

How Self-Service Price Calculators Help Patients and Hospitals

By Jay Deady Published by *HFMA*, March 30, 2016

Can your organization survive and thrive in the era of high-deductible health plans? It's a scary proposition when high-deductible plans account for nearly a quarter of commercial policies yet the majority of American households lack the resources to pay out-of-pocket expenses of \$3,000 or more.^a Those sobering facts portend major problems ahead unless healthcare leaders take decisive action.

Price Transparency Lifts Veil

Although the problem calls ultimately for a policy solution, hospitals can take practical steps today to help more patients get the care they need when they need it, while reducing the burden of bad debt. Price transparency is one such strategy. Numerous studies show that patients who know what they will owe are more likely to schedule medical services.^b Hospitals regularly report that accurate price estimates substantially improve collections: Mercy Health, for example, saw a 12 percent uptick in point-of-service collections after boosting price estimate features in its registration system, while Carolinas HealthCare increased preservice collections by almost 30 percent after adopting automated price estimates.

These price transparency tools were integrated with multiple HIS systems for use by hospital patient access staff, who quoted prices to patients over the phone. Subsequent advances have made transparency more easily accessible to healthcare consumers—and have helped more of them find and receive care they can afford.

A Provider-Facing Solution

Price transparency technology has finally caught up with the online preferences of patients, who spend much of their time online conducting research about their medical condition or posting on community health forums, not to mention performing transactions such as booking a hotel or flight and shopping for merchandise. Now they can get an accurate estimate of healthcare services every bit as easily—right from a provider's website.

With the latest price transparency technology, the process takes minutes or less. Patients access a self-service pricing calculator, typically on their provider's patient portal. After entering no more than a handful of data elements, they receive a thorough and accurate estimate of the cost of services, based on their most

recent insurance deductible and their provider's negotiated price for a given service. The resulting personalized estimate is significantly more accurate than the current standard of referring patients to a list of average costs per procedure.

Beyond helping to improve patient satisfaction, self-service pricing calculators promise to solve another vexing challenge—how to implement price transparency without making proprietary financial information visible to competitors. Because these tools are controlled by the provider and require patients to enter information unique to them, their online use is restricted. This approach lets providers deliver truly accurate out-of-pocket estimates without starting a price war with competitors. It also lowers providers' costs by eliminating the need for outbound preregistration calls to patients in the self-service cohort.

Promising for Patients, Hospitals

Another big advantage of a self-service price calculator is its potential to engage consumers who might delay or avoid necessary care because of affordability concerns. Self-service price calculators, combined with healthcare propensity-to-pay scoring, can embed prompts guiding high-deductible and self-pay consumers to various appropriate payment options, such as an interest-free loan to cover deductibles or discount offers for paying early. The tools can also engage patients via a virtual health assistant, who could direct them to a financial counselor.

All signs point to the continued shifting of costs to patients, regardless of their ability to bear the increased financial responsibility. Healthcare consumers face a new and urgent need for clarity on what they will owe for services before they are scheduled. They also have new expectations for financial guidance as they navigate the costs of their care. A self-service price transparency tool is the ideal vehicle to meet these demands—and ensure that Americans don't forgo the care they need and deserve.



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