AMERICAN MEDICAL ASSOCIATION ORGANIZED MEDICAL STAFF SECTION

Late Resolution: 1
(I-26)

Introduced by: Nita Shumaker, MD

Subject: Insurer Transparency in Real-Time Cost Disclosure to Patients

Referred to: OMSS Late Resolution Committee
(Woody Jenkins, MD, Chair)

Whereas, the Centers for Medicare & Medicaid Services (CMS) and various state price transparency initiatives have placed increasing expectation on physicians to inform patients of the cost of procedures prior to service; and

Whereas, a physician's billed charged bears no fixed relationship to the amount a health insurance plan will actually pay or the amount that will be contractually written off; and

Whereas, the final cost to a patient is determined by variables held exclusively by the health insurance plan—including the specific negotiated rate for that physician or facility, the patient's real-time deductible and out-of-pocket accumulation, plan-specific coverage terms, and prior authorization determinations—none of which are accessible to the treating physician or practice at the point of care; and

Whereas, health insurance plans already possess the complete data set necessary to generate an accurate, real-time, patient-specific cost estimate, as demonstrated by existing insurer-run cost estimator tools; and

Whereas, placing the expectation of cost disclosure on physicians, who structurally lack access to this information, mis leads patients about who controls pricing and shifts accountability away from the entities actually setting the price; therefore be it

RESOLVED, that our American Medical Association affirm that meaningful price transparency for patients requires real-time, plan-specific cost disclosure by health insurance plans, not physicians; (Directive to Take Action); and be it further

RESOLVED, that our AMA advocate to federal and state regulators and legislators for policies requiring health insurance plans to provide patients, prior to service, an accurate estimate of their specific out-of-pocket cost based on their actual plan benefits, accumulated deductible, and negotiated rates (Directive to Take Action); and be it further

RESOLVED, that our AMA develop educational materials for physicians and the public clarifying that a physician's charge is not indicative of a patient's final cost, and that responsibility for accurate cost estimation lies with the health insurance plan (Directive to Take Action).

Fiscal Note: (Assigned by HOD)

Received: 9/4/2026

RELEVANT AMA POLICY

Reference Pricing H-185.935

Our AMA supports the appropriate use of reference pricing as a possible method of providing health insurance coverage of specific procedures, products or services, consistent with the following principles:
1. Practicing physicians must be actively involved in the identification of services that are appropriate for a reference pricing system.
2. Appropriate reference pricing strategies may be considered for elective services or procedures for which there is evidence of a significant variation in cost that does not correspond to a variation in quality of care. Additional considerations include the relative complexity of the service, the potential for variation either across patients or during the course of a treatment, and the sufficient availability of providers in a geographic region.
3. Reference prices should be set at a level that reflects current market conditions and ensures that patients have access to a choice of providers. Prices should be reviewed annually and adjusted as necessary based on changes in market conditions.
4. Hospitals or facilities delivering services subject to reference pricing should avoid cost-shifting from one set of services to another.
5. Information about the services subject to reference pricing and the potential patient cost-sharing obligations must be fully transparent and easily accessible to patients and providers, both prior to and at the point of care. Educational materials should be made available to help patients and physicians understand the incentives and disincentives inherent in the reference pricing arrangement.
6. Insurance companies must notify patients of all services subject to reference pricing at the time of health plan enrollment. Patients must be indemnified against any additional charges associated with changes to reference pricing policies for the balance of the contract period.
7. Insurers that use reference pricing must develop and maintain systems that allow patients to effectively and appropriately compare prices among providers, including systems that help patients calculate their estimated costs for each provider prior to seeking care.
8. Plan sponsors should continually monitor and evaluate the effect of reference pricing policies on access to high quality patient care, and ensure that procedures are in place to make plan modifications as necessary.

Citation: CMS Rep. 3, I-14; Reaffirmed: CMS Rep. 01, A-24

Price of Medicine H-110.991

Our AMA: (1) advocates that pharmacies be required to list the full retail price of the prescription on the receipt along with the co-pay that is required in order to better inform our patients of the price of their medications; (2) will pursue legislation requiring pharmacies, pharmacy benefit managers and health plans to inform patients of the actual cash price as well as the formulary price of any medication prior to the purchase of the medication; (3) opposes provisions in pharmacies' contracts with pharmacy benefit managers that prohibit pharmacists from disclosing that a patient's co-pay is higher than the drug's cash price; (4) will disseminate model state legislation to promote drug price and cost transparency and to prohibit "clawbacks"; (5) supports physician education regarding drug price and cost transparency, manufacturers' pricing practices, and challenges patients may encounter at the pharmacy point-of-sale; and (6)

work with relevant organizations to advocate for increased transparency through access to meaningful and relevant information about medication price and out-of-pocket costs for prescription medications sold at both retail and mail order/online pharmacies, including but not limited to Medicare's drug-pricing dashboard.

Citation: CMS Rep. 6, A-03; Appended: Res. 107, A-07; Reaffirmed in lieu of: Res. 207, A-17; Appended: Alt Res. 806, I-17; Reaffirmed: BOT Rep. 14, A-18; Appended: CMS Rep. 07, A-18; Reaffirmed: A-19; Appended: Res. 126, A-19

Price Transparency D-155.987

1. Our American Medical Association encourages physicians to communicate information about the cost of their professional services to individual patients, taking into consideration the insurance status (e.g., self-pay, in-network insured, out-of-network insured) of the patient or other relevant information where possible.
2. Our AMA advocates that health plans provide plan enrollees or their designees with complete information regarding plan benefits and real time cost-sharing information associated with both in-network and out-of-network provider services or other plan designs that may affect patient out-of-pocket costs.
3. Our AMA will actively engage with health plans, public and private entities, and other stakeholder groups in their efforts to facilitate price and quality transparency for patients and physicians, and help ensure that entities promoting price transparency tools have processes in place to ensure the accuracy and relevance of the information they provide.
4. Our AMA will work with states and the federal government to support and strengthen the development of all-payer claims databases.
5. Our AMA encourages electronic health records vendors to include features that assist in facilitating price transparency for physicians and patients.
6. Our AMA encourages efforts to educate patients in health economics literacy, including the development of resources that help patients understand the complexities of health care pricing and encourage them to seek information regarding the cost of health care services they receive or anticipate receiving.
7. Our AMA will request that the Centers for Medicare and Medicaid Services expand its Medicare Physician Fee Schedule Look-up Tool to include hospital outpatient payments.

Citation: CMS Rep. 4, A-15; Reaffirmed in lieu of: Res. 121, A-16; Reaffirmed in lieu of: Res. 213, I-17; Reaffirmed: BOT Rep. 14, A-18; Reaffirmed in lieu of: Res. 112, A-19; Modified: Res. 213, I-19; Reaffirmed; A-23