



FOR IMMEDIATE RELEASE | July 17, 2018
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NEWS RELEASE

SPBA PUSHES FOR IMPROVED HOSPITAL PRICING TRANSPARENCY TO HELP CONSUMERS

With the goals of having procedure costs clearly communicated and eliminating preferential payment discounts, the Society of Professional Benefit Administrators (SPBA) recently submitted comments to the Department of Health and Human Services (HHS) on hospital pricing transparency. The benefits-focused organization hopes to elicit positive change for all as new transparency regulation is in the works.

(Chevy Chase, MD) – Active in the efforts to improve hospital price transparency and consistency of billed charges for all consumers, the [Society of Professional Benefit Administrators](#) (SPBA) recently asked its members for – and submitted – comments on the topic to the Department of Health and Human Services (HHS). This comes as HHS put out a request for feedback while it works on a larger regulation related to the hospital payment system.

“The complexities and inconsistencies of the current hospital payment system are really hurting the consumer, especially the uninsured who are the most vulnerable,” explained Anne Lennan, SPBA president. “SPBA continues to push for a system that will be transparent about actual costs, eliminate preferential treatment with varying and often hidden discount arrangements and allow people to comparison shop for the best options based on price and quality.”

The commentary SPBA submitted addresses the current use of hospital chargemasters and how these lists do not adequately represent “standard charges” by service as the same procedure can be billed differently in each situation based on various factors like who the insurance payer is or if the consumer is paying in cash. SPBA’s feedback also explained how these charges don’t reflect what a hospital accepts as payment in full when commercial contracted discounts are factored in, with discounts falling anywhere from 5% to 75% off. It detailed an example of how these inconsistent discounts can lead to payments ranging from \$250 to \$950 being accepted for the same \$1,000 procedure, and the problems associated with this inequality.

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SPBA serves as an educational resource for third party administrators (TPAs) in navigating employee benefits and has been involved in discussions on the hospital pricing transparency topic with HHS for several years, submitting

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policy briefs with recommendations for changing the current system to be upfront and fair for everyone. The preamble to the new transparency regulation posed questions that indicated consideration of these SPBA briefs.

“Our organization has always felt that TPAs provide an invaluable perspective to lawmakers about benefit-related topics because they manage health plans of every size and form of employment across so many different industries,” said Lennan.

In putting together [its commentary](#), SPBA formed a board-level task force, brainstormed ideas as an organization and also asked for input from its members. It outlined two transparency options for HHS to consider in developing regulations that will ensure costs are consistent across the board. These include:

- 1) Publish the amount hospitals will accept as payment in full, by procedure, for both non-governmental payers and individuals and update quarterly. Consumers can then compare prices amongst multiple locations and make the most informed decision. This will also reduce administrative costs for hospitals as it would eliminate the hundreds of payer discount contracts to manage.
- 2) Develop a hospital pricing and disclosure chart that would include several components for all patients (Medicare, Medicaid, In-Network, etc.): number of procedures, total amount received/paid, median billed charge, median amount received/paid, etc.

The current hospital price transparency efforts have not been successful and SPBA aims to be part of the solution in changing this. In its ongoing advocacy efforts, the SPBA team continues to reach out to HHS and share its interest in serving as an educational resource as the agency moves forward in developing transparency policy.

SPBA is the national association of Third Party Administration (TPA) firms that manage client employee benefit plans. It is estimated that over 75% of U.S. workers and their dependents in non-federal health coverage are in plans administered by TPAs. The clients of TPA firms include every size and format of employment, including large and small employers, state/county/city plans, union, non-union, collectively bargained multiemployer plans, as well as most industries and professions.

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