

The Price to Patients- Providing Out-of-Pocket Payment Estimates

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The Story of Jeff



The Story of Shelia



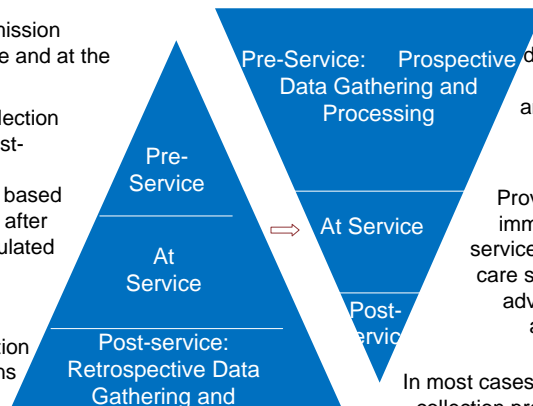
Be Upfront



Gather basic admission information before and at the time of service.

Most billing & collection process occur post-service, amounts due are based on data gathered after service, and calculated retrospectively.

Patients first received information on their obligations after insurance is billed and paid.

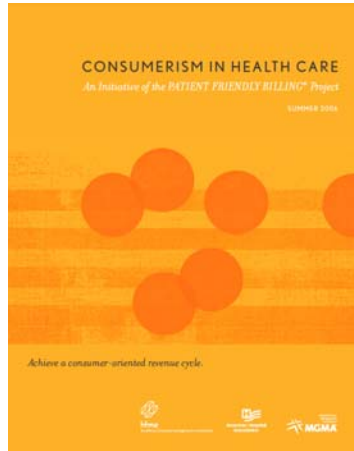


Providers gather detailed information before and at the time of service and prospectively calculate patients' expected out-of-pocket costs.

Providers produce bills at or immediately after the time of service, so that for many health care services, patients know in advance what they owe and agree on payment terms.

In most cases, the insurance billing and collection process will be a verification of what the patient already expects.

“Price information to consumers *must be meaningful to them*”

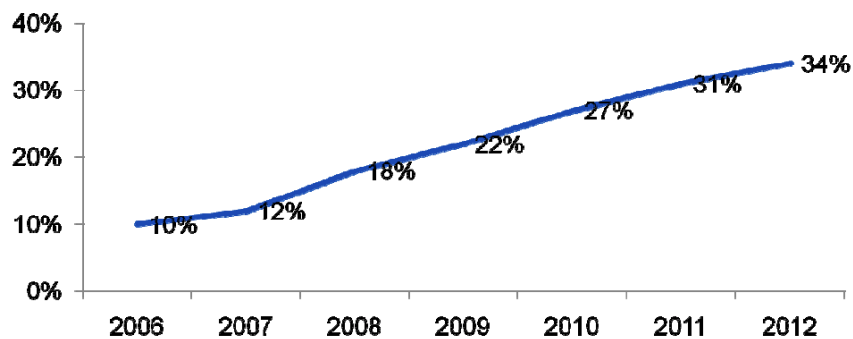


What the patient is expected to pay . . . tailored to the patient’s specific condition, treatment and insurance coverage . . . a patient having the ability to get an estimate . . . prior to service . . . of the amount the patient will actually owe.

Providing Out-of-Pocket Payment Estimates

Importance of Price Transparency is Undeniable

HDHP Enrollment Has Grown an Average of 23 Percent Per Year
Percentage of Employees Enrolled Plans with A Deductible of \$1,000 or More



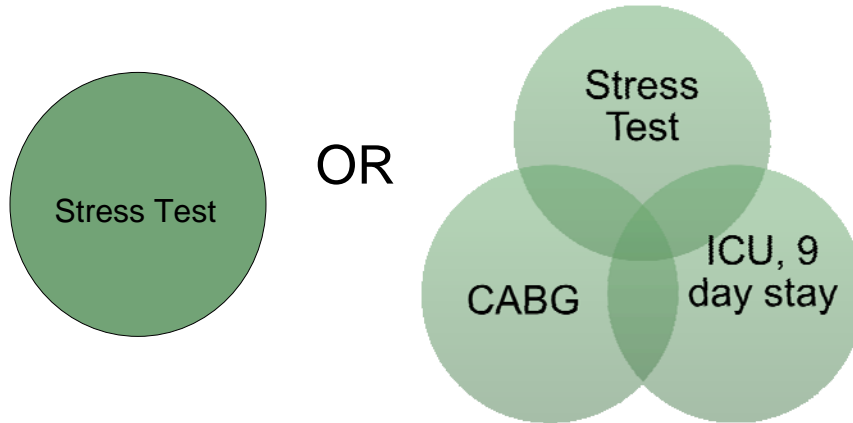
ACA Will Increase HDHP Enrollment

- Many newly insured will not fully understand the products they've purchased
- High likelihood of significant out-of-pocket after insurance relative to income
- Patients "shopping for care" will increase as they bear more cost



