

1 AN ACT relating to hospital price transparency.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO
4 READ AS FOLLOWS:

5 *As used in Sections 1 to 7 of this Act, unless context requires otherwise:*

6 *(1) "Ancillary service" means a facility item or service that a facility customarily*
7 *provides as part of a shoppable service;*

8 *(2) "Cabinet" means the Cabinet for Health and Family Services;*

9 *(3) "Chargemaster" means the list of all facility items or services maintained by a*
10 *facility for which the facility has established a charge;*

11 *(4) "De-identified maximum negotiated charge" means the highest charge that a*
12 *facility has negotiated with all third-party payors for a facility item or service;*

13 *(5) "De-identified minimum negotiated charge" means the lowest charge that a*
14 *facility has negotiated with all third-party payors for a facility item or service;*

15 *(6) "Discounted cash price" means the charge that applies to an individual who pays*
16 *cash, or a cash equivalent, for a facility item or service;*

17 *(7) "Facility" means a hospital licensed under this chapter;*

18 *(8) "Facility items or services" means all items and services, including individual*
19 *items and services and service packages, that may be provided by a facility to a*
20 *patient in connection with an inpatient admission or an outpatient department*
21 *visit, as applicable, for which the facility has established a standard charge,*
22 *including:*

23 *(a) Supplies and procedures;*

24 *(b) Room and board;*

25 *(c) Use of the facility and other areas, the charges for which are generally*
26 *referred to as facility fees;*

27 *(d) Services of physicians and nonphysician practitioners employed by the*

1 facility, the charges for which are generally referred to as professional
2 charges; and

3 (e) Any other item or service for which a facility has established a standard
4 charge;

5 (9) "Gross charge" means the charge for a facility item or service that is reflected on
6 a facility's chargemaster, absent any discounts;

7 (10) "Machine-readable format" means a digital representation of information in a
8 file that can be imported or read into a computer system for further processing,
9 and includes .XML, .JSON, and .CSV formats;

10 (11) "Payor-specific negotiated charge" means the charge that a facility has
11 negotiated with a third-party payor for a facility item or service;

12 (12) "Service package" means an aggregation of individual facility items or services
13 into a single service with a single charge;

14 (13) "Shoppable service" means a service that may be scheduled by a health care
15 consumer in advance;

16 (14) "Standard charge" means the regular rate established by the facility for a facility
17 item or service provided to a specific group of paying patients, and includes all of
18 the following as defined in this section:

19 (a) The gross charge;

20 (b) The payor-specific negotiated charge;

21 (c) The de-identified minimum negotiated charge;

22 (d) The de-identified maximum negotiated charge; and

23 (e) The discounted cash price; and

24 (15) "Third-party payor" means an entity that is, by statute, contract, or agreement,
25 legally responsible for payment of a claim for a facility item or service.

26 ➔ SECTION 2. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO
27 READ AS FOLLOWS:

1 Notwithstanding any other law to the contrary, a facility shall make public a:

2 (1) Digital file in a machine-readable format that contains a list of all standard
3 charges, expressed in dollar amounts, for all facility items or services as described
4 in Section 3 of this Act; and

5 (2) Consumer-friendly list of standard charges, expressed in dollar amounts, for a
6 limited set of shoppable services as provided in Section 4 of this Act.

7 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO
8 READ AS FOLLOWS:

9 (1) A facility shall maintain a chargemaster of all standard charges, expressed in
10 dollar amounts, for all facility items or services in accordance with this section.

11 (2) The standard charges contained in the chargemaster shall reflect the standard
12 charges, expressed in dollar amounts, applicable to that location of the facility,
13 regardless of whether the facility operates in more than one (1) location or
14 operates under the same license as another facility.

15 (3) The chargemaster shall include the following items, as applicable:

16 (a) A description of each facility item or service provided by the facility;

17 (b) The following standard charges, expressed in dollar amounts, for each
18 individual facility item or service when provided in either an inpatient
19 setting or an outpatient department setting, as applicable:

20 1. The gross charge;

21 2. The de-identified minimum negotiated charge;

22 3. The de-identified maximum negotiated charge;

23 4. The discounted cash price; and

24 5. The payor-specific negotiated charge, listed by the name of the third-
25 party payor and plan associated with the charge and displayed in a
26 manner that clearly associates the charge with each third-party payor
27 and plan; and

1 (c) Any code used by the facility for purposes of accounting or billing for the
2 facility item or service, including the Current Procedural Terminology
3 (CPT) code, Healthcare Common Procedure Coding System (HCPCS) code,
4 Diagnosis Related Group (DRG) code, National Drug Code (NDC), or other
5 common identifier.

6 (4) The information contained in the chargemaster shall be published in a single
7 digital file that is in a machine-readable format.

