have organized their data files in unique, complex arrangements that make it difficult to compare prices between different hospital systems.

"It's still a pandemic and most organizations are still in what we'd call a surge mode," said Laura Appel, a senior vice president with the Michigan Health & Hospital Association. "It's still a pretty tenuous time, so it wouldn't surprise me if some (hospitals) said, 'We're working on it, but we're not there yet.' "

The disclosure rules originated from a June 2019 Executive Order by President Donald Trump. The rules were opposed by the American Hospital Association, which sued in an attempt to stop them from taking effect.

Last week a federal appeals court affirmed the rule's implementation. Trump celebrated the ruling on Twitter, telling people to "enjoy all the extra money you will have!"

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The Hospital Association contends that hospitals are too overwhelmed right now in dealing with the COVID-19 pandemic and has asked President-elect Joe Biden's transition team to consider rolling back the disclosures. It also says that negotiated prices aren't that helpful for most consumers and will only confuse and frustrate them.

"Now is not the time to heap these requirements on hospitals that need to keep their focus and resources devoted to caring for patients and administering vaccines," the association's CEO Richard Pollack wrote last month in a letter to the Biden team.

All hospitals have been required since 2019 to publish their master lists of prices known as "chargemasters." However, those lists are of little practical use to patients because insurance companies negotiate down those prices, with some insurers getting better deals than others.

The Jan. 1 disclosures are the first time that hospitals have publicly disclosed what different insurance companies are paying for the same services.

Still, the new prices don't necessarily reflect what individual patients will pay for a service. A patient's total out-of-pocket cost still depends on whatever deductible, copayments and other cost-sharing are in their insurance plan.

Health care experts have long recommended that patients check in with their insurance company before a big procedure to help avoid unpleasant billing surprises. Some Michigan hospitals have new online cost estimator tools that take into account a patient's deductibles and copayments before giving a price.

Price variations

The Free Press found significant variations in the negotiated prices at southeast Michigan hospitals for the same procedures.

For instance, at Henry Ford Hospital in Detroit, a cardiac stress test is billed at \$186 for patients with Blue Cross, \$426 for those with Priority Health, \$243 for those with a Health

Alliance Plan HMO and \$245 for Medicare. The cash price for the uninsured is \$338.

Also at Henry Ford Hospital, heel spur removal is billed at \$553 for Blue Cross, \$545 for the HAP HMO, \$386 for Medicare and the cash price for uninsured is \$533.

By comparison, at Beaumont Royal Oak, a stress test is billed at \$136 for Blue Cross, \$143 for Priority Health and \$280 for the uninsured. For heel spur removal, Blue Cross is billed \$553 and the HAP HMO is \$602.

"Many factors go into negotiation of rates between health plans and providers, such as the scope of the contract and patient volume associated with the services and provider offers," Ryan Catignani, vice president of managed care contracting for Beaumont, said in a statement.

Proponents of the new rules say the price transparency should help to contain health care costs by exposing hospitals to greater market forces.

For instance, if an insurance company sees it is being charged more than a competitor, it can push that hospital for a discount. Additionally, patients can start shopping around on various hospital websites for the cheapest deals.

"I think it's going to take some time, but the insurance companies are all going to go back during their next negotiations and they're going to have this information to use as leverage when they negotiate rates," said Bret Jackson, president of the nonprofit Economic Alliance for Michigan, which represents the interests of predominately large businesses and labor unions, including the Detroit Three automakers.

Could disclosure backfire?

Yet some experts say it's uncertain whether the new disclosure will restrain costs, citing the unique economics of health care in some markets. The added disclosure might even backfire, some experts say, resulting in higher costs if hospitals begin raising prices in concert.

"There is not yet enough evidence that shows that price transparency will indeed lower costs," said Terrisca Des Jardins, executive director of the Center for Health and Research Transformation in Ann Arbor. "Sometimes, these types of efforts have unintended consequences."

The administrator for the Centers for Medicare & Medicaid Services said on Twitter this week that the federal agency will be monitoring hospitals' compliance with the new rules and

urged people to report hospitals that have yet to publish pricing information.

The DMC did not respond to a Free Press inquiry into the whereabouts of the required prices on its website.

An Ascension Michigan representative would not answer questions about what appears to be missing data for some insurance carriers in its price lists, including for traditional Blue Cross plans. A McLaren Health Care representative said the missing insurance carrier data in its price lists could be because of a technical problem.

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