



# Greater transparency and interoperability in health care

Uncover strategic opportunities for health systems

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# Executive summary

**W**ITH TRANSFORMATIVE REGULATIONS—the US Centers for Medicare and Medicaid Services (CMS) Hospital Price Transparency Rule’s requirements in effect from January 1, 2021, and the CMS and US Department of Health and Human Services (HHS) Office of the National Coordinator for Health IT (ONC) Interoperability Rules with various compliance deadlines—sharing pricing and outcomes/clinical data is currently a major strategic issue in health care. These rules are driving increased data-sharing, and a bigger push is likely to follow. We expect the rules to increase competition once consumers are given access to pricing information that can be used to make health care decisions and to move the industry toward a consumer-centric future of health. We also anticipate them to drive improved care coordination and quality with clinicians and consumers getting the information they now lack for diagnosis and treatment decisions.

To understand how health systems are approaching these data-sharing rules, the Deloitte Center for Health Solutions conducted a survey in the fall of 2020 with 30 finance executives (CFOs, finance VPs, and revenue cycle VPs) of large health systems (revenue greater than US\$500 million). Four main themes emerged:

- **Price transparency and interoperability are valuable:** Sixty-two percent say care coordination and quality of care will improve due to these data-sharing initiatives.
- **Many respondents are planning to review and respond to their competitors’ prices:** Fifty-seven percent intend to conduct an analysis of prices in their markets and 53% are likely to adjust their prices as a result of the rule.
- **Consumer experience focus continues:** Top consumer engagement capabilities that health systems intend to develop include online scheduling (70%), cost estimation apps (53%), and innovative payment financing options (53%).
- **Payer-provider innovation will grow:** Sixty percent of health systems intend to directly contract with employers and 50% of health systems will seek more collaboration with payers.

Even as health systems work to comply with today's regulations, they should prepare for future requirements and use these programs as part of their broader competitive, financial, and digital strategies. Investments could include:

- **Conducting market analyses to help drive strategic decisions.** Organizations should seek to understand how they measure up against competitors on price, quality, and outcomes. This data could then support decisions about consumer engagement, pricing, and other strategies.
- **Developing or refining a consumer engagement strategy and executing on it.** Organizations should determine how they will better engage consumers through data-sharing, interoperability, and price transparency and whether they will buy, build, or partner for certain needed capabilities.
- **Designing for consumers.** Initiatives resulting from these regulations should be designed for the end user and provide a consumer-friendly experience across the entire patient journey—from customized pricing estimates and communications to scheduling and access.
- **Leveraging technology partners for needed capabilities.** Organizations should assess vendors currently in the market and keep an eye out for new entrants that can help build capabilities. One example might be a digital platform for dynamically setting prices, such as the use of bots that respond to some consumer inquiries, patient-liability estimators, scheduling tools, and other consumer needs.
- **Putting in place a system for tracking and monitoring consumer inquiries.** Data from such a system can help organizations understand the impact of published prices on consumer sentiment.
- **Collaborating further with payers.** Health systems should develop a plan to use opportunities with payers on pricing estimators, care coordination, and quality initiatives.

Price transparency and interoperability require significant investments by health systems. Organizations are required to publish standard charges and negotiated rates with health plans for certain services and share patient data seamlessly with consumers, payers, and other providers. Upcoming requirements, such as the Transparency in Coverage final rule for payers or expansion of the list of shoppable services under the Hospital Price Transparency Rule, will likely accelerate data-sharing. Organizations that are most prepared for a long-term journey toward greater transparency and interoperability will likely not only comply with the regulations, but will also approach these steps strategically to gain a significant long-term competitive advantage.

# Introduction: Primer on the rules and broader government context

**T**HE 21ST CENTURY Cures Act (Cures Act) contains key provisions to increase patients' access to their electronic health information (EHI), drive interoperability, and address information-blocking practices. CMS and ONC released final rules to implement the Cures Act's interoperability provisions and facilitate data exchange. Further, the administration released price-transparency final rules for hospitals and health plans. These rules aim to drive data-sharing in the industry and give consumers greater control of their health data and encourage market competition—and lower costs—by letting consumers shop and compare prices.



