Improving Patient Payment Experience in U.S. Healthcare

By

Nakul Mahajan

Dissertation submitted in partial fulfillment of the requirements of the degree

MBA Hospital and Health Management

Academic year, 2017-2019

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INSTITUTE OF HEALTH MANAGEMENT RESEARCH
(WHO Collaborating Centre for District Health System Based on Primary Health Care)

IIHMR UNIVERSITY

TO WHOMSOEVER MAY CONCERN

This is to certify that Nakul Mahajan, student of MBA Hospital and Health Management from The IIHMR University, Jaipur has undergone internship training at Decisions Resources Group (DRG) from 11 February to 10 May

The Candidate has successfully carried out the study assigned to him during internship training and his approach to the study has been sincere, scientific and analytical.

The Internship is in fulfillment of the course requirements.

I wish him all success in all his future endeavors.

Col. (Dr.) Ashok Kaushik

Dean, Academics and Student Affairs

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DRG
DECISION RESOURCES GROUP

May 8, 2019

To Whom It May Concern

Nakul Mahajan
Emp Code - 102126

This is to certify that Nakul Mahajan has completed his dissertation project "Improving Patient Payment Experience in U.S. Healthcare" with DRG Analytics and Insights Private Limited from 11th February 2019 to 10th May, 2019.

We wish him all the best for his future endeavours.

Yours Sincerely,

Aswini Konda
Associate Manager – HR

Priyanka Srivastava
Senior Director - MedTech

CERTIFICATE BY SCHOLAR

This is to certify that the dissertation title "Improving Patient Experience in U.S. Healthcare" submitted by Nakul Mahajan Enrollment No. IIHMR-U/01/2017-19/0605 under the supervision of Dr. Piyusha Majumdar for award of MBA in Hospital and Health Management carried out during the period from Feb. 11, 2019 to May 10, 2019 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other institute or other similar institution of higher learning.

Signature

Abstract

Background: Statistics indicates that out-of-pocket spending has almost doubled over the period of time. High deductibles and rising healthcare costs are causing patients experience greater out-of-pocket liabilities, due to which more revenue cycle leaders are initiating collection efforts further upstream in order to secure payment for at least a portion of patients' financial responsibility before they leave the facility.

Objective:

- To know what information is included on billing statements to make it clear to patients what they owe and how to pay.
- To know how providers are using online tools to estimate patients' out-of-pocket costs and collect from those patients prior to service.

Methodology:

- Study Design: Observational Descriptive Study
- Sample Size: 20 (Articles -10, Case Study- 10)
- Inclusion Criteria: Only those organizations who are members of the HBI
- Exclusion Criteria: Those organizations who are not members of the HBI
- Source of Data: Healthcare Business Insights (HBI) articles and case studies
- Selection of Articles and Case Studies: Selection was done on the basis of most reviewed articles and case studies

- Analysis: A thorough review is done and conclusion is drawn on the basis of articles and case studies of HBI

Results: Different organization provide patient estimates at different point of time three organizations provide before the service and one at the point of the service and provide estimates for different services such as cardiology, lab services, surgeries, radiology services and more. Organizations experienced decrease in bad debts and increase in collections.

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The journey to become a wise and responsible professional doesn't concise to classroom learnings. The experience that I gained while working with Decision Resources Group during dissertation period acquainted me with the practical aspect of the course & implementation of the theory in the real field. Any accomplishment requires the effort of many people & this work is no different. My sincere thanks to all for taking me ahead in this journey.

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Last but not the least I thank my family for their constant support and for keeping me motivated throughout this journey.

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List of Abbreviation

HDHP: High Deductible Health Plan

OOPC: Out-of-Pocket Cost

HBI: Healthcare Business Insights

EHR: Electronic Health Record

ED: Emergency Department

Introduction

The number of uninsured Americans decreased from over 44 million in 2013 to 27 million in 2016. Whereas, in 2017, the number of uninsured Americans increased by approximately 700,000. Most of these uninsured belong to low-income families having at least one worker in the family. In 2017, one in every five uninsured adults could not get the required medical care due to high cost. This problem is faced by both uninsured and insured due to the high out-of-pocket expenses as well as increased responsibilities. Patients are responsible for higher out-of-pocket expenses than in previous years—more individuals are enrolled in high-deductible health plans (HDHPs) than ever before due to healthcare reform.

Statistics indicates that out-of-pocket spending has almost doubled over the period of time. High deductibles and rising healthcare costs, are causing patients experience greater out-of-pocket liabilities, due to which more revenue cycle leaders are initiating collection efforts further upstream in order to secure payment for at least a portion of patients' financial responsibility before they leave the facility.

