Moving the Industry Forward: Revenue Cycle Management Solutions of the Future

Stuart Hanson
FY16 Chair, HIMSS RCI Task Force
SVP & General Manager,
Consumer Payment Solutions
ChangeHealthcare

Mike Olson
Member, HIMSS RCI Task Force
SVP, Treasury Solution Team Lead
Fifth Third Bank

DISCLAIMER: The views and opinions expressed in this presentation are those of the author and do not necessarily represent official policy or position of HIMSS.
Revenue Cycle Management Challenges

• Current:
  – Rising patient financial responsibility
  – Lack of understanding of most patients regarding their healthcare insurance, especially the newly insured with Bronze plans
  – Fragmented communications between those involved in an episode of care
  – Lack of interoperable systems (internal and external)
  – Culture of little to no focus on price of a particular service/care plan
  – Changing reimbursement methodologies

• Immediate Horizon:
  – Higher consumer expectations as they become more engaged in the outcomes and costs of their care
  – New Payment Models
Size & Scope of US Healthcare Market

U.S. healthcare industry handles transactions of >$2 trillion per year

- 185 billion: Other healthcare related spend
- 290 billion: Consumer payments
- 330 billion: Premiums
- 560 billion: Payers
- 1,250 billion: Government
- 805 billion: Consumers
- 65 billion: Not including $190 billion of bad debt

1 Includes an additional approximately $190 billion from foundations or philanthropic organizations
2 Approximately $240 billion of this is spent on government public health and investment: research, structures & equipment
3 Includes consumer paid portions of: Nutrition, CAM, OTC drugs, cosmetic procedures, fitness, advise, and beauty

SOURCE: National Health Expenditure Data; Centers for Medicare and Medicaid Services; Office of the Actuary; McKinsey analysis

ALL FIGURES AND ESTIMATES ARE APPROXIMATE
Current Provider Collection Experience is Time-Consuming

According to a 2013 survey of health care providers:

– Doctors and hospitals often wait 75-150 days for payment
– 50% of patient obligations go unpaid

Projected financial impact for providers

In 2011, patient non-POS Write-offs totaled $102 billion

$141B
$172B
$102B

Billed Collections
POS Collections
Patient Write-Off

By 2019, patient non-POS Write-offs are estimated to exceed $189 billion

$232B
$203B
$189B

Billed Collections
POS Collections
Patient Write-Off

Source: Citi analysis, based on 2011 data from the U.S. Dept. of Health & Human Services and Center for Medicare & Medicaid Services.
Patient Obligations are Growing

- Patient payments averaged **30% of revenue** in 2012\(^1\)
- 13% of providers interviewed state higher copays and co-insurance are **most pressing** payment issues\(^2\)

Sources:  
\(^1\) Citi analysis, based on 2011 data from the U.S. Dept. of Health & Human Services and Center for Medicare & Medicaid Services.  
\(^2\) Citi analysis based on client interviews, conducted by Boundary Information Group (June 2013)
Bad Debt is Increasing

• McKinsey - Bad Debt is increasing over 30% each year in some hospitals.
• Yet, the McKinsey study found that 74% of insured consumers indicated they are both able and willing to pay their out-of-pocket medical expenses up to $1000 per year.
• The survey respondents indicated that a lack of options for payment plans, poor timing of bills and difficulties coping with confusing statements or policies were major barriers to paying.
And billing experience is important to overall patient satisfaction... and to providers

Only 29% of patients gave a top rating of “fully satisfied” with hospital billing

- Of the Fully Satisfied...
  - 96% would return for future service
  - 88% would recommend to a friend
  - 70% paid their bills in FULL

- Of the Unsatisfied...
  - 15% would recommend to a friend
  - 49% would return for future service
  - 29% paid their bills in FULL

Patients with bills > $100

Information from Connance Consumer Impact Study, September 2013
Greatest Opportunity in RCM

• The Patient Financial Experience
• Current state is fragmented
  – every process is different, even within the same health system
• High dissatisfaction with the financial process

Figure 1. US consumers views are mixed when it comes to healthcare payment and billing. US consumers were asked survey questions designed to measure their opinions on various aspects of the payment and billing processes for hospitals, pharmacies and health insurers.
Revenue Cycle Improvement Task Force

Purpose
Convene innovative stakeholders from across the healthcare industry to create a vision for the next generation of revenue cycle management business processes and tools that will keep administrative cost containment, interoperability and consumer engagement front and center.