## Interoperability

Under the CMS Interoperability and Patient Access final rule, organizations are required to share claims and other electronic health information with patients via application programming interface (API) technology, which allows patients to access their data from their smartphones. The regulations intend to make it easier for patients to access certain claims and encounter information (including costs), and establish new requirements for hospitals to send automated electronic notifications when an individual is admitted, discharged, and/or transferred to another facility to better enable care coordination.

## Price transparency

The Affordable Care Act (ACA) established requirements for hospital price transparency. Last year, CMS and HHS built on this provision by issuing final rules requiring hospitals to publicly share standard prices for 300 “shoppable services,” or nonurgent procedures that can be scheduled in advance. Beginning on January 1, 2021, hospitals are required to provide machine-readable lists of standard charges for procedures, including gross charges, minimum and maximum negotiated charges, and rates that hospitals negotiate with health plans and other payers. Hospitals must update the data at least annually.

### THE JANUARY 1 DEADLINE: WHAT HAPPENED?

On January 1, 2021, the much-anticipated hospital price transparency rule and data interoperability rules went into effect. While it is too early to understand industrywide implementation rates, it is likely that many health systems may still be working toward meeting requirements. According to our survey, one in two health system finance executives said they were not prepared to implement the rules by January 1.

Hospitals have understandably focused instead on responding to the pandemic. This priority, according to our survey, was the top barrier to organizations' preparedness for the rules (57%). Executives also cited challenges arising from multiple disparate software platforms (53%) and lack of industry standards (50%) as barriers. In addition, many hospitals may have waited too long to see if the rules would be changed or postponed, resulting in a lack of preparedness.<sup>1</sup>

The administration released a similar rule for health plans. Health plans must publicly share machine-readable data on negotiated rates with in-network providers, payments to out-of-network providers, and covered drug costs on a monthly basis, by January 1, 2022. Additional requirements in subsequent years will require plans to provide a tool to estimate consumers' out-of-pocket expenses.

Also, as part of the Hospital Inpatient Prospective Payment Rule of 2021, CMS requires hospitals to include the median plan-specific negotiated rates with Medicare Advantage (MA) plans and other insurers by Medicare Severity-Diagnosis Related Group (MS-DRG) in their Medicare cost reports for cost-reporting periods beginning on or after January 1, 2021. Importantly, hospitals must satisfy Medicare cost-reporting requirements to remain eligible to participate in Medicare.



# Despite the challenging nature of the requirements, survey respondents agree that data-sharing is important and beneficial for the industry

**S**URVEY RESPONDENTS ACKNOWLEDGED that data-sharing will likely improve health outcomes. Of the surveyed finance executives, 62% believed that care coordination, quality of care, and outcomes will improve due to increased data-sharing (figure 1) and 54% agreed that this will improve decision-making and consumer

experience. Because health care data is fragmented and consumers lack information about health care costs, even small improvements are likely to benefit health systems and consumers. As the industry moves toward [the future of health](#), consumer-centric care and interoperability are the key to success.