Many organizations have turned to technology, such as price estimators and kiosks, to enhance workflows, promote convenience, and ultimately encourage patients to make prompt payment towards their upcoming or outstanding balances. Organizations may wish to increase price transparency resources, to help patients better understand and prepare for the cost of care. It is more important than ever for healthcare organizations to give a customer convenient way to understand what they owe and pay their bills.

Rationale:

Patients are less likely to visit facility and start treatment due to high financial responsibility. As patient portions rise, providers are recognizing the need to maintain a patient-centric paradigm that emphasizes educating patients about their financial obligations and avenues for resolving them.

Literature Review

Articles were reviewed and concluded that, there has been tremendous increase in the treatment cost since decades which has imposed a significant financial burden on families or individuals, even those with health insurance. The financial burden has created an adverse situation where uninsured families or individuals have been spending their savings and assets. Every year out-of-pocket cost had been increasing by some percentage, like in 2017 it has increased by 11%. More people are enrolling in the High Deductible Health Plan (HDHP) in which patient has to pay more health care cost before the insurance company starts to pay its share. It has been reported that 43% of the people under 65 years of age who are insured by a private health insurance plan have an HDHP.

Insured patients are not paying the full charge on the bill, but they pay a co-payment or a percentage of the charge depending on their insurance plan. Most of the patients have the same question “How much is this going to cost me?”. It is very difficult to answer this question because of a particular patient’s insurance plan.

Providers are continuously attempting to make charges easily available to the patient. Some proactive steps by hospitals can give patients the information they need regarding their bills. In recent years, a variety of new websites and tools have been developed that provide information directly to patients about the charges that they could face. Price calculator should be used by the hospitals to prepare charge list for patients based on the patient’s insurance coverage or ability to self-pay. Such calculators can also help patients to get more information about the hospital’s payment assistance options. This will help patients to understand in advance what they will pay and have payment assistance option so that they can go ahead and schedule the appointment for their care.

Methodology

Research Question:

How can providers make it easier for patients to understand what they owe, thus resolving their bills with respect to rising out-of-pocket costs for patients?

Objectives:

- To know what information is included on billing statements to make it clear to patients what they owe and how to pay.
- To know how providers are using online tools to estimate patients' out-of-pocket costs and collect from those patients prior to service.

Material and Methods:

- Study Design: Descriptive Observational Study
- Sample Size: 20 (Articles -10, Case Study- 10)
- Inclusion Criteria: Only those organizations who are members of the HBI.
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Results

Case Matrix for Back Side of Statement

S.No.	QESTIONS	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
1.	Does the case study show the statement?	Yes	Yes	Yes	Yes	Yes
2.	Does the case study include the visuals of backside of the statement?	Yes	Yes	Yes	Yes	Yes
3.	Does the backside of the statement include an explanation of the financial assistance policy/plain language summary?	Yes	Yes	No	Yes	No
4.	Does it also include an application or fields that patients can fill in with their information and send back to be applied/qualified for the financial assistance program?	Yes	Yes	No	Yes	Yes

Interpretation

- Different organization include different type of information on the back side of the statement which they think will be helpful to patients.
- All the cases in the matrix shows the visual of back side of the statement give us example how it looks like and what all information is included in the statement.
- 3 out of 5 cases have financial assistance policy on its back side which assist patients on how to apply for online bill payment or other option for payment.
- 4 out of 5 cases have application attached on the back side so that patients no longer need to talk to or admit their financial situation to staff member in order to fill out the form and in any case if patients want to change their information they can make a change in this form like change in address and more.

Case Matrix for Patient Estimates

S. No.	QUESTIONS	**CASE 1**	**CASE 2**	**CASE 3**	**CASE 4**	**CASE 5**
1.	Does this organization provide patient estimates?	Yes	Yes	Yes	Yes	Yes
2.	When does this organization provide the patients' estimates?	Before the service	Before they schedule the procedure	At the point of service	Not mentioned	Before the service
3.	For what services is the organization able to or it provide these estimates?	Cardiology Catheterization lab Gastroenterology ED	Surgeries and radiology services (CT scans & MRI)	Surgeries, ED visits, All lab services, Cardiac procedures.	CT scans, MRI and ECG.	Cardiology, Surgeries, All lab services
4.	How is the estimate provided?	Via call by the organization	Via hotline created by organization where patients call & ask for estimates	Organization use semi-automated method to generate estimates	Via email or over the phone	Via call or email by the organization
5.	What is the process step of how the patient & staff generate the estimate & how the patient receives it?	Process begins when EHR calculates amount what patient owes and ends when patients receive call from financial clearance team about their estimates.	Patient estimate process begins when patients call in facility and request for estimates and ends when staff member call back to patient and inform them about estimates.	Counsellors utilize EHR tool to generate estimates and registration staff provide estimate to patients	Process begins when patient call in facility to generate estimates and ends when estimator call back patient with results and mail estimate letter	Patient estimator receives call from patient for estimates and then estimator calculates estimates and call back patient

