

Hospital Price Transparency: Guidance on Encoding Outlier Contracting Clauses in a Hospital’s Machine-Readable File

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To provide greater clarity and comparability of payer-specific negotiated charges across hospitals, CMS is providing additional guidance on how hospitals should encode outlier contracting provisions in their machine-readable files (MRFs). Feedback from MRF users indicates that detecting and understanding outlier contracting clauses (e.g. contract provisions that change the payment methodology for unusually high-cost or resource-intensive cases) is difficult due to the lack of consistency in how this information is encoded. CMS recommends that hospitals adopt the following guidance when disclosing this required information.

When encoding outlier contracting clauses:

- Hospitals may adopt the CMS-provided “general contract provisions” data element to disclose those outlier contracting clauses that apply across a payer contract or to multiple items or services (in which case, hospitals should explain which specific services the outlier contracting clauses apply to, e.g., “all radiology and lab services”).
- Hospitals should encode outlier contracting clauses in the required “payer-specific negotiated charge: algorithm” data element if those outlier contracting clauses are specific to an individual hospital item or service.
- Hospitals should not use the additional notes data elements to disclose outlier contracting information.

Background

In the CY 2026 OPPI/ASC Final Rule,¹ CMS strengthened the payer-specific negotiated charge reporting requirements, mandating that when the payer-specific negotiated charge is based on a contractual algorithm, percentage, or formula that precludes the provision of a dollar amount, a hospital must disclose all necessary information available to the hospital for the public to be able to derive the dollar amount, including, but not limited to, the specific fee schedule or components referenced in such percentage, algorithm or formula. Hospitals are required to attest that their MRFs are true, accurate, and complete and for that reason, should encode all outlier clauses to meet the requirements at 45 CFR 180.50(a)(3)(iii).² We finalized this attestation to make clear to hospitals our expectations that the hospital will accurately and completely encode **all** available standard charge information, including through the use of optional data elements in the MRF.

An outlier payment is an additional payment a payer makes to a hospital when a patient’s care becomes unusually costly and acts as financial protection for the hospital. These payments, often

¹ 90 FR 53448, <https://www.federalregister.gov/documents/2025/11/25/2025-20907/medicare-program-hospital-outpatient-prospective-payment-and-ambulatory-surgical-center-payment>

² [https://www.ecfr.gov/current/title-45/part-180#p-180.50\(a\)\(3\)\(iii\)](https://www.ecfr.gov/current/title-45/part-180#p-180.50(a)(3)(iii))

triggered by complex, high-resource care, are handled via specific contract language outlining "fixed-loss" thresholds (a dollar amount by which the costs of a case must exceed payments in order to qualify for outliers). Outlier contracting clauses are important to price transparency because they indicate what happens when a case is unusually expensive or complex and falls outside the "normal" pricing arrangement. A listed price is transparent if patients, payers, and providers know when that price changes or no longer applies. Disclosing outlier clauses can make comparisons more accurate because, while two contracts may appear to offer the same price, the real expected cost can be very different if one contract has broad outlier exceptions and the other does not. Disclosing such clauses can also reduce billing disputes for MRF users, as clear outlier terms can help everyone understand in advance when additional reimbursement is allowed and how it is calculated. Without full disclosure of outlier contracting clauses, MRF users may otherwise underestimate the total cost because high-cost exceptions are excluded from the visible price.

In Version 2.0 of the CMS Hospital Price Transparency Data Dictionary, located on the [CMS Hospital Price Transparency—Data Dictionary GitHub Repository website](#), CMS introduced in the data dictionary³ for each of the required formats, an optional data element in the MRF, called the "general contract provisions" data element, to allow hospitals to disclose general contract provisions, including outlier contracting provisions, that apply across all items and services for a particular payer, or payer and plan combination. The Data Dictionary provides instructions for hospitals to encode all required information about their charges to support standardizing the disclosure of this data element.

Complex contracting provisions, including outliers, may apply to a specific item or service, in which case the hospital should encode information about that outlier, including the fixed loss threshold, in the "payer-specific negotiated charge: algorithm" data element. Alternatively, the outlier provision may apply to a single item or service or across multiple item and services. To help clarify and standardize the manner in which outlier clauses are reported under these scenarios, we provide examples and further guidance below.

Examples

1. CSV Tall or Wide MRF Format Example: Using the "General Contract Provisions" Data Element Across Multiple or All Items and Services

If the hospital's payer contract contains general contract provisions that apply across **all items and services**, or apply to a **mix of items and services**, the hospital should use the CMS provided "general contract provisions" data element to encode this information. Using the CSV Tall or Wide formats and the optional "general contract provisions" data element, hospitals should encode their data using a single pipe (|) to separate related data and a double pipe (||) to indicate a new grouping of related data. Information within a grouping should be ordered [contract provision] | [payer] | [plan]:

³ <https://github.com/CMSgov/hospital-price-transparency/tree/master/documentation/CSV>,
<https://github.com/CMSgov/hospital-price-transparency/tree/master/documentation/JSON>

Stop-loss provision: When total claim charges exceed \$200,000.00 for a Platform Health Insurance PPO plan, the entire claim will be reimbursed at 50% of charges. This amount will supersede any other contracted rate that would otherwise apply. | Platform Health Insurance | PPO || Lesser-of provision: Entire claim will be paid at the lesser of 90% of Medicare and 60% of total billed charges. | Region Health Insurance | All Plans

2. JSON MRF Format Example: Using the “General Contract Provisions” Data Element Across Multiple or All Items and Services

Using the JSON format, the existing definition of the “general contract provisions” data element is a list of objects, each of which contains separate string elements for payer name, plan name, and provisions:

```
"general_contract_provisions": [  
  {  
    "provisions": "When total claim charges exceed $200,000.00 for a Platform Health Insurance PPO plan, the entire claim will be reimbursed at 50% of charges. This amount will supersede any other contracted rate that would otherwise apply.",  
    "payer_name": "Platform Health",  
    "plan_name": "PPO"  
  },  
  {  
    "provisions": "Lesser-of provision: Entire claim will be paid at the lesser of 90% of Medicare and 60% of total billed charges.",  
    "payer_name": "Region Health",  
    "plan_name": "All Plans"  
  }  
]
```

3. CSV Tall or Wide MRF Format Example: Using the Required “Payer-specific Negotiated Charge: Algorithm” Data Element for a Specific Item or Service

When the hospital’s payer contract includes an outlier provision **specific to an item or service**, the hospital must encode this data in the required “payer-specific negotiated charge: algorithm” data element. Using the CSV Tall or Wide formats and the required “payer-specific negotiated charge: algorithm” data element, hospitals should encode their data using pipes to separate related data:

If length of stay is less than 2 days, the admission is paid a one-day case rate of \$3,000. If length of stay is 2 days or greater, the admission is paid at \$7,500. | Stop-loss provision: When billed charges for the admission exceed \$30,000, the admission is paid at 50% of billed charges. This amount will supersede any other contracted rate that would otherwise apply.

4. JSON Format Example: Using the Required “Payer-specific Negotiated Charge: Algorithm” Data Element for a Specific Item or Service

Using the JSON format, and the required “payer-specific negotiated charge: algorithm” data element, hospitals should encode their data using pipes to separate related data:

```
"standard_charge_algorithm": "If length of stay is less than 2 days, the admission is paid a one-day case rate of $3,000. If length of stay is 2 days or greater, the admission is paid at $7,500. | Stop-loss provision: When billed charges for the admission exceed $30,000, the admission is paid at 50% of billed charges. This amount will supersede any other contracted rate that would otherwise apply."
```