

CMS Transparency in Coverage Rule Took Effect July 1



The Transparency in Coverage Final Rule (the TiC Final Rule), a Trump-era initiative issued by the Centers for Medicare & Medicaid Services (CMS) on October 29, 2020, officially took effect on July 1, 2022, following a six-month delay in implementation to allow payers to come into compliance. The purpose of the TiC Final Rule is to help consumers understand healthcare pricing and curtail the rise in healthcare spending by enabling a participant, beneficiary, or enrollee to shop for items and services. CMS touts the TiC Final Rule as “a historic step toward putting healthcare price information in the hands of consumers.”

Effective July 1, 2022, the TiC Final Rule requires health plans to disclose online, in machine-readable files: (1) their negotiated rates with in-network providers; and (2) historical billed charges and allowed amounts paid to out-of-network providers. The machine-readable file requirements are applicable for plan years beginning on or after January 1, 2022. While the TiC Final Rule also intended that payers disclose negotiated rates for covered prescription drugs, the U.S. Department of Health and Human Services, Labor, and Treasury (the Departments) indefinitely deferred enforcement of the machine-readable file requirement for prescription drugs while they consider whether the requirement is appropriate.

Additional requirements will go into effect in 2023 and 2024. As part of a continued effort to assist individuals to effectively shop for items and services, beginning January 1, 2023, the TiC Final Rule requires that health plans create a tool whereby their enrollees can receive real-time, personalized estimates of potential costsharing liability for 500 designated items and services. Beginning on January 1, 2024, the cost-sharing tool must provide the same information for all covered items and services. Noncompliant payers could face fines of up to \$100 per day for each violation and for each individual affected, with limited exceptions.

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