Why Out-of-Pocket Estimates are Hard to Do

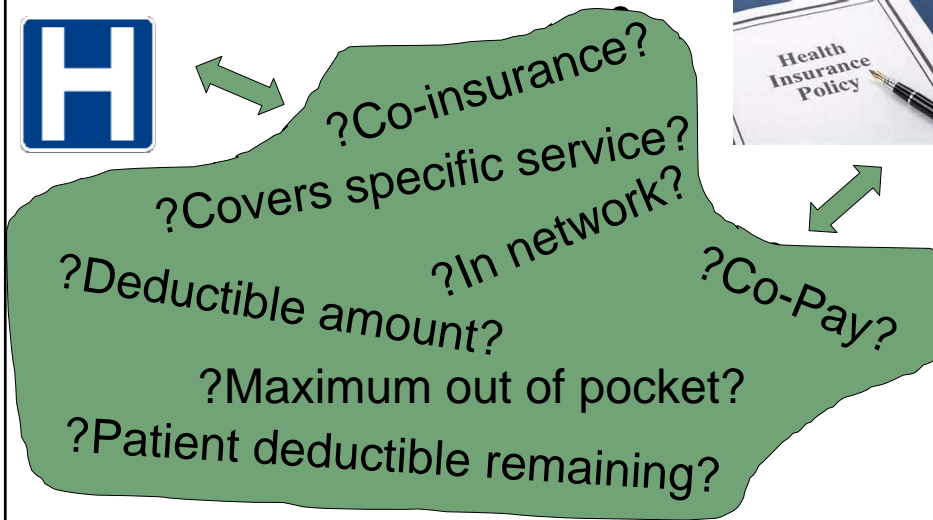
What Services Will the Patient Receive?



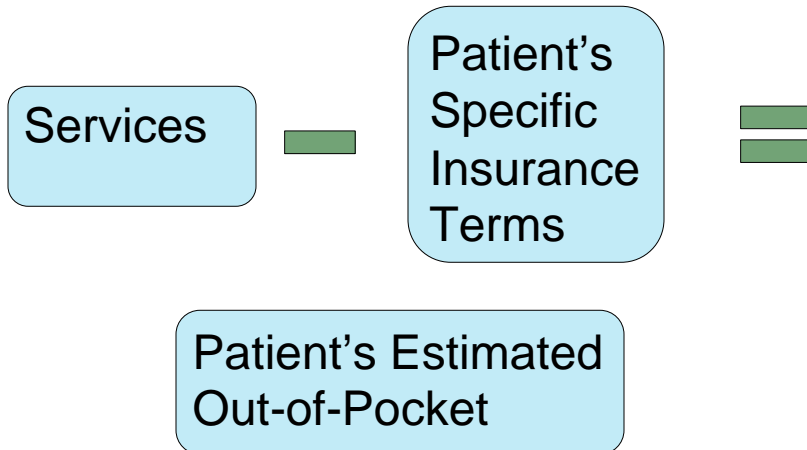
Does the Patient Have Health Coverage?



Yes-What Does Insurance Cover?



Yes-Estimate Patient Out-of-Pocket



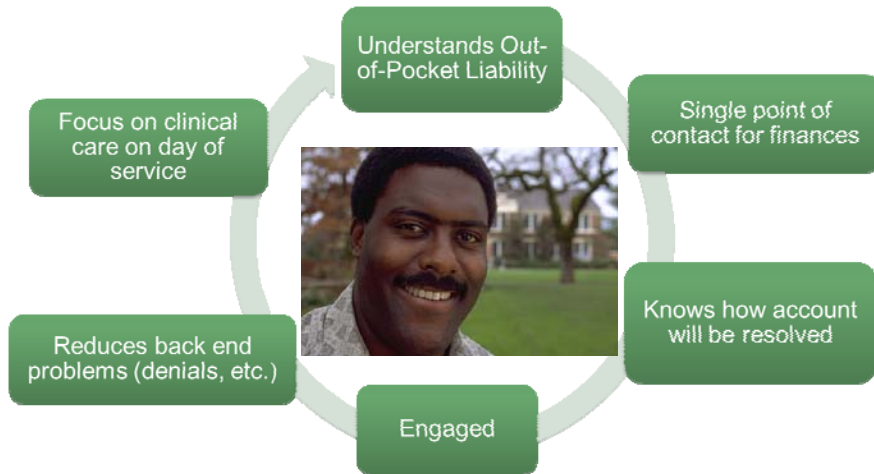
Does the Patient Have Health Coverage?



