

Healthcare Equality Through Price Transparency

Background

The 21st Century Cures Act, enacted by the 114th United States Congress and signed into law on December 13, 2016 by President Barack Obama, aims to modernize the healthcare system in the United States. The U.S. Department of Health and Human Services (HHS) finalized the rules in March 2020, marking the next phase of the Cures Act implementation.

Starting January 1, 2021, hospitals in the U.S. are required to provide clear and accessible pricing information online about their items and services in two ways:

1. **Machine-Readable File:** A comprehensive digital file with all items and services, including gross charges, discounted cash prices, payer-specific negotiated charges, and de-identified minimum and maximum negotiated charges.
2. **Consumer-Friendly Format:** A display of shoppable services that is easy for consumers to understand.

For additional details on this requirement refer to [45 CFR §180.50](#).

Enforcement

The Centers for Medicare and Medicaid Services (CMS) is committed to ensuring consumers have the information they need to make informed healthcare decisions. An overview of enforcement can be found in the CMS [Fact Sheet](#) from April 26, 2023.

Introduction

Our goal is to aggregate, normalize, and curate machine-readable files from hospitals, as well as obtain cost information from health centers, to provide an easy-to-use, search function for healthcare consumers. A similar service would be GoodRx, but for outpatient procedures.

Initial Focus

Given the diversity of services provided by hospitals and the limited scope of third-party facilities, we will start with the top 20 outpatient procedures. Treatments requiring an overnight stay are excluded due to the complexity of cost aggregation.

[2023 Most Common Procedures Google Sheet](#)

Non-Hospital Market

Ambulatory Surgery Centers (ASCs) are the fastest growing segment of the outpatient care market due to their ability to offer surgical services at lower costs. According to the American Society of Anesthesiologists, two-thirds of all surgical procedures now take place in outpatient settings.

Cures Act Compliance

ASC facilities are not required to provide a public machine-readable pricing file, and hospital compliance is relatively low (~40%). This presents a significant opportunity.

Market Competition

The market leader in price transparency is [Turquoise Health](#), based in San Diego, CA, and founded in 2020. Additional information can be found on their [Pitchbook](#) page. It is privately held with Venture Capital funding.

Differentiation

We offer several advantages over the competition:

- 1. Ambulatory Surgery Centers:** We focus on the two-thirds of procedures performed outside hospitals, which are not reported by Turquoise. This will establish us as the true price transparency leader. Additionally, we can generate revenue by charging non-hospital facilities for each procedure posted using Healthcare Common Procedure Coding (HCPC). Either by CTR (click through rate) or a low yearly subscription.
- 2. Enhanced Sorting & Filtering:** Our platform will address several UX issues present in Turquoise, such as:
 - Moving the insurance filter into the primary search to allow customers with insurance to compare facility costs on a single page.
 - Automatically displaying Medicare Quality Ratings for facilities.
 - Integrating insurance deduction logic into the initial search.
 - Changing the default search to price then distance
 - Providing functionality for customer ratings (1-5 stars).
 - Offering common-sense logic for non-compliance listings.
 - Integrating Healthgrades and other third-party value providers.
- 3. API Pricing:** Practitioners and third-party applications who use Turquoise's API pay a premium charge, due to market domination.

Example: Cataract Removal (HCPCS 66821)

Removal of cataracts is one of the top procedures performed in the U.S., with 3.5 million procedures annually, expected to grow with the aging population. This translates to approximately 14,000 procedures a day.

A search on Turquoise for cataract removal in Quincy, MA (9 miles south of Boston)

- **Signature Health (Brockton, MA): \$5,240.55**
- **Boston Medical Center (Boston, MA): \$597.75**
- **Average (Greater Boston): \$1300 - \$1800**

This shows a significant price variation even among hospitals. The U.S. average cost is higher at **\$3867**. Refer to [2023 Most Common Procedures](#).

A Generative AI search provided the following: *"In Massachusetts, the average cash price for cataract surgery is \$3,844, but can range from \$3,131–\$4,577 depending on the facility. The cost of a premium IOL can also add \$2,000–\$3,000 to the price."*

Eye Centers Around Boston

A Google search for non-hospital facilities providing cataract removal in Greater Boston yields more than 20 centers, none of which provide pricing or rating information.

Saving \$500 on 3.5 million procedures is an annual consumer savings of \$1.75 trillion dollars.

Consolidation Pressures - Why Now

As hospitals merge and form larger systems, they gain more negotiating power with payers (insurance companies). This can lead to the adoption of fixed-price contracts or bundled payments. In 2023, there were 65 announced hospital mergers, up from 53 transactions in 2022. [Hospital mergers in 2023](#)

Since 2000, hospital prices have grown faster than prices in any other sector of the economy and the researchers found that cross-market mergers increased healthcare prices by almost 13% over six years. [Hospital mergers are leading to higher prices.](#)

Proposal

Raise \$500,000 in initial capital to build a true price transparency proof-of-concept platform. Focusing on the populous East Coast states (Connecticut, Massachusetts & New York), where healthcare is abundant and serves approximately 20 million patients.

Initial Funding Opportunities

In addition to venture capital, we see opportunities to secure grants focused on Social Determinants of Health (SDOH) and potential funding from the Department of Public Health, both nationally and at the state level.

Leadership

Brian Palmer - CTO: More than 20 years of experience building data-intensive platforms, including systems for healthcare interoperability.

(brianmorganpalmer.com)

William Roper - COO: 20 years of experience in software solution sales, business development, and marketing.

Conclusion

This is not a technical challenge, it's a people challenge. To onboard non-hospital providers, we need to develop simple, user-friendly tools that allow practitioners and practitioner groups to self-report their pricing. Demonstrating value via site metrics and keeping overhead to a minimum.

Additional Information

Our temporary domain, Equity Health, has additional information and is updated regularly.

Revision History

1.0 - August 5, 2024 - Initial Publication

1.1 - August 13, 2024 - Why Now - Hospital Mergers