



The Pros and Cons of Pricing Transparency

Here are some implications for the podiatric medical practice.

BY MARK TERRY

On January 1, 2019, the U.S. Centers for Medicare and Medicaid Services (CMS) imposed a rule that required hospitals to update their public price lists at least annually. This was part of its 2019 inpatient and long-term care hospital prospective payment system (IPPS/LTCH PPS) final rule.

In a fact sheet that came out with the final rule, CMS wrote, “The policies in the IPPS/LTCH PPS final rule further advance the agency’s priority of creating a patient-centered health-care system by achieving greater price transparency, interoperability, and significant burden reduction so that hospitals can operate with better flexibility and patients have what they need to be active health-care consumers.” At this time, there does not appear to be a major push toward requiring the same thing of private physicians or any of the specialties, such as podiatric medicine.

At least part of the idea is that by providing patients with this information, they will be able to comparison-shop; it may also potentially incentivize consumers to better understand what their health insurance covers.

A poll conducted by revenue cycle management service company PMMC

“There is a general concern in the industry that this will put healthcare providers at a disadvantage when it comes to negotiating contracts with payers, because the rates they privately negotiate will now be publicly known,” the survey stated.

The Medicare Outpatient Pro-

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and Chilman Law Firm published in August 2019 indicated that publishing negotiated rates was the biggest concern about half of providers polled had about the Trump administration’s price transparency executive order. About a quarter of those polled were concerned about their inability to provide out-of-pocket cost estimates.

spective Payment System (OPPS) has a similar proposal for calendar year 2020 that would require all non-federal hospitals to post their gross and payer-specific negotiated charges for common, shoppable services. The American Hospital Association (AHA), the Federation of American Hospi-

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tals (FAH), American’s Essential Hospitals, the Association of American Medical Colleges, and Children’s Hospital Associated issued a joint statement that said, in part, “Hospitals and health systems want to ensure that patients have access to information they need to choose their healthcare, including their out-of-pocket obligations. This rule, however, is a misguided attempt to improve price transparency for patients because it fails to give them the information they need.”

The statement went on to say, “Disclosing the negotiated rate between insurers and hospitals will not help patients make decisions about their care. Instead, this disclosure could harm patients by reducing patient access to care. This is the wrong approach to price transparency, and the administration should reverse course on this provision.”

Although it doesn’t look like podiatric physicians need to be overly concerned about these requirements at the federal level anytime soon, that may not be the case at the state level, according to law firm Foley & Lardner LLP. Some states, such as California, have required hospitals to submit chargemasters, a list of average charges for 25 common outpatient procedures, since the early 2000s. Massachusetts implemented a similar law in 2012, and Colorado enacted one in 2018.

Although beyond the scope of this article, it does not appear yet that private physicians and the specialties are required to list prices at the state level, although there have been rumors some states are considering it. Voluntarily, some podiatric physicians have chosen to provide pricing lists on their websites. Their reasons vary. Here’s a look.

Pros

Melissa Lockwood, DPM with Heartland Foot and Ankle (Bloomington, IL) is often suggested as the individual to talk to when looking at this subject. One of the reasons she decided to give it a shot was inspired



Dr. Lockwood

by a book by Marcus Sheridan titled, *They Ask, You Answer: A Revolutionary Approach to Inbound Sales, Content Marketing, and Today’s Digital Consumer*. It kind of looks at different ways you can try to attract good leads with your website and online media. One of the things the author notes is you need to provide customers with basic information about whatever service they’re seeking—including costs,” Lockwood says.

One example is if you were to call a restaurant and if they wouldn’t show you the prices, you would in most cases not eat there. “That resonated with me. How many times do you go on the Internet, whether you’re looking for a restaurant or call



Dr. Torres-Hodges

of the rationale is quite different—she runs a direct pay (cash) practice. She has opted out of Medicare and dropped insurance. “Online, I take the approach that patients are ‘doc shopping’ so I list the main things a new patient going to see the podiatrist would most likely want—office visits and common procedures such as nail surgery, injections, and x-rays,” Torres Hodges says. “Once established, as part of the discussion I have about the clinical rationale of a recommended procedure or treatment plan, the list includes the prices—to make them aware of what will be incurred should they proceed.”

Many podiatrists, of course, have expressed concerns about listing their pricing. There are concerns about competition intentionally undercutting on prices and worries about confusing

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for something, and you click off if it doesn’t show the prices,” Lockwood says. So she gave it a chance and developed a link from the homepage of her practice’s website to a page about pricing.

The website is very careful to emphasize that patients with insurance will be paying something different than the list price of the services: “Our fees below **do not represent insurance allowed amounts** as each carrier ‘assigns’ a different amount to each service. As a contracted provider with your insurance, our office accepts a significant price adjustment to our fees with individual carriers. All pricing is subject to your specific benefits.”

