

Transparency, Consumerism and the Patient

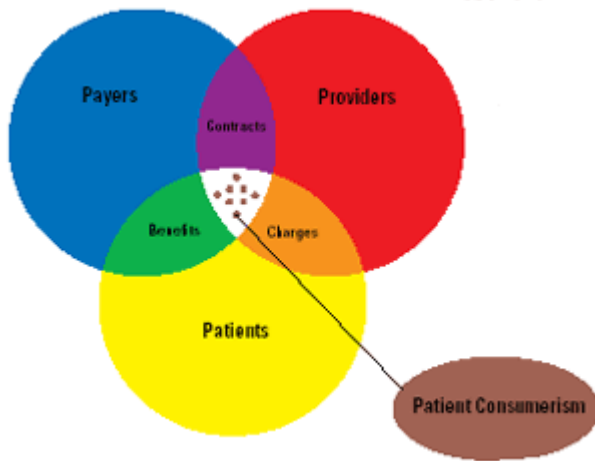
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Transparency, Consumerism and the Patient

By Travis Gentry

Over the past couple of years, numerous heavy-hitting organizations have opined on the topic of price transparency within the healthcare industry, advocating patient consumerism. Those organizations include the Healthcare Financial Management Association (HFMA), various state hospital associations, the American Hospital Association, and even the U. S. government, all trying to answer some difficult questions:



Do patients understand the concept of price transparency in the healthcare industry and the benefits they can gain from it? And how can providers prepare themselves for a movement toward patient consumerism? In the search for solutions, what are the different roles offered by technology and changes in process?

The concepts of price transparency and patient empowerment are both noble and basic to American culture. However, the transition from concept to reality contains significant challenge. Today, transparency means simply the publication of provider charges. For self-pay patients, such a display of charges can be meaningful; however, self-pay patients represent only about 5 percent of the average payor mix. Growth of the self-pay population does not justify this weak solution to the issue of price transparency. True transparency occurs only when patients understand their out-of-pocket expenses ... not just provider charges.

Patients view healthcare as any other transaction ... with a buyer and a seller. Patients are the buyer and the providers are the seller. In the mind of the patient, the payor is just a third party to whom they or their employer has paid a health insurance premium in order to gain access to the provider. Patients are typically unaware of the complexities of the relationship between the provider and the payor, and they are specifically unaware of the way the payor-provider relationship affects the patient's out-of-pocket expenses.

If patients want to understand consumerism, they need to understand the unique relationships between the entities (contracts, charges, and benefits). To achieve transparency and empower providers and patients to work together, payors need to provide better access to patient eligibility information via Internet and 270/271 EDI transactions. Providers need tools that allow ready access to their contracts and charges to determine how a procedure will be paid. Integration of contracts, charges, and benefits provides all the necessary information for patients to evolve into educated consumers.

The solution involves two elements: technology and process. Typically, payors and providers store critical data from contracts, charges, and benefits in separate computer systems, even though integration of those systems could create meaningful information for patients. Today, several companies leverage technology to offer the healthcare industry a variety of pro-price transparency/patient consumerism tools. These robust tools include such features as demographic and address validation/ correction, charity advisors, patient liability estimators, credit scoring, e-cashiering, and A/R segmentation. The tools are offered to providers on various levels, formatted for use by an individual organization or combined with others, and with integrated solutions. The needs and personality of the organization and its tendency to champion and adopt change will determine the best approach.

Technology should always be used to enable process – the second element of the price transparency and patient consumerism solution. Providers who expect tools to solve their problems in isolation are doomed to failure. Providers must engage in process evaluation with an understanding of what technology and tools can offer, while keeping in mind that work flow and business processes must drive the change. Technology and tools support the effort. Whether the process evaluation is driven internally or externally from consultants, it is the critical factor for long-term viability and success.

Providers must embrace process and technology to be prepared to meet tomorrow's demands for price transparency and patient consumerism. Process creates change; technology supports change. The end result is an empowered healthcare industry prepared to educate and care for patients.

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