Financial Counseling & Advocacy

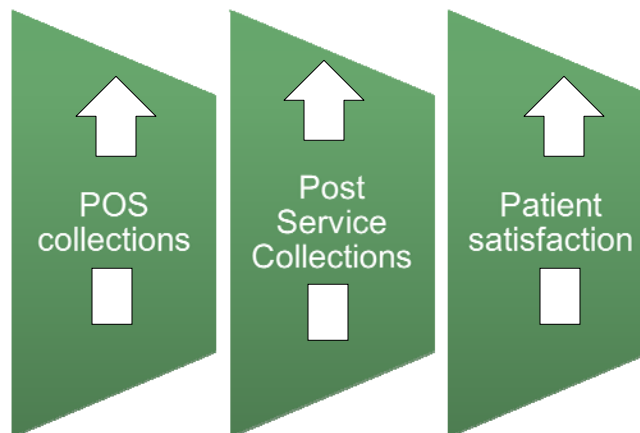
- Is patient aware of any insurance she is eligible for?
- Workers comp?
- Is any third party liable?
- COBRA?
- Healthcare.gov?
- Medicaid eligible?
- Any other programs, e.g, victims of crime, other?
- Charity care?
- If uninsured & not eligible for any payment source, may offer uninsured discount
- After all payment and discounts identified, estimate patient's out-of-pocket obligation

Patient Benefits with Pre-Service Financial Communications



Post-Service=Adversarial? Pre-Service=Advocate!

Provider Benefits with Pre-Service Financial Communications



Building Out-of-Pocket Estimates

- Get buy-in
 - Leaders, physicians, department managers, revenue cycle, insurers, vendors
- Devote resources to project infrastructure & team
- Select software
 - Insurance verification
 - Estimation (ability to model payer info & hospital info)

Building Out-of-Pocket Estimates

- Select pilot (service or patient type)
- Test calculations for accuracy
- Train staff
- Continuous feedback and improvement
- Continue to add features, services, insurers
- Be transparent – communicate benefits, feedback, lessons learned, corrective actions

Who Goes First?

Consider areas with:

- Highest out-of pocket amounts?
- Most predictable service
- Longest time from scheduling to date of service
- Wants to participate



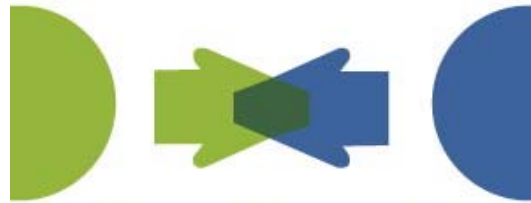
Who Goes First?

Frequently Selected:

- Radiology
- Obstetrics
- Heart & vascular
- Orthopedics
- Surgery
- Clinics

Patient Financial Communications

PATIENT FINANCIAL COMMUNICATIONS



"How much does it cost?"
"What does my insurance cover?"
"What if I can't pay?"

Patient Financial Communications Steering Committee

Pamela Atkinson

Community advocate, nationally recognized advocate for the poor

Attorney General (Ret.) Thurbert

Baker

Partner, McKenna Long & Aldridge Law Firm

Gerald E. Bisbee, Jr., Ph.D

Chairman & CEO, The Health Management Academy

Richard L. Clarke, DHA, FHFMA

Retired President & CEO, HFMA

Aaron Crane

Chief Financial & Strategy Officer, Salem Health

Nancy Davenport-Ennis

Founder & CEO, National Patient Advocate Foundation

Joseph J. Fifer, FHFMA, CPA

President & CEO, HFMA

Karen Ignagni

President & CEO, America's Health Insurance Plans

Mike Jacoutot

Former CEO, Optimum Outcomes

Patricia Keel

CFO, Good Shepherd Medical Center

Maureen Mudron

Deputy General Counsel, AHA

James E. Sabin, MD

Clinical Professor, Departments of Population Medicine & Psychiatry, Harvard Medical School

Mary A. Tolan

Founder & Chairman, Accretive Health

Robert L. Wergin, MD

Board of Directors, American Academy of Family Physicians

Bert Zimmerli

Executive Vice President and CFO, Intermountain Healthcare

Patient Financial Communications

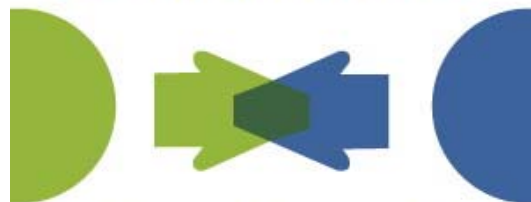
- Outline steps providers should take to help patients understand their insurance coverage and out-of-pocket obligations
- Addresses
 - Emergency department
 - Time of service (not ED)
 - In advance of service



Applies to ALL Patient Financial Communications

Adopter Recognition

PATIENT FINANCIAL COMMUNICATIONS



“How much does it cost?”
“What does my insurance cover?”
“What if I can’t pay?”

HFMA Resources

- **HFMA Value Project** www.hfma.org/valueproject

- **HFMA's MAP for Revenue Cycle Excellence**
www.hfma.org/MAP

- **ACOs**
www.hfma.org/ACOCompendium
www.hfma.org/HFMASummaryACO

- **Bundled Payment**
www.hfma.org/BundledPaymentCompendium
www.hfma.org/bundledpayment

- **Health Insurance Exchange Resources**

<http://www.hfma.org/Templates/InteriorMaster.aspx?id=30464>

<http://www.hfma.org/hixqs/>

