Treatment Price Transparency

3 Tips for Rapid Patient Payment

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Imagine In the last 10 years, overall healthcare prices for patients have increased by nearly 22 percent while insurance premiums, deductibles, prescriptions and out-of-pocket expenses grew by nearly 6 percent in 2018 alone.[1],[2] Office visits—from the least severe to most challenging, complex health issues—continue to increase in cost with the average price of a visit jumping from $60 in 2003 to more than $100 in 2016, a 69 percent increase.[3] The annual medical costs for a family of four increased from more than $23,000 in 2014 to more than $28,000 in 2018.[4] Financially burdensome high-deductible health plan enrollment continues to grow, with 42.3 percent of Americans under 65 participating.[5]

Four Tips for Successful Contract Management

And the obligation is only going to get more severe as overall U.S. healthcare spending increases to an estimated $5.7 trillion by 2026, an annual average increase of 5.5 percent that began in 2016.[6]

In addition, patients face ongoing economic uncertainty as it relates to paying for health insurance[7]:

- 33 percent describe difficulty paying premiums; and
- 43 percent have trouble paying deductibles.

These issues trickle down and negatively impact healthcare providers: Twenty-nine percent of all healthcare consumers report issues paying medical bills and 30 percent leave the office without paying.[8] Most providers anticipate collecting only 50-70 percent of a patient's bill after treatment and 70 percent say it takes about a month to receive payment from patients.[9]

As patients are squeezed by a never-ending assault of higher prices for all types of medical treatments and year-over-year increases in healthcare costs, there's no end in sight. These rising costs are only part of the patient's overall budget—including housing, food, transportation, retirement, entertainment and more—which means healthcare consumers have been and will be making difficult choices regarding who gets paid first, if at all. Taking Maslow's Hierarchy of Needs into consideration, healthcare providers are

3 Patient Payment Tips

1. Set Payment Expectations

2. Generate Treatment Price Quotes

3. Print, Email Patient Estimates

85% of clinicians and healthcare organization executives say "transparency" means sharing cost information

17% say cost transparency programs are Mature/Very Mature

33% say no transparency program exists

simply another name on a long list of those seeking payment for goods and services.

Providers must ensure they are at the top of the list.

Cost Transparency Lacking

Although healthcare consumers are demanding and receiving detailed information about their health conditions through smartphone apps and websites, cost transparency remains highly elusive. The data exists in revenue cycle management solutions and databases, however, there's a reluctance to share the information, so it remains secret.

When asked by researchers what transparency means to them, 85 percent of clinicians and healthcare organization executives said it meant sharing details with patients about the cost of procedures and services.[10] Nevertheless, cost transparency programs are generally lacking. Only 17 percent of respondents said any type of transparency program in the organization was Mature or Very Mature. Fifty percent said their programs were Somewhat Mature, indicating at least one patient-facing project, while 33 percent stated no program existed.[11]

1. At some point, critical mass will be reached among patients and the information will flow freely. As healthcare consumers take responsibility for more and more of the cost related to their care, as their finances are squeezed by skyrocketing premiums,

deductibles and co-pays, they will demand price information in return. In fact, 92 percent of patients already want to know how much they'll owe before a visit to the doctor.[12] Walgreens recently announced it would be meeting this need with its Find Care Now program, which allows healthcare consumers to find providers close to home and get the exact cost for certain services in advance.[13]

Providers who don't want to get left behind will offer simple, clear treatment price information to push themselves to the top of the healthcare consumer's payment list and to remain competitive in the market.

3 Tips for Prompt Payment

Patient responsibility estimation solutions give healthcare providers easy access to the data and help in presenting the information to healthcare consumers in a simple, concise format. To ensure prompt payments, patient responsibility estimation should focus on three areas directed at healthcare consumers, but with the healthcare provider in mind.

Three patient estimation tips to improve healthcare revenues:

2. **Set payment expectations.** Run patient estimates at any point during the revenue cycle to set price expectations when appointments are scheduled and again when the patient arrives. Provide this information to the healthcare consumer via email, a patient portal

$23,000 in 2014 to $28,000 in 2018 =
Annual increase in medical costs for a family of four

or on a hard copy prior to or at the time of service.

3. **Generate treatment price quotes.** Highly-accurate treatment estimates are generated based on remit data combined with patient benefit information so healthcare providers can collect balances with confidence before the patient leaves the office. This decreases the potential for bad debt.

Print or email patient estimates. Have staff review the estimated cost with patients at the point of service as part of the office visit and offer a variety of payment options—cash, check, mobile, credit, online—at that time to help ensure prompt and at-the-time-of-service payment. A printed estimate should be left or emailed to the patient.

Conclusion

The convergence of escalating healthcare costs is and will continue to adversely impact healthcare consumers for many years. Faced with these rising costs as well as other personal, budget issues, healthcare consumers will be forced to choose what to pay for and when. When healthcare providers offer treatment pricing information as part of the office visit process and require payment at the time of service, they set themselves up for success by adopting a retail model, which has been shown to achieve on-the-spot payment for products and services.

"As healthcare consumers take responsibility for more and more of the cost related to their care, they will demand price information in return."

End notes

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7. Bianca DiJulio, et al., "Data Note: Americans' Challenges with Health Care Costs," Henry J. Kaiser Family Foundation, March 2, 2017.

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13. "Walgreens Introduces New Digital Marketplace Featuring 17 Leading Health Care Providers," Walgreens, July 26, 2018.

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