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An Entrepreneurial Perspective on Transparency in Coverage Proposed Rule 9915

Background.

We have experience building consumer marketplaces (5 years, director of engineering at Groupon) and 10+ combined experience in building managed care software for hospitals.

In the past year, we've started a venture (through Arcosta, now Turquoise Health) to build atop CMS's price transparency vision and simplify pricing infrastructure in healthcare. In that year, we've consolidated CDMs at 3,000 acute care hospitals, built a white labelled price transparency tool, built multiple APIs, and created a managed care negotiation tool on top of the data. We've done this as two people, part time.

In reading the meeting minutes from 10/1 on EO 12866, we disagreed with many points regarding the software burden and complexity of complying with CMS 9915. By no means is compliance simple, but it is not as difficult as these documents make it out to be.

We want to lend a modern software perspective and entrepreneurial perspective to support CMS 9915 - a proposed rule that will build off the vision and infrastructure of CMS 1717.

Both are actively encouraging third party ventures (non-provider, non-payer) to act as the glue to create the economic forces and patient experience that CMS aspires for in these rules.

These rules also encourage providers and payers to embrace clear pricing, plan structures and data infrastructures. Rather than field burdens from existing payers with outdated data infrastructure and plan design, CMS should also consider support from new ventures.

These new ventures will be well equipped to work with the variables CMS provides through these rules -- negotiated rates by carrier and service, cash pay rates (CMS 1717), and member live cost sharing info -- to foment cost conscious, economically-rational healthcare decision making in America.

Carriers should not build price transparency tools internally.

In the EO 12866 meeting from October 1st, there is a Bates White whitepaper called "Estimating the Burden of the Proposed Transparency in Coverage Rule" that puts the average carrier cost to **build** a price transparency tool at $5.5M, and the annual cost to maintain this tool at $3.5M.

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This indicates that carriers are (on average) not well equipped to build modern web technology. Also, it stands to reason that it's more economically effective for carriers to license white label, existing price transparency tools than create one from scratch.

As a third party developer that has created these tools and would willingly sell a white labelled price transparency tool, we would quote at $250,000 to install and $100,000 annually to maintain on average.

We recommend to not let estimates of burden (like a hobbyist jogger quoting you on a mile time) derail CMS's valid Olympic dream.

Free market healthcare requires comparison of options. Third party developers will provide this if there are no burdens to access.

Both CMS 9915 and CMS 1717 stipulate a truly public disclosure of information in a machine readable format. This permits developers like us to create true comparison engines that will drive market forces in healthcare.

Partial transparency is:

- The ability for a consumer (or healthcare buyer, such as a self funded employer) to compare prices within a health system
- The ability for a consumer to compare prices after logging in to their insurance portal

Full transparency is:

- The ability for a consumer to compare prices across places of care, carrier networks and cash pay options.

CMS 9915 and market forces will drive adoption of a price transparency data standard.

When a third party full transparency engine amasses enough data to affect a market, that transparency engine will want to expand provider and payer engagement. The third party will offer an interoperability standard for payers and providers to share price transparency information, in the form of:

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- A standard machine readable file format for providers to upload service packages, third party rates and associated ancillary charges
- An API (application programming interface) for live cost sharing information about member plans. There is already a FHIR interoperability standard for communicating a ProductPlan that payers can adopt
    - We believe requiring payers to create a live, cost-sharing API is is a key component of CMS 9915

Payers that choose not to adopt a price transparency standard for interoperability will see increased competition from:

- Consumers paying cash pay
- Self-funded employers organizing direct to provider contracts
- Payers that have shared their interoperable price transparency information on the free market and offer **competitive value.**

CMS 9915 and CMS 1717, in tandem, also challenge providers and payers to consolidate fees into service packages, prospective payments, clearly quotable visits and simpler plan designs.

Many new ventures are building atop CMS 9915 and CMS 1717.

- ClinicPriceCheck
    - Allows patients to compare cash pay rates across hospitals - using data from CMS 1717
- Turquoise Health
    - New venture that allows consumers to research rates, providers to list rates, and self-funded employers to negotiate direct to provider rates
- Healthcare Bluebook
    - Existing company that will leverage price transparency data (as they already use CMS data) to foster price-rational decision making.
- Many more companies (Ooda Health, eg) working to increase real-time claim adjudication on clear pricing data.

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Third parties are incentivized, alongside CMS to serve as the watchdog of price transparency for both payers and providers.

Both CMS and third party companies (non-payer, non-provider) will have purchasers of healthcare as clients (patients, employers, co-ops, etcs). Their business incentive is to provide the best 1) quality, 2) convenience, 3) price, and 4) relationship for their customers. These entities are aligned to support price transparency - unclear prices and poor patient financial experiences are detrimental to customer experience.

Sample display, price transparency third party tool (provider focused):