

The CMS fines health systems \$1M+ for breaking price transparency rules—will they finally comply?

Article

The news: Nearly 40% of healthcare execs agree price transparency is the healthcare industry's greatest challenge this year, [according to](#) Optum's new report surveying 150 health plan, provider, and employer clients.

Zooming out on the trend: The CMS [enforced](#) the Hospital Price Transparency rule in January 2021. It mandates healthcare providers to clearly post the rates for all their services that they negotiated with insurers.

But providers and health systems found it difficult to comply with the price rules.

- **Only around 14.3% of the 1,000 hospitals reviewed were complying with the rule, [per](#) PatientRightsAdvocate.org's February 2022 analysis.**
- **That's up slightly from 5.6% in July 2021—but it's still low.**
- **Even the largest US health systems like HCA Healthcare, CommonSpirit Health, and Ascension had ultra-low compliance rates (<1%).**

What's driving health execs to focus on price transparency now? The CMS is beginning to crack down on health systems and impose financial penalties.

Earlier this week, the Biden admin fined two hospitals for noncompliance with the rules.

- **Two Georgia-based hospitals (Northside Hospital Atlanta and Northside Hospital Cherokee) were fined \$1.1 million combined, [per](#) CMS documents.**

It appears the CMS isn't discriminating between large and small health systems when it comes to fines. Northside Hospital Cherokee only has 211 beds, for instance. Larger health systems usually contain at least 500 or more beds.

What's next? Health execs will be on the hunt for digital solutions to address their top pain points, including price transparency.

- **Health execs say their 2022 investment priorities include new products or services (~61%), consumer acquisition and retention (59%), and digital solutions to enable consumers (56%), per Optum.**
- **Since price transparency is a top pain point for health execs, it's likely they'll invest in digital solutions that ease patients' access to their healthcare costs prior to a procedure.**
- **One health startup that could catch execs' interest is Waystar. It boasts CMS-compliant price transparency AI tools health systems can implement on their websites like estimates for**

shoppable procedures.

- Similarly, **Turquoise Health's** platform lets consumers compare costs of care and insurance rates to help them shop around for the most affordable healthcare services in their area.

Factors* that Would Strongly Contribute to Deepening Their Loyalty to Specific Healthcare Providers According to US Healthcare Consumers, Summer 2021**

% of respondents

Price/cost transparency

46%

Digital/online experiences similar to other industries like banking, retail, etc. (e.g., online scheduling, bill pay, virtual visits)

21%

Convenient location/accessibility

12%

Acceptance of different payment methods (e.g., check, card, automated clearing house)

5%

*Note: ages 26-65; attested to paying a medical bill online within the last 18 months and had annual income of \$30K-\$200K per year; *other than high-quality care; **such as hospital, health system, doctor's office*

Source: Salucro, "2021 Patient Payment Technology Report," Dec 6, 2021

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