

Providers must lead the price transparency push

By Jay Deady Published by *Managed Healthcare Executive*, March 2016

It's no secret that the U.S. health care market is unlike any other market. Patients rarely know what they will owe for services until after they've received them. Recondo has responded to market demand with a price transparency tool that leverages SurePayHealth accuracy with a consumer-friendly tool that goes beyond merely being compliant, with a procedure list of total charges. Patients no longer have to wonder what a service or procedure will cost them. Now, they can generate an estimate for care at their convenience.

Research strongly suggests that patients want price information from their own physicians and hospitals. If providers don't offer this service, payers and other third-parties are anxious to fill this void.

How providers can take the reins

Healthcare consumers want an accurate understanding of what they will owe for services before they are rendered. The operative word here is "accurate," as in, an estimate based on the consumer's current levels of insurance coverage. Or, in the case of a self-pay patient, an estimate based on the provider's discounted fees for consumers that pay fully out-of-pocket.

Either way, with self-service pricing, healthcare consumers generate the estimates themselves, typically from an online calculator on the provider's website. The process is quick and hassle-free; a consumer inputs his or her name, insurance plan number and perhaps two or three more data elements. Within 10 to 45 seconds, a complete and accurate estimate appears, giving consumers immediate, line-item insight into what they will owe.

The process is powered by rules-based engines that automatically query, retrieve and combine data from payer portals with the hospital's charge master data and payer contracts. Analytics plays a critical role in ensuring the estimate is accurate, including analysis of previously adjudicated claims to identify variances.

This tool solves one of the most persistent challenges with implementing price transparency: the pitfalls of making proprietary financial information public. As a provider-facing solution, and because patient-unique information does need to be entered to generate an estimate, not just anyone can use the calculators.

This is vastly preferable to putting a list of total charges or paid amounts out there for all competitors to see, which neither reflects negotiated rates with payers or the patient's accurate out-of-pocket costs.

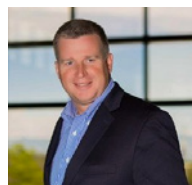
At the same time, self-service price calculators appeal to today's information-driven patients and nicely align with how they already seek pricing on other purchases, from airfare to mortgages.

Good for patients, good for business

One of the most promising advantages of a self-service price calculator is its potential to engage consumers in multiple ways. After generating a price estimate, for example, the calculator could prompt high-deductible and self-pay consumers to view payment plan options. It could even engage those patients with concerns about their ability to pay and schedule time with a financial counselor. Realistically, we can only expect price concerns to grow—right along with the increasing number of high deductible health plans.

That said, a deductible payment and co-insurance spread out over a year, or whatever the time span the provider and patient agree on, is more manageable than a lump sum payment. Armed with clear, accurate information about how much they will pay—and how—healthcare consumers can better plan for paying their medical bills. This in turn will help reduce a hospital's bad debt or charity write-offs.

Most important, patients who clearly understand their financial responsibility are more likely to schedule rather than delay urgently needed care. This reason, above all others, is why providers would be wise to take control of the price transparency issue now, with a solution that's easy for patients to use, and makes it easier for them to financially manage their care.



Jay Deady, CEO of Recondo, has worked to improve the healthcare revenue cycle for more than 25 years.