Membership
Industry thought leaders from all major stakeholder groups, including physicians, hospitals, retail health clinics, payers, financial services, health plans, consultants, industry associations, and vendors.
Philosophy

• Leave industry hat at the door
• Journey of possibility-thinking
• Patient-centric
• Transparent
• Efficient/Non-duplicative business practices
• Leverage existing/emerging technology
• Demonstrable ROI
• Standards-based
• User friendly
• Reimbursement methodologies will not complicate the patient financial experience
Guiding Principles

• Patient-Centric
• Transparent
• Efficient/Automated
• Non-Duplicative Business Practices
• Leverage Existing/Emerging Technology
• Demonstrable Return on Investment
• Standards-Based
• User-Friendly
• Motivates Stakeholders to Change
Brief History

FY15
• Developed the vision; focused on the what, not the how
• Created infographic based on a basic pre-planned office visit
• Published White Paper outlining vision

FY16
• Expanded scenario used in infographic to include an episode of care involving multiple disparate providers delivering care in a variety of settings
• Created microsite to illustrate this scenario
• Conducted gap analysis using this expanded scenario to identify potential technical gaps that will need to be addressed to realize vision
• Publishing paper outlining the results of the gap analysis
• Call for Case Studies
Gap Analysis

Purpose
• Identify technical functionality needed to realize task force vision for Patient Financial Experience of the Future
• Recognize available solutions/work under way that will drive the industry forward

Approach
• Identify categories of activity involved in typical episode of care
• Call out the technical functionality needed to support vision
• List potential gaps
• Acknowledge work currently under way
• Generate ideas for possible case studies
Examples of Work Currently Under Way

• Several private industry solutions aimed at facilitating communication between payers and their patients, point-of-care payment activities, etc.

• ONC
  – Health IT Certification Program
  – Patient Matching Initiative
  – Interoperability Road Map

• HIMSS ConCert Program

• WEDI Virtual Clip Board

• HFMA Best Practices
Case Studies

Purpose

• Call attention to innovative solutions that are moving the industry forward and could help close potential gaps

• Encourage development of pilot projects that will help close potential gaps

• Facilitate partnerships/collaboration

• Demonstrate that the future is not as distant as it may seem
Case Study #1

Sponsors
• Aetna and Patientco

Overview of Solution
• Resolve the barriers associated with determining patient financial responsibility at the point of care
• Facilitate patient payment at point of care

Target ROI
• Increased price transparency
• Higher consumer satisfaction
• Increased collection of patient payments at the time of care
• Decrease in bad debt activities

Status
• Identifying provider participants
Case Study #2

Sponsor
• Healthmania

Overview of Solution
• Radically improve quality while reducing cost of patient care by bridging data communication gaps
• Facilitate electronic exchange of health plan and financial information

Target ROI
• Increase healthcare price transparency
• Enable comparison shopping for healthcare services
• Deliver accurate patient financial responsibility information at point of care
• Reduce administrative expenses for providers and health plans
• Reduce provider bad debt
Case Study #2 – con’t

Status
- Prototype developed
- Seeking seed funding
- In negotiations with two alpha customers
Case Study #3

Sponsor
• Health Payment Solutions

Overview of Solution
• Provide consolidated document that serves as both a single bill for an entire episode of care, including those involving multiple disparate providers and various points of care and as an explanation of benefits

Target ROI
• Improved patient financial experience
• Reduced provider bad debt

Status
• Solution has been in place in Wisconsin since 2008; looking for partners to expand their offering beyond Wisconsin borders
Get Involved

• Participate in one of the case studies highlighted

• Submit your own case study
  – Case Study submission form

• Join the HIMSS Revenue Cycle Improvement Task Force

• Check out our work products:
  – Patient Financial Experience of the Future Infographic
  – White Paper: Rethinking Revenue Cycle Management
  – Patient Financial Experience of the Future Microsite
Pam Jodock  
Senior Director  
HIMSS Health Business Solutions  
(312) 507-9924  
pjodock@himss.org

Stuart Hanson  
Chair, HIMSS RCI Task Force  
(630) 235-0616  
StHanson@changehealthcare.com

Joanne Bartley  
Manager  
HIMSS Health Business Solutions  
(312) 915-9251  
jbartley@himss.org

Mike Olson  
Member, HIMSS RCI Task Force  
(630) 800-8765  
mike.olson@53.com
Questions?