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Expanding Transparency In Hospital Pricing

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Authors

Hsieh, Josie

Bajwa, Anmol

Sekhon, Ishaan

et al.

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Expanding Transparency In Hospital Pricing

Leads: Josie Hsieh and Anmol Bajwa

Group Members: Ishaan Sekhon, Kathie Li, Mia Russell, Sanoja Sobhani, Toros Kehribarian, Fabian Nobbir

SUMMARY

Transparent and itemized billing will enable patients to fully understand all healthcare related costs. Through transparent billing, patients will be made aware of any and all costs before they consent to undergoing medical visits and procedures. Itemized billing breaks down healthcare bills by the individual costs of each fee and service to make it easier for patients to understand why they're being charged. Transparent and itemized billing shown before patients visit hospitals and clinics ensure that patients won't be blindsided by unexpected medical bills and can act in accordance with their financial capabilities.

BACKGROUND

High health care costs affect the average Californian. Lack of transparency from insurance companies make it difficult to make decisions about individuals' health care plans and life plans. *H.R 133, The No Surprise Act*, from 2022, has pushed so that patients are aware and protected from surprise billing from emergency services. With itemized billing, most Californians pay more than what they were initially billed. The only way to know the full sum total is by requesting it from the Hospital. If we apply this with the greater health care system to improve transparency and Californian finances, this will improve quality of life and improve financial decisions.

PROBLEM

Healthcare costs are high due to a lack of transparency from hospitals, making it difficult for patients to make informed decisions about procedures. Almost a fifth of patients receiving surgery or giving birth receive "surprise bills" upwards of a few thousand dollars. In a country where nearly half of all adults struggle to pay for healthcare, surprise bills and overcharging only serve to further contribute to the large economic disparities in healthcare and the difficulties that many constituents face in paying for their healthcare. A lack of transparency in healthcare costs only drives individuals away from healthcare, leading them to delay vital care in an effort to cut costs. Keeping this in mind, the lack of transparency by hospitals is of utmost importance and must be addressed.

SOLUTION

This proposal requires every hospital in California to provide an itemized bill for all services and their associated charges. Additionally, every hospital must publish standard procedure prices in an accessible online format. This will increase transparency in hospital pricing and allow Californians to compare prices and anticipate costs. Residents will better understand what they are paying for and challenge unfair billing errors.

PRECEDENT

The *Lower Costs, More Transparency Act* (H.R. 5378) requires hospitals to publish cash prices

and negotiated charges annually. Additionally, the *H.R. 133, The No Surprise Act*, protects patients from out-of-network medical bills in emergency situations and in-network medical bills in non-emergency situations.

FISCAL ANALYSIS

By mandating itemized billing and setting standard price publications, California state and hospitals will experience short term administrative costs and long term savings for both patients and the broader healthcare system.

Hospitals will incur initial costs to update the technical software (billing platforms and online price databases) and train personnel. Costs will vary according to the hospital system size. Since many hospitals likely collect pricing data internally, this proposal will simply build on existing infrastructure. The state of California may require additional staff to monitor compliance and complaints. This oversight and enforcement cost could be offset through fines imposed on noncompliant hospitals.

Increased pricing transparency is projected to generate significant financial benefits. It will allow patients to better prepare healthcare related expenses and challenge billing issues. Additionally, it will encourage price comparison, placing pressure on high procedure costs. In the long term, reducing overcharging and surprise billing may lower out of pocket costs and medical debt for patients.

Since improved cost transparency allows patients to plan for their healthcare, healthcare utilization will become more efficient. By preventing delayed care, the cost for expensive emergency interventions later will be reduced for both patients and government health programs. In addition, market competition may increase with clearer pricing, potentially reducing growth of healthcare costs across the state of California.

Overall, while the proposal requires moderate short term investments, the long term financial gain is significant. Improving pricing transparency and subsequent healthcare planning can prevent sudden emergency bills, reducing healthcare costs for both patients and government healthcare programs. The larger benefits to California hospitals and patients outweigh the initial investments. Therefore, this proposal is fiscally responsible and economically sustainable.

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