



PERSONAL FINANCE

Hospitals must now post prices online (in consumer-friendly format). Here's how you can benefit

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KEY POINTS

The difference among prices that hospitals negotiate with various insurers generally has not been publicly available until now.

Consumers who want to shop around for the best price on any given service will need to visit each hospital's website — there is no central repository.

Another transparency rule aimed at helping consumers determine their out-of-pocket cost takes effect in 2023.

In this article

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Maybe you're familiar with a common quirk of health insurance coverage: Not knowing the cost of services until after the fact.

A new price transparency rule that took effect Jan. 1 is an effort to change that.



“That information has been pretty obscure to the public eye,” said Nisha Kurani, a senior policy analyst at the Kaiser Family Foundation.



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However, the change isn't without some challenges, including lack of public awareness, Kurani said.



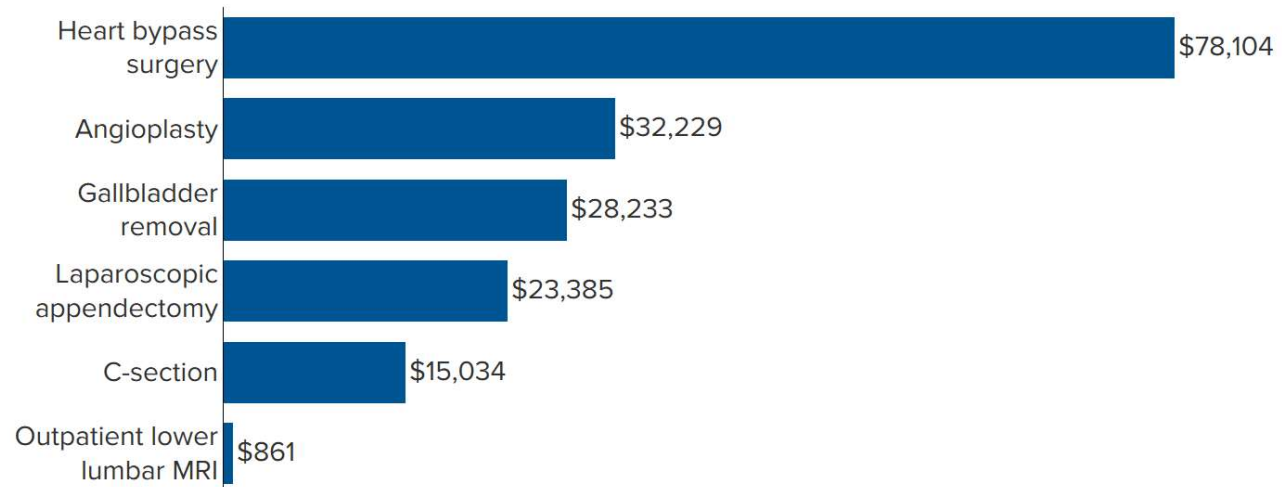
providers, as well as the patient's estimated out-of-pocket cost for a variety of services.

"Seeing the payer-negotiated rates can be useful, but generally what's more useful is the patient's cost-sharing," Kurani said.

Outside of Medicare and Medicaid, there is little to no price regulation in the private insurance market, which includes employer-sponsored plans and those available through the federal marketplace (or a state-based one). This means that the ultimate cost to consumers for any given service can vary wildly even before taking into consideration things like deductibles and copays through insurers.

Common hospital services and their costs to insurance

The average amount insurance companies pay for each service, 2018*



SOURCE: Peterson-KFF Health System Tracker
*Last three services listed are based on 2017 data





In Baltimore — in a state (Maryland) where regulators set the prices that hospitals can charge for services — the average cost for inpatient admission for a full knee or hip replacement is about \$25,000. That compares to more than \$55,000 in the greater New York area. The national average is about \$35,300.

With the rule that's now in effect, the idea is that consumers can shop around for the best price on a service they need. Of course, they generally would still have to figure out what their share would be.

Of the 300 services that must be included in the consumer-friendly information, 20 are mandated by the Centers for Medicare & Medicaid Services. The remaining 230 can be determined by each hospital.

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“The rule requires that cost of service is bundled in a way that makes sense for those services ... so consumers aren't digging around for, say, the cost of a swab,” Kurani said.

Of course, many medical services at hospitals are unplanned. Additionally, even if you are scheduling a service or procedure in advance, you'd need to visit the website of each hospital you want to compare. And it's generally up to each one exactly how to display the information, as long as it's consumer-friendly.



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Nevertheless, she said, the pricing information could be useful if you want to shop around. The challenge may be finding the information for any given hospital.

Kurani looked at more than 100 websites last year to compare costs of Covid testing at various hospitals around the country.

“Some websites had the information up-front, others had it easily accessible under their billing and insurances pages, but for others it was harder to find and I had to dig for it,” she said.



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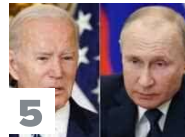
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