PRICE TRANSPARENCY

Frequently Asked Questions

Introduction

Price transparency is one of the most confusing topics in today's healthcare world. Patients / healthcare consumers are becoming more engaged and asking for information about pricing and out-of-pocket costs for healthcare services, however providers can't always offer a simple, standard price for any given healthcare service.

Providers need to complete various tests and examinations to determine what treatment a patient needs, which makes it challenging to estimate a total cost to the patient. There are tools available to assist a patient in getting a price estimate, however there can be differences in total costs due to the complexity of the patient's treatment plan, the payor who will be paying the hospital for the healthcare services delivered to that patient, length of time spent in the hospital, additional tests or procedures needed, or any other unforeseen conditions or circumstances that arise during your care or recovery. This FAQ was create to help provide answers to the most common questions around price transparency, definitions and terminology used, and reasons behind price differences.

Price & Payment

Q What is "price transparency" and why is it important?

A Price transparency is the ability for the healthcare consumer to access provider-specific information on the price of healthcare services, including out-of-pocket costs, regardless of the setting in which they are delivered.

Q Why do consumers & purchasers need price transparency?

A Consumers need price transparency for three reasons: to help purchasers contain healthcare costs and keep costs low; to inform the consumers' healthcare decisions due to their financial responsibility; and to reduce unknown price variation in the system.

Q What are the different types of healthcare costs?

A There are three different types of cost depending on who is paying for the service:

Costs to Patients

The cost to patients often includes the total amount of premium payments, deductibles, and co-insurance paid to healthcare providers and health insurance companies for a patient's healthcare coverage. The cost to patients also includes healthcare supplies and services received within the coverage period. Healthcare services not covered by insurance can be another type of cost, commonly referred to as out-of-pocket costs.

Cost to Providers

Providers are paid by insurers for the services they deliver to patients, but they also incur a considerable amount of operating costs which often get lost in the equation. These costs can include the amount paid for land, buildings, equipment, supplies, wages & benefits, laundry & housekeeping, electronic medical records, as well as services

used when delivering care to patients. Providers also absorb the cost of delivering care to patients who are unable to pay for their own care.

Cost to Payers

Payors in the healthcare system include both private insurance companies and government insurance programs. The cost to healthcare payors is the total amount they distribute in patient claims. The second major cost to payers is operating costs such as wages & benefits, supplies, and administrative costs.

Q Is there a difference between price, cost & payment?

A Yes, there is a difference.

Price

In healthcare, price refers to the amount a provider sets for a specific healthcare service. Price is often referred to as the charge for a healthcare service, and serves as the starting point from which payment is negotiated.

Cost

Cost refers to the amount spent by the provider delivering healthcare services, and includes all of the expenses associated with operating their business in order to deliver services, from supplies and utilities to wages & benefits.

Payment

Payment simply refers to the dollar amount which is paid from the insurance companies, whether public or private, to providers for healthcare services. Often, this rate represents a negotiation between two entities, which is why variation in payment for healthcare services sometimes exists. Payment also includes the amount received directly from patients for their deductible, co-insurance, or co-pays, as well as charges for services not covered by the insurance policy.

Q How is a price set?

A The price of healthcare services is achieved by calculating the total operating expenses of a provider and the cost of delivering a specific treatment to the patient / healthcare consumer.

Q Who sets the price?

A Hospitals use a chargemaster, which is a comprehensive list of all items that can be billed to either a patient or an insurance provider. Chargemasters are extensive, often containing tens of thousands of items, or health care services, depending on the facility. While the charges associated for each item are rarely paid due to the discounts negotiated by private insurers, hospitals use them as a starting point for billing purposes in order to avoid a violation of the Social Security Act, which requires hospitals to give the federal government their best price.

Q Why are there price differences between hospitals?

A There can be variations, sometimes large ones, in the prices that hospitals set for the same procedure or service. This is due to the many factors that go into determining the cost of hospital services and that each facility has its own set of factors to manage which determines its cost structure. Some organizations have higher cost structures due to the complexity of the service being provided, such as trauma, transplant, or neonatal intensive care, that are extremely expensive to maintain. Some organizations have mission-related costs, such as teaching, research, or providing care for low-income populations. For a list of variables that may affect a hospital's cost structure, please click here.

Q Where can I find information on pricing?

A While private insurance companies do not typically release comprehensive price information because it would undermine their ability to compete for business, there are several ways for patients / healthcare consumers to educate themselves prior to receiving a healthcare service or procedure.

New Hampshire Health Cost
NH Health Cost is a tool that healthcare consumers can use to help estimate and compare healthcare costs based on actual prices associated with various outpatient medical and dental procedures, as well as medical prescriptions, for individuals with and without insurance. Visit them online at nhhealthcost.nh.gov.

The Centers for Medicare & Medicaid Services
Medicare releases annual payment information for inpatient and outpatient procedures. For more information, visit them online here.