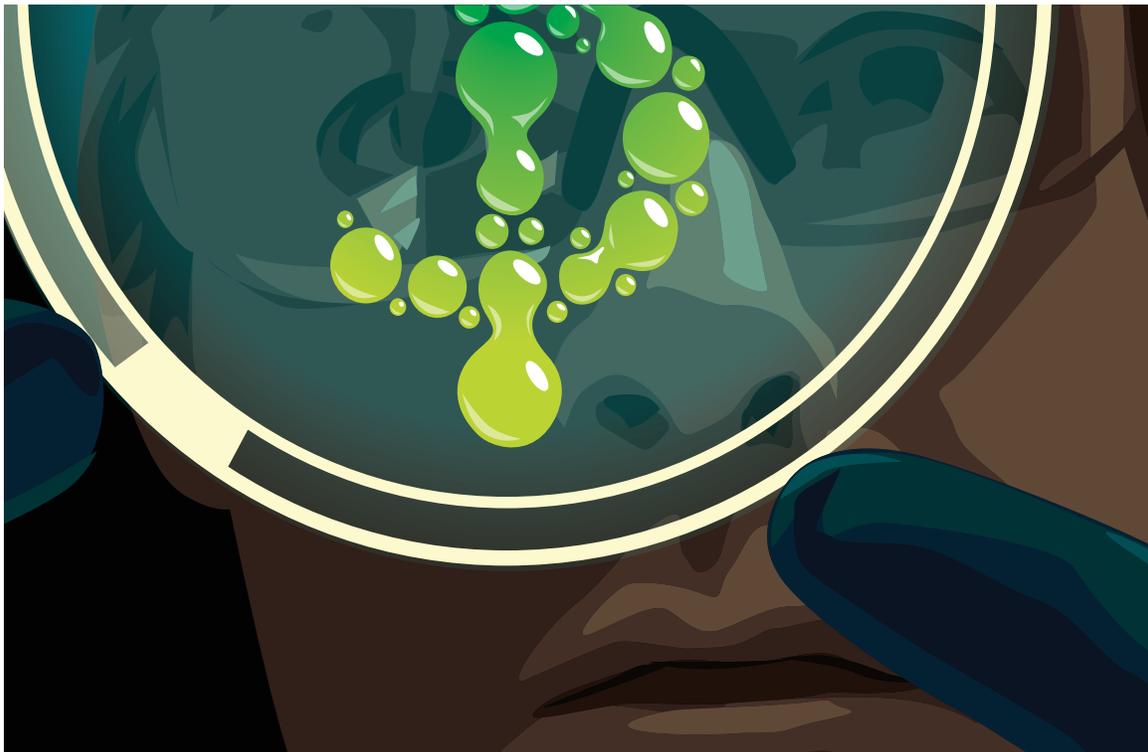


Figure 1

## Top benefits from data-sharing for the industry include improved care coordination and consumer experience

Top likely benefits/outcomes for the industry from data-sharing efforts (hospital price transparency and data interoperability)



Survey question: What are the most likely benefits or outcomes to the health care industry in the next three years from data-sharing efforts, including price transparency and interoperability? (select top three).

Notes: N=26. Four respondents said “no foreseeable benefit.”

Source: Deloitte Hospital Price Transparency and Interoperability Survey, 2020.

# What opportunities are health systems considering? Financial executives identified several new initiatives for their organizations as a result of data-sharing rules

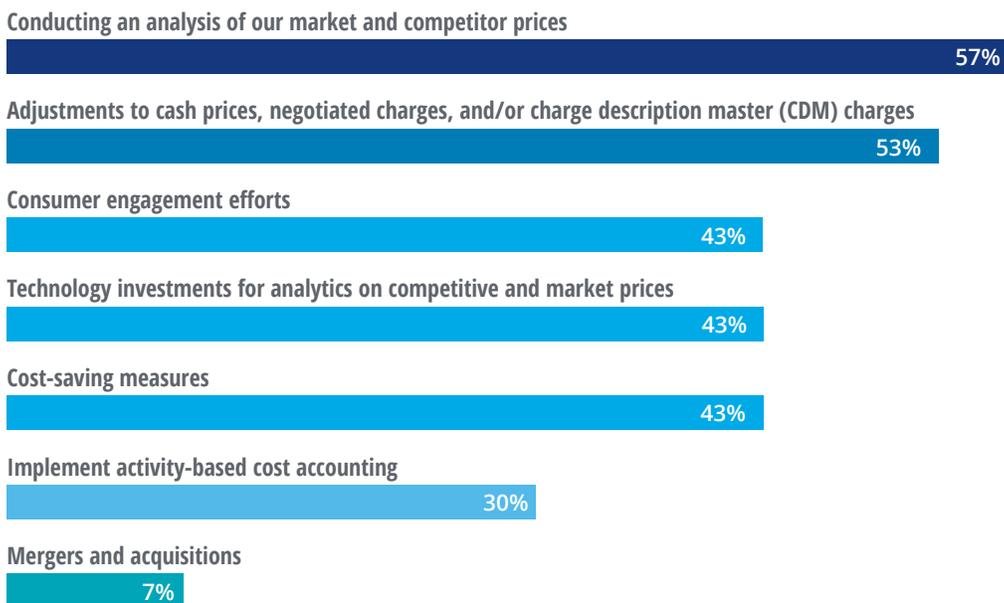
**T**HE PRICE TRANSPARENCY and interoperability rules have driven many health systems to consider their broader strategies beyond publishing their standard charges. With increased data-sharing, health systems will likely assess their market position, consider how to improve the consumer experience, and collaborate further with health plans and employers—all areas of strategic interest prior to the release of the rules. The success of these initiatives, however, will likely depend on each health system's market, goals, and capabilities.