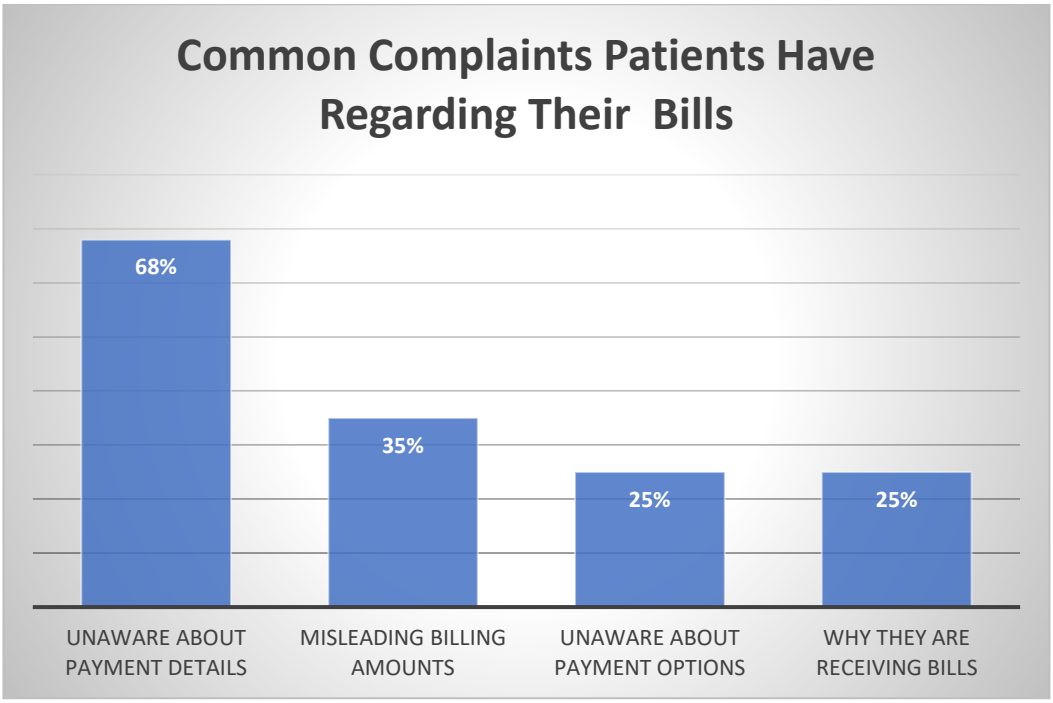
6.	What is the outcome of this process for the organization?	Estimate request form is one of the most used and almost every month they started receiving 14 requests.	As a result, point-of-service collection has gone up from $11M to $21M	This results in reduction of bad debts and cost to collect and upfront collection has gone up from $2.7M to $5.6M in two years.	As a result, staff member provide more accurate estimates.	As a result, bad debt decreases and point of service collection increased by 8% from previous years

Interpretation

- All the cases in the matrix provide patient estimates.
- Different organization provide patient estimates at different point of time three organization provide before the service and one at the point of the service.
- Different organizations provide estimates for different services such as cardiology, lab services, surgeries, radiology services and more.
- Most of the organizations provide estimate via phone call, email or through messages.
- Process of providing estimates are different for different organizations, for example process begins when patients request for estimates via call or email than estimators calculates estimates with the help of EHR calculator considering various factors like name of service they want, physician name and type of insurance and after calculation estimators inform patient about their estimates via call or email.
- As a result, providing estimates to patient organizations experience decrease in bad debts and increase in collections.

Tables1

Due to shifts in cost sharing, a larger portion of many hospitals' reimbursement now comes from patients rather than commercial payers, this means hospitals are coming up to collect patients bills to meet their financial demand. So that patients are facing some issues regarding their bills.



This chart depicts that organizations receive some complaints from patients regarding their bills most common complaints organizations have received was that 68% of patients are unaware about their payment details, 35% of patient complaints that billing amount is misleading, 25% are unaware of payment options and 25% complaint why they receive bills.

Table2

Price Estimates is web-based pricing tool that creates accurate estimates of out-of-pocket cost of services for patients before or at the point of service. Some organizations have started using this tool, but many have yet to start using it. So, the demand of estimates has been increasing. It has been found that 85% of the patients want their care cost to be known in advance.