Q Is the price I pay for services all I should consider in selecting a provider?

A No. Price is only one aspect of choosing a healthcare provider. The convenience of seeing a physician or access to a healthcare provider is also important to consider, as well as the quality of the healthcare being delivered when it comes to choosing a provider.

Q Where can I find information on quality measures for providers?

A Many patients / healthcare consumers are becoming more engaged and placing more value on the quality of the healthcare they receive from their providers, and today there are more tools than ever that provide hospital and provider quality measures.

NH Health Cost
In addition to providing estimates and comparisons on healthcare costs for consumers, NH Health Cost also provides information on quality measures for providers across New Hampshire on specific procedures. This resource provides nationally available quality data on local health care services to help consumers make informed healthcare decisions.

Centers for Medicare & Medicaid Services
One of the most common and comprehensive sources for quality data is Medicare's Hospital Compare website, where you can find information on the timelines of care, number of readmissions and complications, and surveys of past patients' experiences. Visit https://www.medicare.gov/hospitalcompare/search.html

COVERAGE

Q Does the type of coverage I have impact my costs?

A Yes. It is very common for health insurance entities, both public and private, to charge various amounts for deductibles, co-pays, and co-insurance depending on your insurance plan. All of these variables can have a direct impact on the amount of money you spend on healthcare services. In addition, high-deductible plans, which typically require a large upfront payment from the patient before the insurance company begins paying, are becoming more common as employers are finding it increasingly difficult to cover the entire cost of healthcare for their employees.

Q Why do some people on Medicare pay a different amount for the same procedure than others?

A Some providers have different, and sometimes higher, operating costs than others. A hospital that serves a disproportionate share of uninsured patients and is also a certified teaching hospital will have much higher operating costs than a standard acute care hospital. These higher operating costs are ultimately reflected in the price of care for Medicare-covered procedures. In addition, the cost variation among Medicare enrollees is based on the type of Medicare health insurance held by each enrollee. Medicare Advantage Plans, offered by private companies such as Health Maintenance Organizations (HMOs) or Preferred Provider Organizations (PPOs), often have different prices when compared to traditional Medicare plans since they are negotiated by private companies.

Q What types of payments can insured patients be expected to make?

A There are a few different financial responsibilities patients face:

Deductible
The amount you owe for healthcare services before your health insurance plan begins to pay. For example, if your deductible is $1,500.00, your health insurance plan won't pay anything until you've met your $1,500.00 deductible first for healthcare services. Your deductible may not apply to all services received; for example some plans offer preventive services, annual mammogram or physical exam, free of charge.

Co-Pay
The fixed amount of out-of-pocket costs you pay when visiting the doctor's office for a particular healthcare service. For example, if your co-pay is $20.00 for primary care visits that means that you will pay $20.00 each visit, regardless of the reason for seeing your doctor, and your insurance company pays the rest of the cost for your visit.

Co-Insurance
The amount of covered benefits that the patient is responsible for paying after reaching their deductible amount. For example, if your co-insurance is 20% of your medical costs, and your total bill is $100.00, you will pay $20.00 of that total bill and your insurance company is responsible for the remaining portion of that bill, or $80.00.

Q What is the difference between a covered and non-covered service?

A The difference between a covered and non-covered service is essentially just that – some services are paid for by your insurance, while others are not. Every health insurance plan has services they cover and services they don't cover. Non-covered services are based on insurance type, and services not covered by your health insurance plan are services that the healthcare consumer is responsible for paying.

Q If I am uninsured, do I pay the hospital's full price?

A If you are uninsured you will not pay the hospital's price. There are various levels of discounts available depending on your income status. Each hospital's discount program is different, please check with the Patient Financial Services team at your hospital to find out more information about the discounts available to you.

Q What options do I have if I am uninsured?

A The Affordable Care Act ensures everyone have access to some type of health insurance coverage. If you don't have health insurance coverage but need to schedule a hospital visit, contact the Patient Financial Services department to discuss the out-of-pocket costs you can expect. There are a variety of options available to you.

ACA Marketplace
The Affordable Care Act's online marketplace, www.healthcare.gov, is a place where you can shop for health insurance to find the one that best suits your needs.

Covering New Hampshire
This resource provides information about the Health Insurance Marketplace and the affordable health insurance plans that are available. www.coveringnewhampshire.org

NH Department of Health & Human Services
To determine your eligibility and / or apply for coverage for the New Hampshire Health Protection Plan, a healthcare program that expands coverage to low-income NH residents, or for Medicaid, visit NH DHHS.

New Hampshire Hospitals
In addition, New Hampshire hospitals and physicians offer financial assistance programs that provide free or discounted care, based on a patient's income. Ask the hospital's Patient Financial Services or Patient Access representative about qualifying for their charity care or financial assistance programs.