



# AMERICA'S ESSENTIAL HOSPITALS

## Principles on Pricing Transparency May 2015

In recent years, policymakers, the media, and the public have started discussing efforts to increase transparency of health care prices. Several national and state hospital-related organizations have developed price transparency principles to provide a framework for these discussions. America's Essential Hospitals believes these efforts have laid a solid foundation for discussions of pricing transparency.<sup>1</sup>

However, the patients whom essential hospitals serve, and the social, linguistic, and economic obstacles they face, present special challenges that warrant principles specific to essential hospitals. For example, patients in low-income communities might have limited access to primary care, prescription drugs, or transportation to clinic appointments, among other social issues. Essential hospitals are committed to caring for these patients, but it is clear that caring for patients with significant social and economic needs may result in higher costs at essential hospitals.

Through their integrated health systems, members of America's Essential Hospitals offer the full range of primary through quaternary care, including trauma care, outpatient care in ambulatory clinics, public health services, behavioral health and substance use disorder services, and wraparound services crucial to vulnerable patients. These hospitals are an integral part of the social and economic fabric of their communities that rely on these hospitals and their services but these services also may contribute to higher costs at essential hospitals. With these critical issues in mind, America's Essential Hospitals urges policymakers to consider the following principles when discussing price transparency initiatives or policies:

- 1) **Each patient's out-of-pocket costs must be communicated to the patient individually.** Providers must work in partnership with insurers to communicate to patients about their financial responsibilities. This individualized communication should be done in a timely manner, in the language the patient prefers, and in a format the patient can understand.

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<sup>1</sup> In particular, the pricing transparency principles and guidelines from the Healthcare Financial Management Association, the Illinois Hospital Association and the Healthcare Association of New York State.

- 2) **Patients should receive adequate and clear information and support regarding financial assistance with the cost of their care so that the fear of responsibility for all or part of a health care bill does not cause a patient to forgo necessary care.** While essential hospitals strive to connect eligible individuals to coverage, they acknowledge that some individuals will be ineligible for coverage or slip through the coverage cracks. Essential hospitals are proud of their mission to provide access to quality care for all. They recognize that interacting with the health care system can be daunting to some individuals, and they strive to implement not only robust charity care policies, but also provide financial navigation assistance to patients who need it.
- 3) **Any information made available to the public must explain how and why the cost of patient care varies among hospitals.** Hospitals that take on the provision of services that are vital to the community, such as trauma or behavioral health care, will have higher costs. That is especially true for essential hospitals. These hospitals provide services not typically provided to the same extent by other hospitals, including, but not limited to, community clinics; neonatal services; and wraparound services, such as social services, interpretation, or even access to food and shelter to patients who otherwise would not have these necessities. Much of this care is provided to vulnerable populations, who are often uninsured. This leaves essential hospitals to shoulder the costs of the uncompensated care provided to these patients. Essential hospitals also are committed to teaching, and are training the next generation of physicians, further increasing the cost of care.
- 4) **Essential hospitals, payers, their states, and the federal government should partner to address challenges to price transparency.** Essential hospitals strive to be transparent about quality of care, patient experience, and price. Multiple stakeholders promoting transparency need to focus on addressing limitations posed by antitrust rules, confidentiality agreements, and regulatory barriers.