



Weekly Checkup

Price Transparency: Bipartisan but Likely Ineffective

CHRISTOPHER HOLT | MAY 21, 2021

The idea of bipartisan policy solutions is incredibly popular among Americans—virtually every demographic views bipartisanship positively, and 87 percent of Americans overall [say](#) that bipartisanship is a good thing. Of course, well over 80 percent of both parties think that it is the other side that needs to make concessions, with the unsurprising result that **bipartisan agreements are few and far between. But even when these agreements come to fruition, it's not always clear how useful the resulting policies are. Such is the case with transparency in health care prices, an incredibly popular concept with bipartisan support that may not have much of an impact.**

Recently, Ashley Brooks and I [wrote](#) about the Trump Administration's focus on health care price transparency. Under President Trump, the Department of Health and Human Services issued two major rulemakings—one focused on hospital transparency and the other on insurer transparency. **While the Biden Administration has made a lot of show of reversing course on most of the Trump Administration's health policy agenda, on transparency it seems poised to continue forward on the same path. Bipartisanship!**

Many conservatives see transparency as crucial to bringing greater market forces to bear on rising health care costs. Progressives, on the other hand, are often more suspicious of private-sector actors in the health care industry and see transparency as exposing profiteering to sunlight. **Transparency is overwhelmingly popular and—broadly speaking—is a good thing, especially in complicated transactions involving expensive goods or services.** Even in uncomplicated transactions, knowing the various prices facilitates an effective marketplace.

Nevertheless, a number of factors constrain the effectiveness of transparency in the health care market specifically. Patients, for one, are limited in their ability to apply pricing and outcomes information. Patients can only go to the providers in their network to get the negotiated prices, and they still have to pay the same negotiated rate regardless of what other insurers have negotiated.

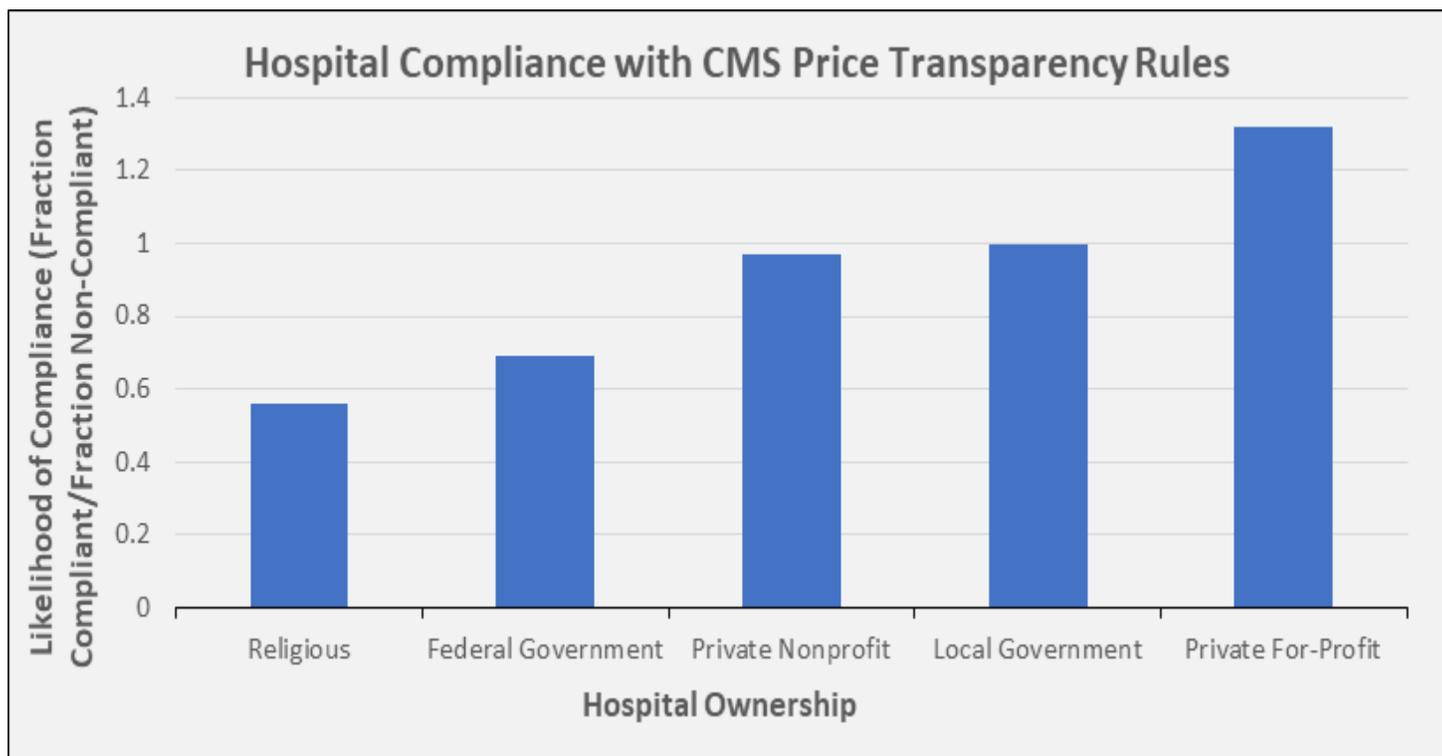
Transparency could also ultimately raise prices for some consumers. As pricing arrangements become public, prices are likely to equalize. It's not guaranteed, however, that the lowest price previously available will be the one that the market settles on. **Shining light on the various discounts that insurers negotiate is more likely to lead to fewer discounts than to more people benefiting from them.**