In the near term, over half of surveyed executives indicated that they were most likely to seek to understand their health system's market position and adjust prices (figure 2). These activities can provide insight into whether the system is an outlier—with much higher or lower prices—for services in their market. If an organization finds itself to be an outlier, it should seek to understand if there are opportunities to update chargemaster pricing, renegotiate prices, build a defense of its rates, and other strategies to strengthen its market position. In addition, executives are also considering investing in consumer-friendly technology and cost-saving initiatives to increase market share and improve their margins.

FIGURE 2

## Over half of executives intend to analyze market and competitor prices and make price adjustments

Top likely actions from health systems as a result of the hospital price transparency rule



Survey question: What is your organization most likely to pursue as a result of the price transparency rule? (select all that apply)

Note: N=30.

Source: Deloitte Hospital Price Transparency and Interoperability Survey, 2020.

Consumer engagement is also top of mind for health systems due to the price transparency rule. The majority of finance executives (70%) are interested in developing capabilities for online and immediate scheduling for shoppable services (figure 3). Other areas that executives are considering include developing a patient out-of-pocket cost estimator, innovative payment financing options, and more consumer education programs focused on pricing, quality, and outcomes.

An improved consumer experience with integrated pricing and quality data presented intuitively can create a strong narrative in the market, which in turn could increase market share.<sup>2</sup> Increased market share (i.e., patient volume) can partially offset potential revenue loss as a result of pressure from health plans and employers to reduce rates. Health systems can also improve patient satisfaction and increase trust between patients and providers by providing a simple, comprehensive, and accurate estimate of patient costs. A well-designed digital hospital front door that provides a *personalized* patient cost estimate,

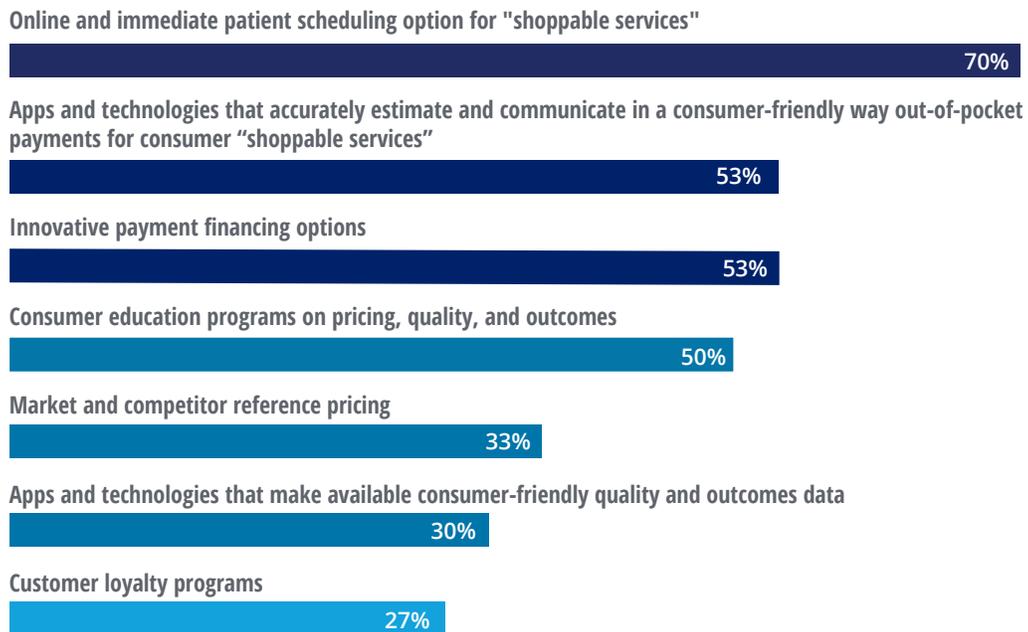
offers financing terms, and an option to schedule the encounter, all in the same digital interaction, can translate into higher point-of-sale collections and overall yield on self-pay accounts. Each health system market is unique, and traditional consumer

engagement strategies should continue. However, adding these new capabilities, either by building them in-house, purchasing them, or partnering with a third-party entity, can position health systems as leaders in their markets.

