Illinois Health and Hospital Association

October 29, 2020

Today (Oct. 29), the U.S. Department of Health and Human Services, the U.S. Department of Labor and the U.S. Department of the Treasury (the Departments) released the Transparency in Coverage final rule. A complement to the hospital price transparency final rule, Transparency in Coverage focuses on group health plans and health insurance issuers in the individual and group markets, requiring disclosure of personalized and negotiated price information to "drive innovation, support informed, price-conscious decision-making, and promote competition in the health care industry."

Starting on or after Jan. 1, 2022 health insurance issuers of most non-grandfathered group and individual health plans are required to make three separate machine-readable files detailing pricing information publicly available to all stakeholders. The first file must show negotiated rates for all covered items and services between the plan or issuers and in-network providers. The second file must show both the historical payments to, and billed charges from, out-of-network providers. The third file must detail the in-network negotiated rates and historical net prices for all covered prescription drugs by plan or issuer at the pharmacy location level. Plans and issuers must provide these three files in a standardized format and provide monthly updates.

Regarding personalized price information, health insurance issuers of most non-grandfathered group and individual health plans must make personalized out-of-pocket cost information, and underlying negotiated rates, for all covered health care items and services (including prescription drugs) available to plan participants, beneficiaries and enrollees. Health insurance issuers must provide this information through an internet-based self-service tool and in paper form (upon request). Health insurance issuers must make an initial list of 500 shoppable services, as determined by the Departments, available via internet self-service tools for plan years that begin on or after Jan. 1, 2023. Pricing information on all remaining items and services must be included via internet self-services tools for plan years that begin on or after Jan. 1, 2024.

Finally, this rule allows health insurance issuers to share in savings resulting from consumers shopping for and utilizing services from lower-cost, higher-value providers. Issuers may take credit for these savings in their medical loss ratio (MLR) calculations.

IHA commented on the Transparency in Coverage proposed rule in January. While we strongly support providing patients with relevant cost-sharing information, we have significant concerns with the requirement for issuers to disclose in-network provider negotiated rates. Given the details of this final rule, we will continue to work with our national and state partners to ensure the administration evaluates the impact of this final rule on healthcare prices and access to care moving forward. The Transparency in Coverage final rule is here. A fact sheet for the Departments is here.

Please send comments and questions to IHA.