

## Machine-Readable Files Update

The purpose of this newsletter is to provide you with an update on machine-readable files for health services cost information and cost-sharing disclosures that go into effect July 1, 2022.

These rules require the group health plan to post links to the machine-readable files containing pricing information on a publicly available website. **Employers sponsoring fully insured medical plan options can rely on the insurance carrier to satisfy this requirement.** However, pending further guidance, employers sponsoring self-insured medical plan options must confront difficult choices to determine the most appropriate course of action to comply.

### Background

The **Consolidated Appropriations Act** (CAA) was signed into law in December 2020 along with the adoption of the **Transparency in Coverage** (TIC) rule in December 2020. While implementation of the CAA and TIC will require a multi-year phased approach, the goal of the rules is to make healthcare costs clearer to plan participants.

For plan years beginning on or after January 1, 2022, most non-grandfathered group health plans are required to make available to the public (including stakeholders such as consumers, researchers, employers, and third-party developers) three separate machine-readable files that include detailed pricing information. The information must be available on an internet website. Specifically, three separate machine-readable files for “each coverage option offered by a group health plan or health insurance issuer” must be created – one for in-network rates, one for out-of-network allowed amounts and charges, and one for prescription drugs (the requirement for prescription drugs has been delayed at this time). The information required to be included in each machine-readable file for all covered items and services are described in the regulations.

The machine-readable files must be updated monthly (and clearly indicate the date the file was last updated) and must be available in a form and manner specified in any guidance issued by the IRS, DOL, or CMS. Further they must be publicly available and accessible to any person free of charge and without conditions, such as establishment of a user account, password, or other credentials, or submission of personally identifiable information to access the file. In other words, posting to your intranet will not satisfy “publicly available”.

An aggregated allowed amount for more than one plan or insurance policy or contract is permitted for out-of-network (“OON”) allowed amounts where the group health plan or carrier contracts with a carrier, service provider, or other party to provide the information. This may be hosted on a third-party (e.g., carrier) website or your own public website.

### Summary

Here's a summary of four key things and their expected timelines to help you prepare for the changes on patient pricing transparency:

Rule	Effective Date
<b>1. Protection from surprise bills:</b> Particularly in the case of emergency care and air ambulance, patients may receive bills from out-of-network providers even when the facility is in-network. The No Surprises Act, part of the CAA, requires group health plans to apply in-network cost-sharing for covered services and to calculate a group health plan participant’s responsibility using the median in-network cost for that service in the Metropolitan Statistical Area where they receive the service.	<b>January 1, 2022</b>
<b>2. More cost sharing information on ID cards:</b> The CAA requires health plan ID cards to display member cost-sharing information and provide a phone number and website for participants to find additional information.	<b>January 1, 2022</b> , but federal agencies will be issuing further regulatory guidance on this mandate later this

	year. In the meantime, health plans must implement based on a reasonable, good faith interpretation of the CAA.
<b>3. Health services cost information and cost-sharing disclosure:</b> The TIC rule requires health plans and issuers to post two separate machine-readable files for in-network negotiated rates for all covered items and services, and historical charges and payments for out-of-network care. A requirement to post a machine-readable file for costs and spending on prescription drugs has been delayed indefinitely pending further rulemaking by federal agencies.	<b>July 1, 2022</b>
<b>4. Price comparison tool:</b> The TIC rule requires health plans to have an online tool to compare prices for 500 designated “shoppable” services. The CAA contains a similar requirement for a cost transparency tool.	<b>January 1, 2023.</b> The price comparison tool must include all items and services effective January 1, 2024.

Overall, the new rules aim to create more healthcare pricing transparency for consumers, which in turn can improve outcomes, control costs, and enhance their total health journey. It will be important for employers to proactively share information about cost-comparison tools, billing procedures, and employee options when it comes to choosing providers within your network.

Next Steps

1. These new rules create additional reporting and regulatory requirements that mean you will need to work closely with your health plan to ensure compliance.
2. We recommend consulting internally with your IT/Marketing team—whoever manages your public-facing website—to post this information as soon as additional technical guidance is published by CMS. In anticipation of this new rule, we took this approach and TPG intends to post the information under the *Careers* section of our website.
3. Below is sample language to use when you are sharing the Machine-Readable Files URL, designed to address questions about why these URLs don’t belong on an internal website:

*“This link leads to the machine readable files that are made available in response to the federal Transparency in Coverage Rule and includes negotiated service rates and out-of-network allowed amounts between health plans and healthcare providers. The machine-readable files are formatted to allow researchers, regulators, and application developers to more easily access and analyze data.”*

4. It is still unclear from current guidance what the requirements for maintaining files that have been replaced by the required monthly updates are. We understand from speaking to carriers/TPAs that it would be onerous for them to maintain such information. As further guidance is published, we will let you know.