Grace Torres-Hodges, DPM, who practices in Pensacola, Florida, has prices listed on her website, but part



Dr. Jackson

patients. Rem Jackson, president and CEO of Top Practices (Las Vegas, NV), says, “Number one, physicians should not be concerned and should not fear it

because it’s really a very good opportunity to actually filter the patients that are coming in to see you. And number two, it’s another opportunity to be that much more prepared for what it is that you’re going to recommend.”

Torres-Hodges, for example, believes that price transparency gives patients the opportunity to make informed decisions and be personally responsible for their actions. She also notes that conversely it pushes patients to take care of themselves to avoid the expenses. “In a world of metrics, gathering quality measures becomes moot as physicians

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arbitrarily will have to strive for positive outcomes which in turn will improve clinical quality and boost competition—otherwise they will have no patients,” Torres Hodges says. “Free market forces inevitably begin to take over—creating more competition based on price and quality.”

“People are looking for this,” Lockwood says. “They want to know what it costs; they want to know how

they didn’t understand how the reimbursement worked with the individual contracts. They were asking, “Why is this doctor charging us more to see us?”

Aung says, “So we just decided we were happy to give people the estimate before any services were done. But you know, they have to be a patient here and we have to know what conditions they have so



Dr. Aung

And she says that about once a month someone will look at the pricing and say they can’t afford the service and they choose to go elsewhere. “We wish them the best,” she says. “We give them everything we can, education-wise. No matter what, if they’re going to get this treated, they’re going to have to pay these dollars. That’s what it is.” She notes that about 28% of her business is cash services, and that a lot of Medicare patients self-pay for orthotics, which are not covered by Medicare.

“Regardless of what I say I charge, that is not what patients see. So, patients got confused when they saw the charges.”—Aung

Should You?

It’s possible that this sort of price transparency will never become a requirement for podiatric physicians or any other private practice physicians. Or it could. Certainly it’s a concept being pushed in various aspects of healthcare, including the biopharmaceutical industry. Many physicians are worried it will cause problems, but it could be a positive aspect of your practice.

Jackson argues that pricing transparency is merely an aspect of physi-

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much their healthcare costs just like they would want to know about a car or restaurant or anything. And when we’ve gotten new leads through the patient contact form, we know they are high quality. We’ve seen a huge decrease in the number of people walking out or complaining about the cost when they’re in the office.”

Cons

Obviously, many podiatric physicians are uneasy about posting their prices. Some of it is simply related to the complexities in what patients actually paid—as emphasized by the significant disclaimer on Lockwood’s website. The prices listed are what the podiatrist charges, but have little to do with what the patient, unless they are paying cash, actually will pay. As every podiatric physician knows, they negotiate reimbursement for services with each provider and each patient’s individual coverage will likely vary.

Barbara Aung, DPM of Aung FootHealth Clinic (Tucson, AZ), for example, tried listing prices on the website for a short period of time and took it down. “Regardless of what I say I charge, that is not what patients see. So, patients got confused when they saw the charges.”

There were also some issues from patients who would look at, for example, their EOBs and note that one physician was getting one amount and another a different amount, and

we can truly give them a more accurate estimate of what the planned services might be.”

Lockwood notes that her practice verifies benefits before the patient’s appointment whether they’re new or established patients. “In the past,” she says, “we used to call, but now it’s very simple for us to go online

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and see how much they have left in their deductible, things like that. And we also have a copy of our fee schedule where we track what the different carriers allow for these things.”

Aung points out that she attempted the price transparency five years ago. “So I was a little early in the whole game and I don’t think people understood the whole price.” Overall, however, she found the price lists confused patients.

Lockwood notes that despite it being overall successful for her practice, she has from time to time seen negative comments online about it.

cian communication. “Better communication always translates into more patient compliance, more patient acceptance, and better clinical results. So if you can get good at this and comfortable with this and relax into it, then it can actually help you with your patient results.”

Lockwood notes that podiatric private practice has almost become boutique services. “If you’re not working in conglomerate hospitals, you have to do something to set yourself apart. And we feel that transparency and being honest with patients about pric-

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She does suggest that if it's something you intend to try, "take it ex-

to educate them. We have to educate them on how to make better health-care decisions."

Another approach, besides the website, is to have forms or brochures or an information sheet avail-

and not beat around the bush. But it takes practice."

Torres-Hodges agrees, saying, "it is hard for me to believe any physician would not consider price transparency as a good thing for medicine, for physician quality and for a fair and honest practice standard for our patients. We all promised to 'first, do no harm'—that should mean not only clinically, but financially. Podiatrists can be leaders in this effort." **PM**

"It's important not to pull your punches and not beat around the bush."—Jackson

tremely slowly. I would start with probably one or two of your favorite things to treat if you're going to put anything on the website. I would start with that. People are going to come to it, they really will. Then make sure your staff is trained on how to talk to patients about it. It's not us-against-them. You're saying you're an advocate for the patient. We're trying to help them. We want

able in the office that describes the costs. Jackson says, "I want to say this is number one—doctors need to remember one thing and that is: your patients came to you because they have a problem. It is bothering them, and they were worried enough that they made an appointment to come and see a doctor. They came to you so you could heal them so it's important not to pull your punches



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