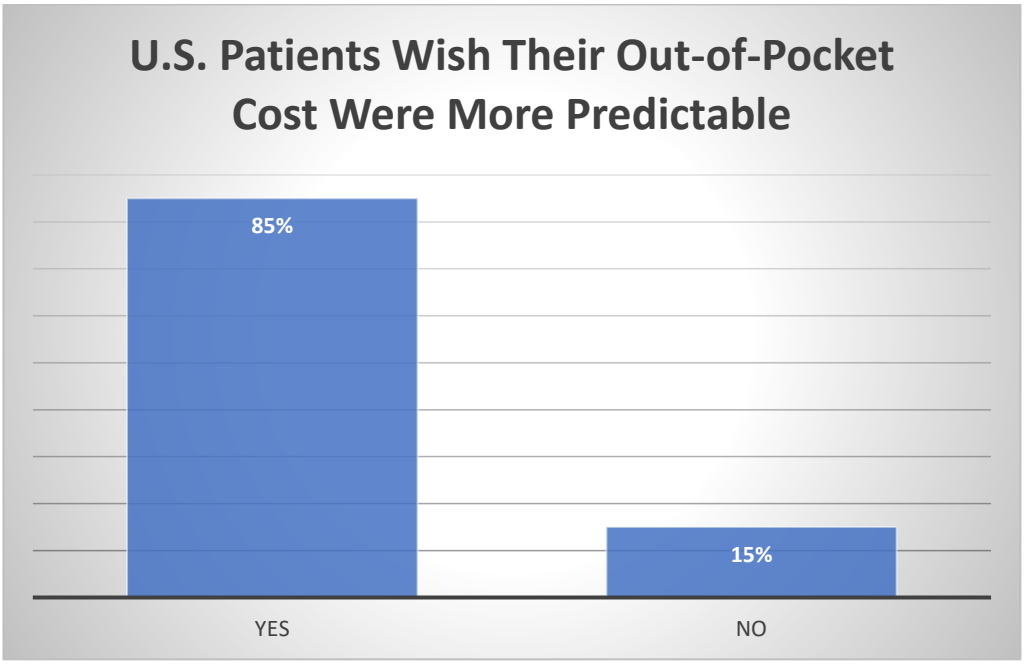
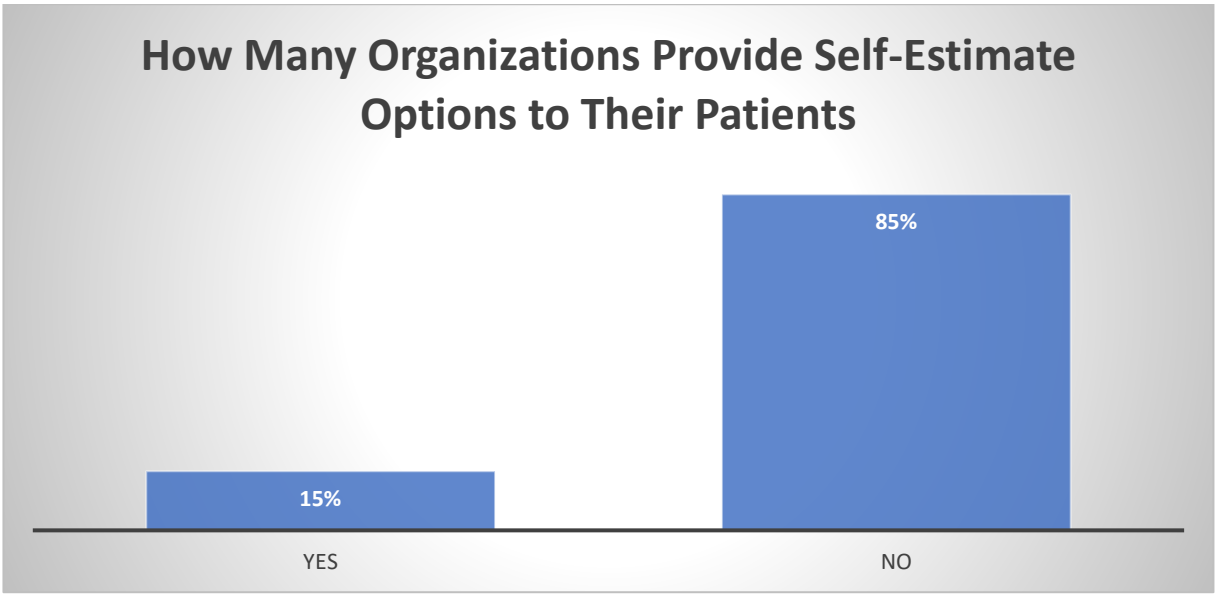


