

FREQUENTLY ASKED QUESTIONS ON CHARGEMASTERS & HOSPITAL PRICE VARIATION

HOSPITAL COMMITMENT TO PRICE TRANSPARENCY

Hospitals in New Hampshire remain committed to improving price transparency for patients by providing information on obtaining healthcare costs publicly available and available upon request. Because of widespread variation in health insurance coverage, it is difficult for hospitals to provide specific cost information without access to very detailed information about a patient's health insurance coverage.

WHAT IS A CHARGEMASTER?

A chargemaster is a comprehensive list of charges for each inpatient and outpatient service provided by a hospital – each test, exam, surgery or other procedures, room charges, etc. Given the broad scope of services provided by hospitals 24/7, a chargemaster contains thousands of services and charges. Health insurance companies contract with hospitals to care for their customers. Hospitals are paid the insurance company's contract rate, which generally is significantly less than the amount listed on the chargemaster. An individual hospital's charges vary based on its unique range of services, adoption of new medical technologies, government underfunding, patient demographics and other local and regional factors.

HOW IS INFORMATION SHARED WITH PATIENTS AND FAMILIES?

The chargemaster is not a useful tool for consumers who are comparison shopping between hospitals. Our hospital employs financial counselors and other resources to help our patients understand their financial obligations. We encourage patients to reach out and ask detailed financial questions – especially before scheduled services. Our hospital is ready to help patients and their families understand their financial obligations at any time during the treatment process.

HOW ARE HOSPITAL CHARGES DETERMINED?

Hospitals charge the same amount for any service regardless of the source of payment. (Federal law requires that hospitals charge the same prices to all patients as a condition of Medicare participation.) Non-governmental or private (commercial) health plans pay rates that are negotiated between the payer and the hospital through contracts. Patients with insurance will likely see an adjustment reflecting the difference in the hospital's charges and the amount the insurance company has negotiated for services rendered.

ARE CHARGES DIFFERENT FROM PAYMENTS?

Yes, charges are different from payments. Chargemaster information is not particularly helpful for patients to estimate what health care services are going to cost them out of their own pocket. Chargemaster amounts are almost never billed to a patient or received as payment by a hospital. The chargemaster amounts are billed to an insurance company, Medicare, or Medicaid, and those insurers then apply their contracted rates to the services that are billed. In situations where a patient does not have insurance, our hospital has financial assistance policies that apply discounts to the amounts charged. Each hospital has different proportions of Medicare, Medicaid, commercial insurance or uninsured patients, which adds to the complicated nature of hospital billing. Every insurer pays the hospital differently. Medicare and Medicaid generally pay less than the actual cost of caring for patients. There are also patients who, unfortunately, can't pay their hospital bills. As New Hampshire's health care safety net, hospitals treat uninsured and underinsured patients every day.

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REIMBURSEMENT RATES VARY FOR HOSPITALS

Government payers, e.g., Medicare and Medicaid, pay the lowest rates and tell hospitals the amount they will be reimbursed for services, which often does not cover the cost of the service. Medicare rates are pre-determined and are non-negotiable. Medicaid pays a predetermined fixed amount for inpatient services based on patients' diagnoses and treatments, and current reimbursement rates do not cover current costs. Uninsured and underinsured patients do not pay hospitals an amount that covers the cost of their care. Indigent, charity and free care is provided to patients who typically do not have insurance and have family incomes that qualify for a hospital's indigent or charity care policies. In some cases, the hospital covers the entire amount of the patient's bill. In other cases, the hospital will subsidize the cost of the bill and require the patient to pay some amount based on his or her income and a pre-established sliding scale. Hospitals incur bad debt when a patient does not pay his or her bill and does not qualify for the hospital's indigent or charity care programs. Hospitals must cover bad debt losses from positive margins gained from other payers.

WHY CHARGES MAY DIFFER BETWEEN HOSPITALS

Every patient's case is special and requires different levels of care. Hospitals are prepared with doctors, nurses and high-tech equipment around the clock for illness or injury. Hospitals have a uniform set of charges. Sharing meaningful information, however, is challenging because hospital care is individually tailored to each patient's needs. The chargemaster is individual to each hospital as all hospitals are unique and the needs of their individual communities vary. Hospital-based clinics provide services that are not otherwise available in the community to vulnerable patient populations. The costs in these hospital-based clinics are higher due to more severely ill patient populations requiring greater use of resources, greater regulatory requirements, stand-by capacity costs related to offering emergency department and other services 24/7 and 365 days a year, and the costs of unreimbursed "wrap-around" services. Pricing is often inconsistent across the hospital industry. Hospitals operate under different circumstances based on the unique range of services they offer, continued emergence of new medical technology, workforce shortages, government underfunding, patient demographics and other factors. A hospital that provides highly specialized services such as trauma or burn units or around-the-clock emergency care will have a different cost structure than one that does not. Hospitals have more comprehensive licensing, accreditation and regulatory requirements. Hospital-affiliated facilities must comply with a much more comprehensive scope of licensing, accreditation and other regulatory requirements than do free-standing physician offices.