



A collection of U.S. one-hundred dollar bills.
Photographer: Paul Yeung/Bloomberg

Employer Group Touts ‘Playbook,’ Data to Broker Hospital Prices

Sept. 7, 2022, 4:30 PM

- Service includes hospital data to determine fair prices
- Employers struggle to negotiate prices with hospitals

An organization that works with employers that provide health coverage for 45 million Americans is starting a service Thursday to help determine fair hospital prices.

“For the first time, we finally have data that reinforces what we’ve long known—hospital prices are out of control—and we can’t rely on health systems and health plans to course correct,” Michael Thompson, president and CEO of the National Alliance of Healthcare Purchaser Coalitions, said in a statement. Members of the National Alliance represent private and public sector, nonprofit, and union organizations that spend more than \$300 billion on health-care benefits for employees and family members.

The group’s “[playbook](#)” will help employers use hospital price and quality transparency data from Sage Transparency, a free online service that displays data from a variety of sources on hospital prices and quality.

Employers have struggled for years trying to negotiate prices with hospitals, which often charge employers 250% or more than what Medicare pays.

Recent data indicate that for most hospitals, a fair price for patients privately insured by employers is 140% to 200% of what Medicare pays for the same services, the National Alliance said. “A fair price should allow for a reasonable markup from costs and a price that is competitive with peer hospitals,” the group said.

In addition to using the data to determine what a fair price is for hospitals in specific marketplaces, the playbook offers guidance about how to get fair pricing from hospitals and information on employers rights and responsibilities as plan sponsor fiduciaries.

It includes costs that it says hospitals need to charge commercial payers to break even considering other income and expenses and a margin judged to be reasonable. It also compares costs among peer hospital systems, and it provides what it determines is a fair market price that employers could use to negotiate fees.

Hospitals were required to file information on their negotiated prices beginning in 2021, but compliance with that rule was slow to start. Health plans sponsored by employers and health insurers were required to file similar data beginning July 1 under the transparency in coverage rule ([RIN: 1210-AB93](#)).

“We know that Florida is among the states paying the highest prices for hospital care by employers despite efforts to extract value from every dollar spent on healthcare for their workers,” Karen van Caulil, president and CEO of the Florida Alliance for Healthcare Value, said in an email. “Our employer members are already rallying to educate their C-suites with this new information and are committed to bringing other purchasers to the table to use market- and policy-based strategies to curb costs.”

To contact the reporter on this story: Sara Hansard in Washington at shansard@bloomberglaw.com

To contact the editors responsible for this story: Brent Bierman at bbierman@bloomberglaw.com; Cheryl Saenz at csaenz@bloombergindustry.com