

# Hospital price transparency common terms and definitions

Meeting hospital price transparency rules requires the cooperation and alignment of several teams inside a healthcare facility — either with an internal implementation team or a consultant.

Establishing common terminology when communicating can help reduce confusion and better enable compliance. Here are the most frequently used terms that you can share with all stakeholders:

**Shoppable service:** Any service a hospital provides that can be scheduled in advance, such as lab work or a surgical procedure.

**Ancillary services:** Any service the hospital would normally provide in addition to a shoppable service, such as medication, room and meal charges or standard hospital fees.

| Common Definitions        |  |
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| <b>Charge</b>             | <p>The dollar amount a provider sets for services rendered before negotiating any discounts. The charge can be different from the amount paid.</p> <ul style="list-style-type: none"><li>• <b>Gross charge:</b> The charge for an individual item or service that is reflected on a hospital's chargemaster, absent any discount.</li><li>• <b>Discounted cash price:</b> The charge that applies to an individual who pays cash, or cash equivalent, for a hospital item or service.</li><li>• <b>Payer-specific negotiated charge:</b> The charge that a hospital has negotiated with a third party payer for an item or service.</li><li>• <b>De-identified minimum negotiated charge:</b> The lowest charge that a hospital has negotiated with all third-party payers for an item or service.</li><li>• <b>De-identified maximum negotiated charge:</b> The highest charge that a hospital has negotiated with all third-party payers for an item or service.</li></ul> |
| <b>Cost</b>               | <p>The definition of cost varies by the party incurring the expense:</p> <ul style="list-style-type: none"><li>• <b>To the patient,</b> cost is the amount payable out of pocket for healthcare services</li><li>• <b>To the provider,</b> cost is the expense (direct and indirect) incurred to deliver healthcare services to patients</li><li>• <b>To the insurer,</b> cost is the amount payable to the provider (or reimbursable to the patient) for services rendered</li><li>• <b>To the employer,</b> cost is the expense related to providing health benefits (premiums or claims paid)</li></ul>   |
| <b>Items and services</b> | <p>All items and services, including individual items and services and service packages, that could be provided by a hospital to a patient in connection with an inpatient admission or an outpatient department visit for which a hospital has established a standard charge. Examples include:</p> <ul style="list-style-type: none"><li>• Supplies</li><li>• Room and board</li><li>• Facility fees</li><li>• Professional charges from employed physicians and non-physician practitioners (Note: The CMS elected to not define "employment")</li></ul>  |

## Common Definitions *(continued)*

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| <b>Service package</b>                     | An aggregation of individual items and services into a single service for which the hospital has a single standard charge.   |
| <b>Shoppable service</b>                   | A service that can be scheduled by a consumer in advance such as joint replacement or flu shot.  |
| <b>Plain language</b>                      | A description of each service in terms understandable by consumers and does not include internal code descriptions.  |
| <b>Price</b>                               | The total amount a provider expects to be paid by payers and patients for healthcare services.   |
| <b>Base rate</b>                           | The payer-specific charge the hospital has negotiate for a service package.  |
| <b>Care purchaser</b>                      | Individual or entity that contributes to the purchase of healthcare services.  |
| <b>Payer</b>                               | An organization that negotiates or sets rates for provider services, collects revenue through premium payments or tax dollars, processes provider claims for service, and pays provider claims using collected premium or tax revenues.  |
| <b>Provider</b>                            | An entity, organization, or individual that furnishes a healthcare service.  |
| <b>Out-of-pocket payment</b>               | The portion of total payment for medical services and treatment for which the patient is responsible, including copayments, coinsurance and deductibles.   |
| <b>Price transparency</b>                  | In healthcare, readily available information on the price of healthcare services that, together with other information, helps define the value of those services and enables patients and other care purchasers to identify, compare, and choose providers that offer the desired level of value.  |
| <b>Value</b>                               | The quality of a healthcare service in relation to the total price paid for the service by care purchasers.  |
| <b>Hospital</b>                            | Under the price transparency final rule, a hospital is defined as an institution that has received a license to operate as a hospital. This includes Medicare-enrolled institutions, critical access hospitals, specialty hospitals, state owned or operated facilities.   |
| <b>Machine-readable file</b>               | A digital representation of data or information in a file that can be imported or read into a computer system for further processing. Examples of this format include, but are not limited to, .XML, .JSON, and .CSV formats.  |
| <b>Consumer-friendly file</b>              | A file that is easily accessible and searchable by consumers without creating a login or password.   |
| <b>Internet-based price estimator tool</b> | A program that allows consumers to obtain the estimated amount they will be obligated to pay for as many of the 70 CMS-specified shoppable services that are provided by the hospital, and as many additional hospital-selected shoppable services as is necessary for a combined total of at least 300 shoppable services. To meet compliance, it must be prominently displayed on the hospital's website and accessible to the public without charge and without having to register or establish a user account or password. |

Our hospital price transparency team can cut through the confusion and bring clarity to help you be compliant with CMS regulations. Our technology solution is customizable to seamlessly integrate with your website and our team is ready to help turn obstacles into opportunities.

Learn more in our Price Transparency Education Hub at [wipfli.com/pricetransparency](https://wipfli.com/pricetransparency).

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