News Release

Administration offers consumers an unprecedented look at hospital charges

Today, as part of the Obama administration's work to make our health care system more affordable and accountable, Health and Human Services (HHS) Secretary Kathleen Sebelius announced a three-part initiative that for the first time gives consumers information on what hospitals charge. New data released today show significant variation across the country and within communities in what hospitals charge for common inpatient services. Also today, HHS made approximately $87 million available to states to enhance their rate review programs and further health care pricing transparency. In an example of how these data might be used, the Robert Wood Johnson Foundation (RWJF) is planning a data visualization challenge which will further the dissemination of these data to larger audiences.

"Currently, consumers don't know what a hospital is charging them or their insurance company for a given procedure, like a knee replacement, or how much of a price difference there is at different hospitals, even within the same city," Secretary Sebelius said. "This data and new data centers will help fill that gap."

The data posted today on CMS's website include information comparing the charges for services that may be provided during the 100 most common Medicare inpatient stays. Hospitals determine what they will charge for items and services provided to patients and these "charges" are the amount the hospital generally bills for an item or service.

"Transformation of the health care delivery system cannot occur without greater price transparency," said Risa Lavizzo-Mourey, M.D., RWJF president and CEO. "While more work lies ahead, the release of these hospital price data will allow us to shine a light on the often vast variations in hospital charges."

These amounts can vary widely. For example, average inpatient charges for services a hospital may provide in connection with a joint replacement range from a low of $5,300 at a hospital in Ada, Okla., to a high of $223,000 at a hospital in Monterey Park, Calif.

Even within the same geographic area, hospital charges for similar services can vary significantly. For example, average inpatient hospital charges for services that may be provided to treat heart failure range from a low of $21,000 to a high of $46,000 in Denver, Colo., and from a low of $9,000 to a high of $51,000 in Jackson, Miss.

To make these data useful to consumers, HHS is also providing funding to data centers to collect, analyze, and publish health pricing and medical claims reimbursement data. The data centers' work helps consumers better understand the comparative price of procedures in a given region or for a specific health insurer or service setting. Businesses and consumers alike can use these data to drive decision-making and reward cost-effective provision of care.

The Affordable Care Act also makes available many tools to help ensure consumers, Medicare, and other payers get the best value for their health care dollar. Medicare is beginning to pay providers based on the quality they provide rather than just the quantity of services they furnish by implementing new programs such as value-based purchasing and readmissions reductions. HHS awarded $170 million to states to enhance their rate review programs, and since the passage of the Affordable Care Act, the proportion of insurance company requests for double-digit rate increases fell from 75 percent in 2010 to 14 percent so far in 2013.

To view the new hospital dataset, please go to: http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/index.html.

To access the funding opportunity announcement, visit: http://www.grants.gov, and search for CFDA # 93.511.

For more information on HHS efforts to build a health care system that will ensure quality care, please see the fact sheet "Lower Costs, Better Care: Reforming Our Health Care Delivery System," at http://www.cms.gov/apps/media/press/factsheet.asp?Counter=4550.

To read a fact sheet about the Medicare data showing variation in hospital charges, please see: http://www.cms.gov/apps/media/fact_sheets.asp.