

Navigating the World of Healthcare Pricing Transparency

R. Brantner, PARA HealthCare Financial Services – February 22, 2016

The Affordable Care Act has presented new challenges for healthcare providers due to the high-deductible plans that are popular with patients obtaining coverage through the state and federal marketplaces.

Patients are now faced with an increased responsibility in healthcare costs, forcing patients to “shop” a service and become “consumers”, which creates a need for meaningful and accessible pricing transparency.

Pricing transparency can be addressed in a variety of forms including rational hospital pricing methodologies, easy to access patient cost estimates, and availability of accurate patient responsibility estimates.

Below are a few strategies for maintaining pricing transparency in your organization.

Strategy 1: Rational Pricing Methodologies

Healthcare provider’s prices are being scrutinized more than ever and the demand for rational pricing is a major component to transparency, price competitiveness, and earned reimbursement. It is imperative to ensure that rates are justifiable by setting prices based on:

- Medicare Fee schedules
- Cost
- Comparative market pricing data

Organizations should also focus on identifying items in the charge master which have negative patient satisfaction due to high prices. Those items that are “shopped” by consumers should be priced competitively according to the local geographic marketplace (i.e. outpatient laboratory test and radiology procedures).

The screenshot displays the PARA Data Editor interface for a demonstration hospital. The main window shows a table of pricing iterations with columns for Name, Creator, Last Executed, Market Target, Raise Non Market, Upper Limit, and Status. Below the table, there are several configuration panels:

- Pricing Iteration Name:** TestPct (ID:8289)
- Market Target:** Average, Market Inflat: 5.00%
- Revenue Stream:** Anesthesia Professional
- Type Value Table:**

Type	Value
Market Target	Average
Market Inflat	5.00%
Base CDM Date	02/01/2014
Upper Limit	
Revenue Stream	DHS and Obser
Revenue Stream	ED/Clinic/Treat
- Configuration Panels:** Pricing Summary, Comparative Impact Analysis, Department Summary, Payer Summary, Procedure Detail, Stop Loss Payer Summary, Stop Loss Account Detail, Claim Cap Payer Summary, Claim Cap Account Detail, Patient Type Map, Insurance Plan Settlement Report, Master Settlement, Comprehensive Pricing, and Claim Detail.

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Strategy 2: Share of Cost Estimates Prior to Scheduled Services

As pricing transparency continues to be an important topic in the healthcare industry, healthcare professionals are working to understand how pricing transparency can improve patient satisfaction and reduce hospital bad debt. The benefits of providing cost estimates prior to schedule services include:

- Promote price transparency
- Provide estimates prior to service, avoiding unexpected financial liability
- Reduce patient dissatisfaction directed at the provider by increasing trust with patients
- Increase self-pay collections while decreasing bad debt
- Attract a good payer mix
- Market to new patients

Although generating a quote for services involves a variety of contractual discounts and health insurance plan information, some basic information can be readily available to the patient with minimal employee intervention, usually in the form of a provider-based web portal.

The screenshot shows the Generic Hospital website interface. At the top left is the Generic Hospital logo (a red cross in a white circle). To its right is the text "Generic Hospital". On the far right of the top navigation bar, the date "Tuesday, October 28, 2008" is displayed. Below the logo and name is a navigation menu with links: Home, Patients & Visitors, Physicians, Contact Us, and Directions. On the left side, there is a vertical menu with links: About Us, Medical Services, Find a Physician, and Community Resources. The main content area features a large banner image of a stethoscope and a computer keyboard. Overlaid on this image is the text "Out-Of-Pocket Estimate". Below the banner, the breadcrumb "Home > Out-Of-Pocket Estimate" is shown, followed by a link "Need help at any time? (?)". A red bar highlights the section "Final - Review Your Estimate". The procedure is listed as "Chest X Ray (two views)". The insurance type is "All other insurance". The cost breakdown is: Deductible: 1,000; Co-Payment: 25; Co-Insurance: 20%; Out-of-Pocket Maximum: 2,500. The total charge is \$198.00. A box titled "Estimate of how much you will owe: \$198.00" contains a disclaimer: "Please note: Your out of pocket costs for these services are based on several factors, including your: insurance plan deductible, co-payment and co-insurance amounts, and how much of your out of pocket maximum and deductible have been met to date this year. This amount may vary slightly, depending on actual services you receive." Below this box, it states: "The expectation is that if at all possible these details should be handled at the time of service. We accept cash, check, Visa, Mastercard or Discover." and "You may also receive bills from other medical specialty services that you may use during your visit with us, including Physician charges, Anesthesiology charges, Radiologist reading fees, and Pathology fees. Charges from these medical specialists will be billed separately to you and your insurance carrier." At the bottom of the page, there are buttons for "Email", "Print", and "Start Over".

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Strategy 3: Patient Financial Obligation Share of Cost Estimators

Patients require a clear picture of their financial obligation for services, specific to their personal health plan. Informing patients of the cost of services is in the best interest of the facility. Providing meaningful information of the patient's financial responsibility will improve patient retention in this consumer-driven marketplace.

Providing hospital staff access to a resource that empowers them to quickly and accurately provide a patient's financial obligation and payment options for services can potentially:

- Promote price transparency
- Reduce bad debt
- Improve upfront collections
- Provide high quality customer service

PARA Data Editor - Demonstration Hospital [Sales] dbDemo [Contact Support](#) | [Log Out](#)

Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing Rx / Supplies Filters CDM Calculator Advisor Admin RAC CAT PARA

Quote Existing Quotes Administration User Manual Eligibility Only

Patient Profile

Create New Quote Save Quote/Generate Estimate Quote ID: 5681 CMS Preventive Services Show Contact Details

Medical Record No.:* 20150139341679 Patient Account No.:* 201501393417601 Physician: Enter/Select Date Of Service:* 1/13/2015 Patient Type: Outpatient Expected LOS: 0

First Name:* Test Last Name:* Patient Discharge Status: Select Status... Requested By: Enter/Select Date Of Birth:* 1/22/1969 Gender: Female

Insurance Information (For Eligibility Only) (Click Here for Comprehensive List of Eligibility Payers)

Eligibility Payer: Select... Plan Name: Plan Code: Group/Bin No: Effective Date:

Patient is: Subscriber Member First Name: Test Member Last Name: Patient Member ID:

Medical	Deductible Amount:	Deductible Amt Paid:	Coinsurance %:	Co-Pay:	Max Share Of Cost:	Deposits Patient SOC:	Deposit Required:	Deposit Paid:	Remaining Deposit:
	147.00	0.00	0	0.00	0.00	309.72	0.00	0.00	0.00

Services

Show Advanced Service Selection Select Package(s)... Enter DRG DRG Grouper ICD10

ICD10 Diagnosis Codes

ICD10 Procedure Codes

HCPCS

Save Quote/Generate Estimate

Details

No Activity

Patient Responsibility

Medicare

Total Charge: \$4,840.12
Less Co-Pay: (N/A)
Deductible: \$147.00
Deductible Exempt: \$13.58
Estimated Ins. Reimb: \$553.09
Patient Share of Cost: \$309.72

Services

Item	Charge	Qty
45378	\$3,777.58	1
71020	\$510.60	1
85025	\$507.28	1
36415	\$44.66	1

Refresh Patient Responsibility
Validate Medicare SOC

For questions or more information on how PARA can assist you in implementing these strategies above please contact Violet Archuleta-Chiu at varchuleta@para-hcfs.com or 800-999-3332 ext. 219.