Table3

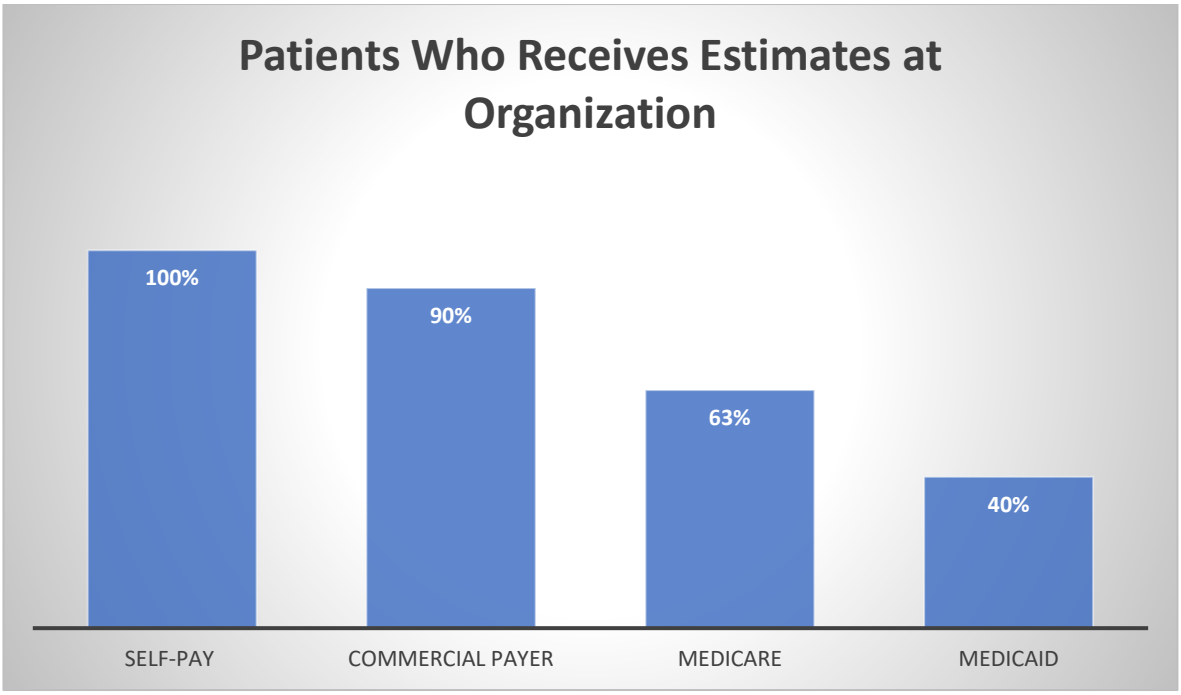
Self-service tools gave patients a full picture of their up-to-date hospital and professional services account information and insurance explanation of benefits data. Patients themselves have access to this portal they do not have to fill any request form to have estimates.



This graph shows that only 15% of the organization provides self-estimates options to their patients.

Table4

It is important to provide estimates to uninsured patients so that they can know their care cost prior to the service as well as they can pay their bill on time because they have to pay their whole bill by themselves and it become tough for them to pay big amount together.



This graph shows that 100% patients with self-pay receives estimates at organization, 90% patients with private insurance receive estimates at organization, 63% patients with Medicare receive estimates at organization and 40% patients with Medicaid receive estimates at organization.

Discussion

- U.S. Healthcare spending have put prices under public scrutiny, in response federal and state regulations have increased but compliance and enforcement have proved slow going.
- From the above results we can say that, to achieve price transparency healthcare industry must empower patients to make meaningful comparisons, provide tools which are easy to use and understand and give patients an understanding of the total price of their care.
- Different organizations have different type of estimation tools like public website through which patients can access self-service price calculator which is located in the billing section of the organization's website and phone call, patients may also contact to patient financial advocates to request an estimate.
- Result shows that online tool also guides patient through a series of question about their service, insurance and out-of-pocket costs to inform results.
- Bad debts decreased and point of service collection increased.

Recommendations

- Organizations should publish full charge list through its public facing website in readable format with further instructions to the online tool to better assist the patient in full cost of care estimates.
- Further enhancements to patient-friendly terminology.
- Staff should inform patients clearly that the estimates is a suggested amount not a final bill which will prevent misunderstanding and encourages payment.
- Provide a comprehensive training program that include group and one-on-one educational sessions which will helps to ensure front-end-staff are well trained to create estimates and collecting payments.

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