8 (5) The chargemaster required under subsection (1) of this section shall be displayed
9 in a prominent location on the home page of the facility's publicly accessible
10 website or accessible by selecting a dedicated link that is prominently displayed on
11 the home page of the facility's publicly accessible website. If the facility operates
12 multiple locations and maintains a single website, the chargemaster required
13 under subsection (1) of this section shall be posted for each location the facility
14 operates in a manner that clearly associates the chargemaster with the applicable
15 location of the facility.

16 (6) The chargemaster required under subsection (1) of this section shall:

17 (a) Be available:

18 1. Free of charge;

19 2. Without having to register or establish a user account or password;

20 3. Without having to submit personal identifying information; and

21 4. Without having to overcome any other impediment, including entering
22 a code to access the list;

23 (b) Be accessible to a common commercial operator of an internet search
24 engine to the extent necessary for the search engine to index the list and
25 display the list as a result in response to a search query of a user of the
26 search engine;

27 (c) Be formatted in a manner prescribed by the cabinet;

- 1 (d) Be digitally searchable; and
- 2 (e) Use the naming convention specified by the Centers for Medicare and
- 3 Medicaid Services on its website.
- 4 (7) The facility shall update the chargemaster at least one (1) time each year. The
- 5 facility shall clearly indicate the date on which the list was most recently updated,
- 6 either on the chargemaster or in a manner that is clearly associated with the
- 7 chargemaster.
- 8 (8) The cabinet shall promulgate administrative regulations in accordance with KRS
- 9 Chapter 13A to establish a template for each facility to use to create the
- 10 chargemaster. The cabinet shall:
- 11 (a) Consider any applicable federal guidelines for formatting similar
- 12 chargemasters required by federal law or rule and ensure that the design of
- 13 the template enables health care researchers to compare the charges
- 14 contained in the chargemasters maintained by each facility; and
- 15 (b) Design the template to be substantially similar to the wide-format .CSV
- 16 template used by the Centers for Medicare and Medicaid Services for
- 17 purposes similar to those of this section.

18 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO

19 READ AS FOLLOWS:

- 20 (1) (a) A facility shall maintain and make publicly available a chargemaster of the
- 21 standard charges described by subsection (3)(b) of Section 3 of this Act for
- 22 each of at least three hundred (300) shoppable services provided by the
- 23 facility. The facility may select the shoppable services to be included in the
- 24 chargemaster, except that the chargemaster shall include:
- 25 1. The services specified as shoppable services by the Centers for
- 26 Medicare and Medicaid Services; or
- 27 2. If the facility does not provide all of the shoppable services described

1 by subparagraph 1. of this paragraph, as many of those shoppable
2 services as the facility does provide.

3 (b) If a facility does not provide three hundred (300) shoppable services, the
4 facility shall maintain a chargemaster of the total number of shoppable
5 services that the facility provides in a manner that otherwise complies with
6 the requirements of paragraph (a) of this subsection.

7 (2) In selecting a shoppable service for purposes of inclusion in the chargemaster
8 required under subsection (1) of this section, a facility shall:

9 (a) Consider how frequently the facility provides the service and the facility's
10 billing rate for that service; and

11 (b) Prioritize the selection of services that are among the services most
12 frequently provided by the facility.

13 (3) The chargemaster required under subsection (1) of this section:

14 (a) Shall include:

15 1. A plain-language description of each shoppable service included;

16 2. The payor-specific negotiated charge, expressed in a dollar amount,
17 that applies to each shoppable service included and any ancillary
18 service, listed by the name of the third-party payor and plan associated
19 with the charge and displayed in a manner that clearly associates the
20 charge with the third-party payor and plan;

21 3. The discounted cash price, expressed in a dollar amount, that applies
22 to each shoppable service included and any ancillary service or, if the
23 facility does not offer a discounted cash price for one (1) or more of
24 the shoppable or ancillary services, the gross charge for the shoppable
25 service or ancillary service, as applicable;

26 4. The de-identified minimum negotiated charge, expressed in a dollar
27 amount, that applies to each shoppable service included and any

1 ancillary service;

2 5. The de-identified maximum negotiated charge, expressed in a dollar
3 amount, that applies to each shoppable service included and any
4 ancillary service; and

5 6. Any code used by the facility for purposes of accounting or billing for
6 each shoppable service included and any ancillary service, including
7 the CPT, HCPCS, DRG, or NDC code, or other common identifier;

8 (b) If applicable, shall:

9 1. State each location at which the facility provides the shoppable service
10 and whether the standard charges included apply at that location to
11 the provision of that shoppable service in an inpatient setting, an
12 outpatient department setting, or both of those settings, as applicable;
13 and

14 2. Indicate if one (1) or more of the shoppable services specified by the
15 Centers for Medicare and Medicaid Services is not provided by the
16 facility; and

17 (c) As applicable, shall be:

18 1. Displayed in the manner prescribed in subsection (5) of Section 3 of
19 this Act, for the chargemaster required under that section;

20 2. Available:

21 a. Free of charge;

22 b. Without having to register or establish a user account or
23 password;

24 c. Without having to submit personal identifying information; and

25 d. Without having to overcome any other impediment, including
26 entering a code to access the chargemaster;

27 3. Searchable by service description, billing code, and payor;

- 1 4. Updated in the manner prescribed in Section 3 of this Act for the
2 chargemaster required under that section;
3 5. Accessible to a common commercial operator of an internet search
4 engine to the extent necessary for the search engine to index the list
5 and display the chargemaster as a result in response to a search query
6 of a user of the search engine; and
7 6. Formatted in a manner that is consistent with the format prescribed by
8 the cabinet in Section 3 of this Act.