Figure 3

### The top consumer initiative that organizations intend to accelerate is creating an online scheduling tool

Top likely consumer engagement initiatives that health systems will accelerate as a result of the hospital price transparency rules



Survey question: Which of the following consumer engagement initiatives are you most likely to accelerate as a result of the price transparency rule? (select all that apply).

Note N=30.

Source: Deloitte Hospital Price Transparency and Interoperability Survey, 2020.

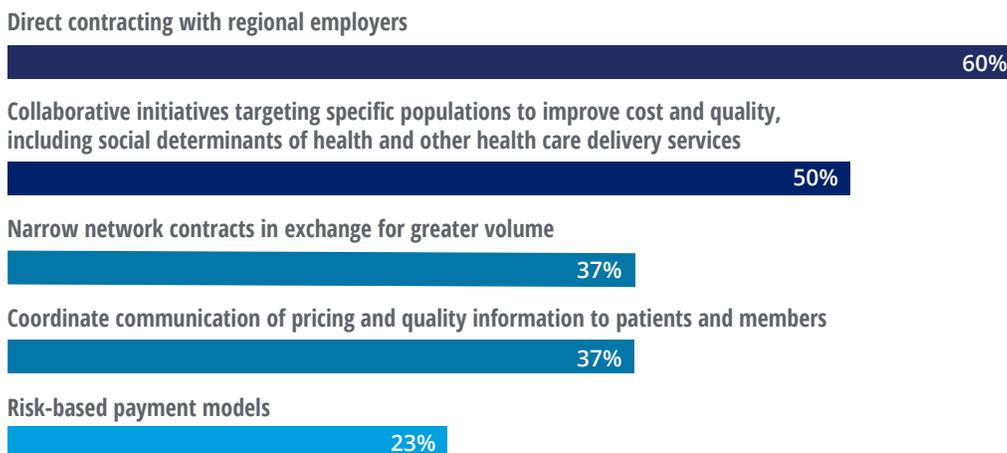
Executives from health systems are considering how they can work with health plans and employers to share data. Many say that they will directly contract with employers (60%) and seek more collaboration opportunities (50%). Over a third indicated interest in narrow networks,

coordinating sharing of data, and value-based payment models (figure 4). With health plans also mandated to publish negotiated rates, stronger coordination and sharing of information could benefit both health systems and health plans. To do so, they might need to go beyond today's

Figure 4

## The top payer initiatives that organizations intend to accelerate are direct contracting with employers and broader collaboration efforts

Top likely payer initiatives that health systems will accelerate as a result of the price transparency rules



Survey question: Which of the following initiatives with payers are you most likely to accelerate as a result of the price transparency rule? (select all that apply).

Note: N=30.

Source: Deloitte Hospital Price Transparency and Interoperability Survey, 2020.

contracts and data-sharing. One potential area for collaboration outside of publishing prices might be around investing in targeted initiatives and capabilities for improving the drivers of health (also referred to as social determinants) or around care management for people with chronic conditions.

Based on their market analyses, some health systems may feel that they are positioned to sell their services directly to employers instead of through health plans. This type of teaming could result in a competitive advantage, with employers as a channel for more volume and/or broader population. However, it is important for organizations to understand that the Hospital Price Transparency Rule is required for all standard charges with all payers, including employers. These types of collaborations are growing opportunities, but still require compliance with regulations.

# Recommendations: How can health systems use price transparency and interoperability to their advantage with consumers, health plans, and employers?

**T**HE HOSPITAL PRICE Transparency rule is an annual publication process. Health systems should create a replicable, efficient process that can be used every year to ensure compliance moving forward.

