EXPERTISE NEEDED TO DECIPHER MACHINE-READABLE FILES

Written By Bruce Shutan

Since U.S. hospitals were required to make machine-readable files (MRFs) of their medical service prices available to the public in January 2021, it has been virtually useless to the self-insured marketplace without experts to translate the raw data. The same can be argued for pricing data that payers have needed to make public since July 2022. While expectations ran high amid lax enforcement, the quality of this information is still very much a work in progress.

There's an apprehensiveness about the extent to which the data is actually usable, explains Peter Schultz, vice president of actuarial and underwriting services for Marsh McLennan Agency (MMA). "A lot of the thought initially was that when transparency data becomes available, we'll be able to know the price for every service with a high degree of confidence when the MRFs are released, and that has just not been the case," he says.

Peter Schultz

Healthcare consumers are unable to obtain straight answers from raw data files unless they're carefully scrubbed, adds Matthew Robben, co-founder and chief technology officer for Serif Health. "You basically have to do some very thorough-like data engineering to get it to a place where what you're left with is actually the nuggets of truth that came from that raw data, and that usually takes an outside ingredient of expertise," he says.

MRF data must be melded with other inputs such as provider demographics and credentials as well as member-specific information involving copays, deductibles, etc., explains Heather Cox, president of insights and empowerment at Zelis. "This information needs to be presented to the member in a digestible and actionable way that they understand," she says.

FILTERING AND PROCESSING

In some instances, Schultz says there is no data available, while in others, there may be many rates published for the same service. Filtering and processing the data allows consultants to select appropriate rates from payer files.

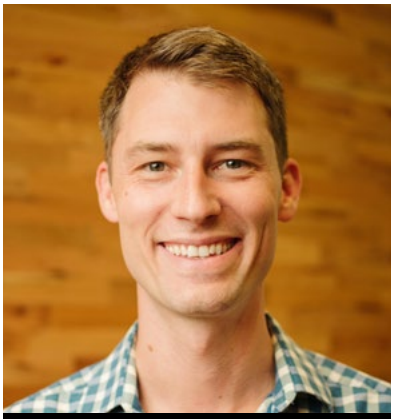
Another method is referencing prices. "There are rates that are going to be far outside of what's possible in terms of as a percentage of Medicare," he says. In addition, there are "ghost rates" or "zombie rates," which are placeholders when there is no other rate to put into the system. Employers must determine with the help of experts what data they can keep that falls within the realm of reasonable possibilities and compare it to hospital MRFs.

What makes those hospital files so valuable is that the so-called v2 schema, a standardized format used to exchange electronic information between different healthcare systems, provides additional clarity beyond what's available in payer or carrier files.

"If we can triangulate the same data point in a hospital file with a payer file, and those numbers all appear reasonable based on our knowledge of commercial rates for similar services, then we feel pretty good about that data," Schultz observes.

What's most promising for 2025 is essentially using the data as a way to search for care based on meaningful comparisons within an individual's group health plan, according to Robben.

While no one is going to use MRFs to decipher a full bill and upfront estimate, he believes it will prove to be quite useful for a relatively shoppable service like magnetic resonance imaging. An ability to scan through all of the medical pricing records in, say, Tempe, Ariz., and learn that there are $200 to $400 low-cost alternatives to a local hospital's rate of more than $1,000 helps consumers turn this source data into a practical, real-world application that then elevates their patient experience.



Matt Robben

"If they want a search tool for their membership, they can tell us which MRFs they want us to index, and we'll go stand up a live application programming interface," he says.

FIDUCIARY DUTY CHECKS

Publicly available data also allows plan sponsors to do fiduciary responsibility checks in terms of determining whether rates are egregious. "If you're not paying attention, and you're a plan sponsor buying a Blues plan, and you don't know that you're paying 10 times the market rate for the code range, you should be able to run that scan and ask, is any of this ridiculous compared to the market?" Robben notes.

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Heather Cox

Calling the raw files "still a bit of an atrocity," he says it would be ideal if CMS, HHS, the DOL and state governments align on who's going to enforce pricing transparency, what the standards are going to be and how they improve over time. "There are a couple of groups like Patient Rights Advocate pushing hard to raise the bar on making publicly available pricing data more understandable," he notes, lauding the first Trump administration's approach as effective.

Robben believes hospital price transparency is in a good place, especially with continued enforcement oversight and leveling up of the requirements. "The hospital files, in most cases, are better sources of information and easier to access, understand and parse into an answer than the payer data at this point," he explains. "We are excited about helping employers answer hard questions, make better decisions year over year and meet their compliance criteria, regardless of what the enforcement priorities are."

A SUPPLEMENTAL TOOL

MRFs have become more of a supplement to MMA's existing comparative analysis of, for example, provider networks to determine which carrier has the lowest cost for an employer client. That arrangement is expected to continue when the agency deploys its transparent pricing solution to the marketplace in 2025. As the quality of publicly available data improves and becomes more comprehensive, Schultz reports that "we'll be able to scale to where at some point we could leverage these files as a primary insight for employers."

Serif Health finally developed a broad commercial claims data set last January, learning from most customers that filtered information has turned out to be quite helpful. "Our methodologies have gotten better over the past two years where now if an employer works with us or a Turquoise, Payerset or whoever, they're at least going to get handed something that means something and has most of that un-useable data removed," Robben reports.

Noting a separate code and cost within the MRF for anesthesia, gastroenterology, pathology and other elements of, say, a colonoscopy, Cox suggests that health plan members need a unified, easy-to-comprehend view of their care. Zelis presents all the data points related to a single procedure as a whole and provides additional details such

as quality metrics and patient reviews. She says the result is a more accurate representation of the price and a better member experience that helps everyone save money.

"To be truly effective," she says, "TPAs and self-insured employers need to leverage a solution that consolidates all of the relevant information. It needs to be presented in a way that the member can understand and empowers them to make decisions."

Wrapping an engagement program around MRF data not only saves money but also greatly improves employee satisfaction, according to Cox. She reports that clients leveraging these programs have seen a 3:1 return on investment, as well as $64 million in savings.

With the start of a new year, Schultz is sanguine about the prospects for more transparent pricing. "There's a lot of energy and attention around getting to better transparency," he says, "and there's a likelihood that the payer files will improve in a way that is that we saw with the hospital files with the v2 schema. That's what we would hope for in that the next round of schema for the payer – something that provides the additional clarity and guidance that wasn't there in the initial regs."■

Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 35 years.