Minnesota Hospital Association

January 2021

Cost and quality transparency

Consumers can get up-to-date, accurate information about what they will pay for medical services by contacting their health insurer

- Insurance companies have real-time, consumer-specific information about deductibles, copays and other features of a consumer's health plan and health care utilization during the plan year.
- Because health insurers negotiate different payment rates for services with each health care provider, including hospitals, physicians and clinics, the best way to compare prices you will pay at your local health care providers is to contact your own insurance company.
- Your insurance plan can tell you what you will pay for a service at a clinic or hospital as well as what your out-of-pocket, copay and deductible will be.

Minnesota law requires physicians, hospitals and health plans to provide consumers with a good-faith estimate of the cost of their care

- Upon consumer request, hospitals will provide a good-faith estimate for a specific service of the agreed-upon allowable payment from the consumer's health plan company. Hospitals do not have access to consumer-specific information about the consumer's health plan benefits, but they can work with a patient and their insurance company to help determine their costs.
- In addition to the good-faith estimate, as of July 2019 health care providers must also provide information on other types of fees or charges that a consumer may be required to pay in a visit, including facility fees.
- Both of these must be provided within 10 days.

Minnesota law protects patients from surprise bills

- Surprise bills may occur when a patient receives care at an out-of-network hospital or a patient receives care at an in-network hospital but one or more of the providers working in the hospital is considered out-of-network by the patient's health insurance company.
- A state law effective Jan. 1, 2018, limits a patient's financial responsibility to the amount they would have paid if they had received in-network services, ensures patients have access to emergency care and requires a health plan and nonparticipating provider to negotiate payment.
- The Minnesota Hospital Association (MHA) supported the passage of this law, which has successfully protected patients from surprise bills.

Minnesota law requires hospitals and health systems to provide within 30 days of discharge an itemized description of billed charges for medical services and goods the patient received during the hospital stay.

- This itemized description of billed charges is not a bill. Patients should contact their health plan for specific information about what portion insurance covers and what portion is the patient's responsibility.

Your final out-of-pocket costs can be higher or lower than your neighbor's — even when you have undergone the same procedure

- Health insurance plan payments to providers vary, and insurance plan benefit levels are unique to each plan. In other words, even if you and your neighbor both have the same insurance company, your benefits may be different. Insurance companies sell policies with different levels of benefits to different employers and through MNsure, the state's health insurance exchange.
- Other factors that impact your final cost from a health care provider may be complications or other health conditions you may have.
- Consumers should also be aware that — depending on the medical services you need — you may receive several bills for your hospital services — from the hospital, the surgeon, the anesthesiologist, the pharmacy, the radiologist or the pathologist, for example, depending on what services comprise your treatment.

over

Since 2007, MHA has posted the charges for the top 50 inpatient Diagnosis Related Groups (DRGs) and the top 25 outpatient surgical procedures

- In 2014, MHA voluntarily expanded its Hospital Price Check website (www.mnhospitals.org/data-reporting/minnesota-hospital-price-check/compare-hospital-charges) by posting all inpatient DRGs. A note of caution: these are not prices that a person with insurance should expect to pay. These reports can help you compare overall charges among regional health care providers but should not be used as an estimate for what you will have to pay.
- These charges do not include charges for the physician or other professional fees, such as pharmacy, diagnostic imaging or lab work.

Clinics post average prices as of July 2019

- Price transparency legislation effective July 1, 2019, requires primary care and pediatric clinics to annually post in clinic waiting areas the Medicaid rate, the Medicare rate, the provider's charge and the average payment for commercial insurance for the top 25 most commonly billed services over $25. Again, consumers should be aware that these are not the prices they should expect to pay.

Beginning Jan. 1, 2021, hospitals and health systems are required to post their current, standard charges and a list of shoppable services.

- Hospital charges are the amount a hospital bills an insurer for a service. For most patients, hospitals are reimbursed at a level well below charges.
- Hospital charges do not represent the amount a patient is responsible for paying. Patients shopping for medical services should contact their insurance carrier to understand which costs will be covered and which will be their responsibility.

Consumers should also consider quality when researching the cost of their care

- In addition to making decisions about where to receive care based on cost, consumers should consider the network their insurance plan covers and consult with their own physicians about where to obtain the medical care they need.
- When choosing a hospital, we encourage consumers to consider a variety of factors such as speaking with their physician about their individual care plan and by looking up safety and quality information for the type of care they will be receiving.
- Visit the federal government's Hospital Compare website (www.medicare.gov/hospitalcompare/search.html) for information about the quality of care at over 4,000 Medicare-certified hospitals across the country.

Minnesota hospitals and health systems provide high-quality, low-cost health care and have earned a nation-leading reputation

- The federal Agency for Healthcare Quality and Research (AHRQ) has ranked Minnesota as among the best states overall for health care quality in the nation. This report is considered the gold standard for measuring the health care quality performance of states.
- The Centers for Medicare and Medicaid Services (CMS) has ranked Minnesota as among the lowest-cost states for hospital care. Adding these quality and cost factors together, Minnesotans are getting the best health care value of any state in the nation.
- When comparing recent data released by CMS for the top 100 Diagnosis Related Groups, Minnesota's charges are 6% below the national average. That means our charges are relatively low compared to other states. In addition, when looking at the variation of average charges from high to low charges, Minnesota's inpatient hospital charges show considerably low variation among hospitals.

Definitions

- **Cost** varies by the party (the consumer, insurer, health care provider) incurring the expense.
- **Charge** is the dollar amount a health care provider (your hospital, physician or clinic) sets for services rendered before negotiating any discounts with a payer (the insurance company).
- **Price** is the total amount a health care provider expects to be paid by insurers and patients for health care.

Definitions provided by the Healthcare Financial Management Association, April 2014.