Strategically, the interoperability and price transparency rules are creating mandates and opportunities for greater data-sharing in the industry. Organizations should also consider planning for the future.

- **Conduct market analyses to help drive strategic decisions.** Now that data is public, health systems should analyze their charges relative to the market and competitors. Organizations should seek to understand how they measure up for price, quality, and outcomes and use this information to inform their consumer engagement, pricing, and other strategies.
- **Develop or refine a consumer engagement strategy and execute on it.** Organizations should determine how they will better engage consumers as a result of data-sharing, interoperability, and price transparency and whether they will buy, build, or partner for capabilities they need. Organizations should seek to understand whether consumers desire cost estimators, calculators, and other consumer-facing apps and then determine how to best add those capabilities.
- **Design for consumers.** Initiatives should be designed for the end user and provide a consumer-friendly experience across the patient journey—from personalized pricing and communications to scheduling and access. Being consumer-friendly on websites, digital tools, and apps is important. Cost estimators should be personalized and user-friendly. Organizations should also have consistent messaging on pricing data across the organization. Customer service personnel, revenue cycle staff (front, middle, and back),

and scheduling coordinators should be trained to explain the pricing and be prepared to respond to inquiries on the phone, video, or in person. Clinical staff should be armed with messaging to direct shoppers or patients to the appropriate revenue cycle areas for a response.

- **Leverage technology partners for capabilities.** Where possible, bots and other automation technologies could be leveraged for the process to annually publish the data and to communicate with consumers for timely responses to basic inquiries. One example might be a digital platform for dynamically setting price, such as the use of bots that respond to some consumer inquiries, patient-liability estimators, and scheduling tools, and for other consumer needs. Organizations should also monitor the technology vendor landscape. Many technology apps, platforms, and solutions are already in the market and more are likely to enter that will enable patient-liability estimators, scheduling, data aggregation, and other consumer-facing activities. Organizations should assess the vendor landscape and monitor for new entrants to ensure they can add to the organization’s capabilities and enable longer-term strategies.
- **Establish a system for tracking and monitoring consumer inquiries.** Data from a system like this can help organizations understand the impact of the published prices on consumer sentiment. Specific metrics to track could include conversion from inquiry to scheduled visit and number of inquiries by service. Brief surveys of consumers could also shed light on consumer sentiment and dive into reasons for not proceeding with scheduling, whether the consumer is shopping around at multiple organizations, and whether pricing influenced their decision.

- **Collaborate further with payers.** Now more than ever, health systems should consider how they will work more closely with payers for quality and care coordination initiatives. Organizations should also consider their market position with payers as a result of market analyses. Payers will likely begin sharing information next year on a monthly basis due to the Coverage Transparency Rule for health plans, so opportunities also will exist for payers and providers to jointly estimate and publish consumer-friendly pricing. Health systems should both keep their eyes on meeting short-term requirements and considering strategic opportunities in the longer term. We expect further requirements will accelerate data-sharing for the industry. Interoperability continues to be a focus. More shoppable services could be included in future years and health plans must start publishing negotiated rates on January 1, 2022. Instead of scrambling at each regulatory step, health systems should lay out a long-term plan that will help them meet deadlines and create a competitive advantage to succeed in the future of health.

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## Endnotes

1. Jacqueline LaPointe, "[Preparing for hospital price transparency rule compliance](#)," RevCycle Intelligence, September 10, 2020.
2. Christi Skalka et al., [Putting a price on transparency: How providers can win in a transparent market](#), Deloitte Insights, August 26, 2020.

## Acknowledgments

**Project team:** **Maulesh Shukla** contributed significantly to the survey design, analysis, interpretation, and writing of the paper. **Regina DeSantis** helped with the planning and writing. **Hemnabh Varia** contributed to the analysis. **Chris Murray, Daniel Esquibel, Diana Sessions,** and **Kelsey Lee** contributed to the survey design and interpretation.

The authors would like to thank **Alison Roy, Tom Delegram, John Valenta, Sujay Subramaniam, Kristin Klettke, Ryan DeMerlis, Laura DeSimio,** and **Sarah Thomas**, and the many others who contributed to the success of this project.

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