

TALKING POINTS

IPPS TRANSPARENCY/CHARGEMASTER REQUIREMENT

WHAT ARE HOSPITALS DOING TO BE TRANSPARENT?

Hospitals are committed to providing useful price and quality information to consumers.

- North Carolina hospitals are committed to providing useful information for those making health care decisions. This information should come from all entities involved – including insurance companies – to give consumers the full picture of the cost and quality of health care.
- For years, hospitals have complied with North Carolina law to provide information to the public on charges and reimbursements associated with various medical procedures. This information is housed on the NC Department of Health and Human Services website.
- Because of differences in health insurance coverage, it is difficult for hospitals to provide specific costs without knowing very detailed information about a patient's health insurance coverage. (*Encourage the patient to reach out to hospital's financial counselors and provide telephone number either here or in item 5 below*)
- We encourage patients to ask detailed financial questions – especially before scheduled services.
- Our hospital is ready to help patients and their families understand their financial obligations at any time.
- Our hospital is investing in making cost information available to consumers by [*insert example of steps your hospital takes to make pricing information available to patients*].

WHAT IS A CHARGEMASTER?

A chargemaster is a comprehensive list of charges for services provided by a hospital – each test, exam, surgery or other procedures, room charges, etc.

- Given the broad scope of services provided by hospitals, a chargemaster contains thousands of charges.
- Health insurance companies negotiate with hospitals on rates to provide care for their enrollees. Hospitals are paid the insurance company's contract rate, which is significantly less than the amount listed on the chargemaster.
- Two-thirds of North Carolina hospital's patients are covered by Medicaid or Medicare. The federal government sets the price for what it will pay, which is not only far less than the chargemaster price, but below the cost to deliver care.
- A hospital sets its chargemaster based on its unique range of services, adoption of new medical technologies, government underfunding, patient demographics and other local and regional factors.



ARE CHARGES DIFFERENT FROM PAYMENTS?

Yes, charges are different from payments. Chargemaster information is not a helpful tool for patients to estimate what they will pay for health care services.

- Almost no one – patients nor insurance companies – pays the chargemaster amount.
- Insurance companies, Medicare and Medicaid require hospitals to create chargemasters. They then apply their contracted rates to determine how much they will pay the hospital or clinic.
- In situations where a patient does not have insurance, our hospital has financial assistance policies that apply discounts to the amounts charged. More information on financial assistance policies can be found at [*customize for your hospital*] or [on NCHA's website](#).
- The amount an insured person pays for health care is determined by their insurance company through co-pays, deductibles, and out-of-pocket maximums.

WHY DO HOSPITAL CHARGES VARY?

Hospital charges include many factors, such as staffing, equipment, and maintenance costs, as well as the differences in care required to meet individual patient needs.

- While the list of charges is the same for all patients, the total charges for an individual patient vary based on the patient's unique needs/experience, including:
 - How long it takes to perform the service or how long it takes you to recover in the hospital
 - Whether the service or procedure you receive is more or less difficult than expected
 - What kinds of medication you require
 - Whether you experience complications and need additional treatment
 - Other health conditions you may have that may affect your care
- The charges a patient sees on the hospital bill also reflect the costs the hospital incurs to employ all the people who care for them and to keep the hospital operating, including:
 - Nurses and caregivers at the bedside
 - Pharmacists, lab technicians, food service staff, environmental service professionals and security personnel who, among many others, keep the hospital running 24/7
 - Specialty care providers
- Hospital charges include many other factors, such as drug and supply costs, facility depreciation, equipment and maintenance costs. Key components of hospital costs that vary by region, community and individual hospital include:
 - 24/7/365 readiness to meet the community's health care needs
 - Charity care for people unable to pay
 - Medicare and Medicaid underpayments – programs that pay the hospital less than the cost of caring for patients with health coverage through the programs
 - Bad debt incurred by insured patients who are unable to meet their co-pays and deductibles.