



How Transparent Is Healthcare Transparency?

The window into price and quality data could be as clear as mud.

However wonderful it might (or might not) be for healthcare pricing to be transparent, what does it matter if you have no clear understanding of related costing and other financial and billing matters within your operations?

With high hopes from some and loud mopes from others, President Trump recently signed an executive order directing federal agencies to develop regulations to foster transparency of healthcare price and quality data. Among many other directives, hospitals would publicly post standard charge information, including charges based on negotiated rates, and healthcare providers, health insurance issuers and self-insured group health would provide or facilitate access to information about out-of-pocket costs to patients.

As of this writing, CMS has released proposed rules that would require hospitals to:

- make public their “standard charges” for all items and services;
- post those charges on the internet in a machine-readable format that includes additional information such as common billing or accounting codes used by the hospital, so as to provide a common framework for comparing standard charges from hospital to hospital; and
- make public payer-specific negotiated charges for common shoppable services in a consumer-friendly manner.

As can be expected, consumer advocates applaud the notion of transparency in healthcare pricing. Hospitals, providers and payers, on the other hand, generally treat their negotiated rates as highly secure trade secrets. After all, once competitors know what rates a facility or medical group would accept, or can be had from a particular payer, the entity’s competitive edge is instantly dulled.

What are you looking at?

But there’s another way to use the push towards healthcare transparency: as a tool for your facility’s internal improvement.

There’s transparency and then there’s transparency. We all know what it’s like to drive on a foggy night. Sure, the windshield is clean and the glass is completely transparent. But what we see is, well, mostly nothing. Just as looking from the driver’s seat through the transparent windshield and seeing only fog is disorienting, that is, uninformative, so, too, is looking into a car’s windshield when it’s covered with frost — all you see is a white haze. In similar manner, you can’t understand your internal data if it, too, is mired in opaqueness.

- **WINDOW DRESSING** Before you can get a clear picture into the financial guts of healthcare, you must first clean up your facility’s financial operations.



Consider the challenges hospital outpatient departments (HOPDs) and ambulatory surgery centers (ASCs) face in providing accurate cost-per-case data:

For HOPDs:

- computer systems within the hospital might not interface with each other, or, if they do, don't do so in real time;
- hospital staff, segmented by department, is generally very protective of their departmental "territory," unwilling and uncooperative in sharing data with other departments; and
- due to the exorbitant number of software applications at the average hospital, it can take weeks to gather the information required for case costing.

For ASCs:

- many ASCs continue to work on paper charts, EMR and limited EHR — even though the best practice is to have a fully functioning EHR in a 100% paperless setting;
- few ASCs can determine cost per actual case on a real-time basis due to software limitations;
- ASCs often have to bill patients for additional sums or refund an overcharge — either of which detracts from the overall experience — because payors don't always provide ASCs with correct information about the patient's benefits, including

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deductibles, co-pays and co-insurance, which leads to the facility providing inaccurate information to patients regarding their financial responsibility; and

- despite what are most often aligned financial interests, surgeons' offices often fail to provide the ASC with complete information and documentation.

Clear a path

Regardless of whether the government imposes a clear window into the financial guts of healthcare, hospitals and surgery centers must shore up their own operations. Some can be solved from within, with or without outside help. Others can only be solved through more comprehensive payor contracting, or via economic or political pressure. But one thing's for certain: Mandating transparency into something that's opaque won't be very transparent for anyone involved. [OSM](#)

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