For the moment, the Biden Administration seems likely to continue the Trump Administration's policies on health care transparency, or even expand them. **But whether these bipartisan policies will be effective in constraining health care costs remains to be seen.**

CHART REVIEW: HOSPITAL COMPLIANCE TO THE CMS PRICE TRANSPARENCY RULE

Jackson Hammond, Health Care Policy Analyst

Policymakers from both parties have expressed interest in creating more transparency around hospital costs. To that end, in 2019 [the Centers for Medicare and Medicaid Services \(CMS\) required hospitals](#) to make a list of standard charges, or a chargemaster, available on the internet in a machine-readable format. The goal was to ensure price transparency, empowering patients and payers to select more affordable services, thereby putting downward pressure on hospital prices. In a [recent study](#) published in the Journal of the American Medical Association, researchers looked at hospital compliance with the 2019 price transparency rule after 18 months. Overall, the researchers found that 51.5 percent of all U.S. hospitals associated with a website did not have an online chargemaster in a machine-readable format. The chart below reflects the findings of the researchers' analysis to calculate the likelihood of hospital compliance in relationship to hospital ownership. As the chart shows, religious ownership and federal ownership of hospitals were associated with lesser compliance, while private for-profit ownership was associated with higher compliance. The researchers did not explore the reasoning for this, but it may be that for-profit hospitals are far more wary of being scrutinized and penalized by the federal government for non-compliance, on top of their ability to more easily afford compliance. Hospitals with religious ownership may be both less able to afford compliance and more politically sympathetic, and thus less likely to be scrutinized.



Source: [Journal of the American Medical Association](#)

VIDEO: PRESIDENT BIDEN'S HEALTH CARE AGENDA

AAF's Director of Health Care Policy Christopher Holt discusses the discrepancy between President Biden's campaign promises and his current health care agenda.

TRACKING COVID-19 CASES AND VACCINATIONS

Jackson Hammond, Health Care Policy Analyst

To track the progress in vaccinations, the Weekly Checkup will compile the most relevant statistics for the week, with the seven-day period ending on the Wednesday of each week.

Week Ending:	<u>New COVID-19 Cases: 7-day average</u>	<u>Newly Fully Vaccinated: 7-Day Average</u>	<u>Daily Deaths: 7-Day Average</u>
May 19, 2021	27,788	740,687	497
May 12, 2021	34,501	1,160,689	556
May 5, 2021	45,558	1,363,776	607
April 28, 2021	51,832	1,411,837	631
April 21, 2021	61,026	1,458,296	667
April 14, 2021	67,937	1,707,890	663
April 7, 2021	63,613	1,545,399	583
March 31, 2021	63,612	1,345,797	721
March 24, 2021	57,363	950,485	730
March 17, 2021	53,012	1,011,383	887
March 10, 2021	54,130	942,545	1,161
March 3, 2021	61,208	901,205	1,436

Feb. 24, 2021	64,885	833,307	1,796
Feb. 17, 2021	74,206	735,567	1,936
Feb. 10, 2021	99,124	691,791	2,411
Feb. 3, 2021	129,813	476,501	2,697
Jan. 27, 2021	156,705	331,728	3,131

Sources: Centers for Disease Control and Prevention [Trends in COVID-19 Cases and Deaths in the US](#), and [Trends in COVID-19 Vaccinations in the US](#)

Note: The U.S. population is 332,343,732.

WORTH A LOOK

[Reuters](#): Vaccine patent waiver will not be enough – WTO chief

[Axios](#): Telephones played a key role in pandemic telehealth