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BUSINESSHEALTH CAREHEALTH

Hospitals Say They Will Publish Previously Secret Prices

Largest U.S. hospital chains say they will comply with new rules to make public confidentially negotiated prices with health insurers



By Melanie Evans

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Major hospital operators say they will comply with new rules to make public their prices for medical procedures starting Friday, exposing previously secret market rates in an industry that accounts for about 6% of the U.S. economy.

The roughly \$1.2 trillion hospital sector will begin posting prices publicly in the New Year after losing a legal challenge to overturn new transparency rules that are a centerpiece of the Trump administration's health-care policy.

Health and Human Services Secretary Alex Azar said earlier in December the hospital pricing data and other transparency rules put forward by the administration were fundamental to a competitive market.

Hospital pricing is negotiated confidentially between hospitals and the employer groups and insurance companies that pay for care, which has obscured market rates that have

helped drive up the cost of health insurance premiums paid by employers and workers. Rising hospital prices accounted for about one-fifth of the nation's health spending growth in the last half-century, federal data show.

The nation's largest hospital chains, including publicly traded giants HCA Healthcare Inc., Universal Health Services Inc. and Community Health Systems Inc., and national nonprofit chains CommonSpirit Health and Ascension, said they planned to comply with new requirements to post pricing. Tenet Healthcare Corp. declined to comment.

"Ascension supports price transparency of our hospital services for the benefit of consumer choice and access to care for those we serve," said Nick Ragone, a spokesman for the St. Louis-based chain.

As of Jan. 1, hospitals will be required to publish the prices negotiated privately with each payer for 300 common services for easy use by consumers, and make public the same information for all their procedures in a format that can be read and analyzed by computers.

The American Hospital Association sued to halt the rule as a violation of the First Amendment and said it went beyond the statutory intent of the Affordable Care Act, arguments rejected by a federal judge in the District of Columbia. A federal appeals court this week upheld that ruling.

"The AHA continues to believe that the disclosure of privately negotiated rates does nothing to help patients understand what they will actually pay for treatment and will create widespread confusion for them," said Melinda Hatton, the trade group's general counsel.

Hospital chains said they have worked in recent years to make useful pricing information more available to consumers. Community Health's 89 hospitals will soon be releasing tools to help patients understand what they will owe as prices go public, a spokeswoman said.

"We think it is very important for consumers to understand their financial responsibility and any out-of-pocket costs for their own health-care services, but we don't believe publishing negotiated rates with insurance companies is likely to achieve these goals," said Tomi Galin, a spokeswoman for the Franklin, Tenn.-based company.

But those who pay for health-care premiums and medical bills—employers, workers and

patients—were long in the dark about wide price differences among hospitals for the same service in the same city, according to research and efforts by large employer groups to compare prices.

Hospital prices are under intense scrutiny as the sector consolidates and research points to price increases after mergers, but without the quality gains that hospitals often cite as rationale for the combinations.

Economists say it isn't clear how the hospital market will respond to public pricing, with the potential for greater competition to lower prices, but also the risk that low-priced hospitals will raise rates to match pricier competitors.

Some employers say they have made headway with more aggressive comparison of hospitals and doctors on a combination of price and quality.

However, research has found that individual consumers haven't widely used the tools already available for comparison shopping, and health insurance coverage offers some protection from high prices, leaving patients less sensitive to price differences, said Michael McWilliams, a Harvard University professor of health-care policy.

“So we should not believe that we can fix health-care markets simply by providing more information to consumers,” he said. “There are many reasons why health-care markets do not function well.”

Write to Melanie Evans at Melanie.Evans@wsj.com