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POLITICS

Hospitals Draw Warning on Price Disclosure Rule Compliance

Centers for Medicare and Medicaid Services is expected to release names of hospitals if they are penalized



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Federal regulators are warning some hospitals to make prices public under a rule that went into effect at the start of the year, after many failed to comply with the requirements.

The Centers for Medicare and Medicaid Services sent warning letters in April, according to a spokesman for the Department of Health and Human Services. In a statement Friday, the spokesman said CMS “expects hospitals to comply with these legal requirements and will enforce these rules to ensure Americans know what a hospital charges for items and services.”

The spokesman declined to say how many hospitals had received the letters, though thousands have failed to comply fully with the rule, according to Turquoise Health Co., a startup that has been gathering hospital price-transparency data since January.

The statement said CMS will release names of hospitals if they are penalized, but

“releasing this information prematurely could identify hospitals that have already taken corrective actions and come into compliance after issuance of a warning letter.”

The letters were earlier reported by Becker’s Hospital CFO Report.

A template for the warning letters viewed by The Wall Street Journal said hospitals would have 90 days to “take action to correct the deficiency or deficiencies identified by CMS.” The letters list violations, based on hospital website reviews conducted by CMS.

The statement said CMS potentially could send a second warning letter or request a corrective action plan if a hospital doesn’t come into compliance. The rule states that the agency ultimately can levy penalties of up to \$300 a day if a hospital doesn’t comply.

Some hospitals might decide the penalty is less than the cost to comply, said Heather Meade, a principal at Ernst & Young’s regulatory and legislative advisory division. Some also fear how competitors will use the price information, she said.

Hospitals’ failure to post their prices has drawn criticism from employers and consumer groups. The House Energy and Commerce Committee has called for enforcement of the rule. Under the rule, a centerpiece of the Trump administration’s healthcare policy, hospitals must reveal the prices they secretly negotiate with health-insurance companies.

Turquoise, the startup, said it has found about 2,800 hospitals that aren’t fully meeting the transparency requirements. The company said hospitals are continuing to add data.

Some hospitals complied with the law, but made prices harder to find online, a Wall Street Journal analysis found. Hundreds of hospitals embedded code in their websites that prevented Alphabet Inc.’s Google and other search engines from displaying pages with the price lists. Many hospitals removed the blocking code after being contacted by the Journal, with some saying it was there by mistake.

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