9 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO
10 READ AS FOLLOWS:

- 11 (1) The cabinet shall monitor each facility's compliance with the requirements of
12 Sections 2, 3, and 4 of this Act using any of the following methods:
13 (a) Evaluating complaints made by persons to the cabinet regarding
14 noncompliance;
15 (b) Reviewing any analysis prepared regarding noncompliance; and
16 (c) Auditing the websites of facilities for compliance with this section.
17 (2) If the cabinet determines that a facility is not in compliance with a provision of
18 Section 2, 3, or 4 of this Act the cabinet shall take the following actions:
19 (a) Provide a written notice to the facility that clearly explains the manner in
20 which the facility is not in compliance;
21 (b) Request a corrective action plan from the facility if the facility has
22 materially violated a provision of Section 2, 3, or 4 of this Act; and
23 (c) Impose an administrative penalty, as determined under Section 7 of this Act,
24 on the facility and publicize the penalty on the cabinet's internet website if
25 the facility fails to:
26 1. Respond to the cabinet's request to submit a correction action plan; or
27 2. Comply with the requirements of a corrective action plan submitted to

1 the cabinet.

2 (3) Beginning no later than ninety (90) days after the effective date of this Act, the
3 cabinet shall create and maintain a publicly available list on its website of
4 hospitals that have been found to have violated Section 2, 3, or 4 of this Act, or
5 that have been issued an administrative penalty or sent a warning notice, a
6 request for a corrective action plan, or any other written communication from the
7 cabinet related to the requirements of Section 2, 3, or 4 of this Act. Such
8 penalties, notices, and communications shall be subject to public disclosure
9 under 5 U.S.C. sec. 552, notwithstanding any exemptions or exclusions to the
10 contrary, in full without redaction. This list shall be updated at least every thirty
11 (30) days thereafter.

12 (4) Notwithstanding any provision of law to the contrary, in considering an
13 application for renewal of a hospital's license or certification, the cabinet shall
14 consider whether the hospital is or has been

- 1 date prescribed by the notice of violation; and
- 2 (b) As soon as practicable after submission of a corrective action plan to the
- 3 cabinet, comply with the plan.
- 4 (4) A corrective action plan submitted to the cabinet shall:
- 5 (a) Describe in detail the corrective action the facility will take to address any
- 6 violation identified by the cabinet in the notice provided under subsection
- 7 (2) of this section; and
- 8 (b) Provide a date by which the facility will complete the corrective action.
- 9 (5) A corrective action plan shall be subject to review and approval by the cabinet.
- 10 After the cabinet reviews and approves a facility's corrective action plan, the
- 11 cabinet shall monitor and evaluate the facility's compliance with the plan.
- 12 (6) A facility is considered to have failed to respond to the cabinet's request to submit
- 13 a corrective action plan if the facility fails to submit a corrective action plan:
- 14 (a) In the form and manner specified in the notice provided; or
- 15 (b) By the date specified in the notice provided;
- 16 under subsection (2) of this section.
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1 each requirement of this chapter. The cabinet shall set the penalty in an amount
2 sufficient to ensure compliance by a facility with the provisions of Sections 2, 3,
3 and 4 of this Act subject to the limitations in subsection (3) of this section.

4 (3) The penalty imposed by the cabinet shall not be lower than:

5 (a) In the case of a hospital with a bed count of thirty (30) or fewer, six
6 hundred dollars (\$600) for each day in which the hospital fails to comply
7 with the requirements;

8 (b) In the case of a hospital with a bed count that is greater than thirty (30) and
9 equal to or fewer than five hundred fifty (550), twenty dollars (\$20) per bed
10 for each day in which the hospital fails to comply with the requirements; or

1 reduced to judgment, and does not include a debt for business, investment,
2 commercial, or agricultural purposes or a debt incurred by a business;

3 (e) "Debt collector" means any person employed or engaged by a collection
4 agency to perform the collection of debts owed or due or asserted to be owed
5 or due to another;

6 (f) "Hospital" means a hospital as defined in 45 C.F.R. sec. 180.20 that is
7 licensed by the cabinet;

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1 hospital price transparency laws shall:

2 (a) Refund the payer any amount of the debt the payer has paid and shall pay a
3 penalty to the patient or patient guarantor in an amount equal to the total
4 amount of the debt;

5 (b) Dismiss or cause to be dismissed any court action with prejudice and pay
6 any attorney fees and costs incurred by the patient or patient guarantor
7 relating to the action; and

8 (c) Remove