Predictable Pricing: A Journey Towards Healthcare Consumer Pricing Transparency

Tracy Rogers
Kim Hodgkinson

What is the Journey?

Why is this important?

- Rising number of high deductible health plans mean patients pay more of the bill (Avg. of 15% per year since 2011)\(^1\)
- Patients shop for price and quality (72% of internet users searched for health information)\(^2\)
- Insurers & employers steering beneficiaries to lower cost alternatives
- Policy makers passing transparency legislation (34 states required by law to make charges available)\(^3\)
- Most publicly available provider price estimates are creating confusion in the marketplace (charges not patient liability)
- Many patients – especially the struggling – challenged with affordable access which increases public opinion and expectations
- Patient confusion from bills from multiple providers
- Transparency has the potential to shift market share and generate new patient volumes

1. Advisory Board Price Transparency Report
2. Pew Research Center Study
3. Medicare Payment Advisory Commission
Consumer Enablement Ecosystem

Price Transparency

Credit / Financing

Payments

Scheduling

Provider Search

Price Transparency

Who is Doing What in Pricing?

SPECTRUM HEALTH

Baptist Health

Gesinger's My Estimate

PricePoint

FH Consumer Choice

Humana

UnitedHealthcare

Who is Doing What in Technology?

castlight

Healthsparq

Medlio

Health Up Reach

Empowering Smart Choices Before You Pay

Healthcare Blue Book
Here the Voice of the Customer

Play NPR clip

Patients Want To Price-Shop For Care, But Online Tools Unreliable
Published: November 30, 2015

The Fundamentals of our Philosophy

- Proactive, not defensive
- Empower consumer to make decisions
- Model that transitions from Fee for Service (FFS) to Fee for Value (FFV)
- Define the scope carefully

Targeted Price-Sensitive Services

<table>
<thead>
<tr>
<th>Ambulatory</th>
<th>Cosmetic Surgery</th>
<th>Laboratory</th>
<th>OB/GYN</th>
<th>Coordination Management</th>
<th>Imaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cytoscopy</td>
<td>Sclerotherapy</td>
<td>A.C.</td>
<td>Cytoscopy</td>
<td>Weight Management</td>
<td>MRI</td>
</tr>
<tr>
<td>E.N.T.</td>
<td>Breast Augmentation</td>
<td>Allergy</td>
<td>Examinations</td>
<td>Diabetes Education</td>
<td>CT</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>Tummy Tuck</td>
<td>Sleep</td>
<td>Obstetrics</td>
<td>Genetic Biopsy</td>
<td>Bone Density</td>
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<tr>
<td>Cardiology</td>
<td>Breast Lift</td>
<td>Rhinoplasty</td>
<td>Prenatal</td>
<td>Cardiovascular</td>
<td>PET</td>
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<tr>
<td>Colonoscopy</td>
<td>Rhinoplasty</td>
<td>Laser Hair Removal</td>
<td>Menopause</td>
<td>Disease Prevention</td>
<td>Ultrasound</td>
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<tr>
<td>Proctoscopy</td>
<td>Liposuction</td>
<td>Laser Liposuction</td>
<td>Breast Care</td>
<td>Sleep Medicine</td>
<td>Mammography</td>
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<tr>
<td>Cardiology</td>
<td>Schlerotherapy</td>
<td>Breast Cancer Screening</td>
<td>Weight Management</td>
<td>Nuclear Medicine</td>
<td>3D CT</td>
</tr>
<tr>
<td>OB/GYN</td>
<td>Breast Augmentation</td>
<td>Breast Care</td>
<td>Diabetes</td>
<td>Cardiac Catheterization</td>
<td>CT</td>
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Pilot or Minimal Viable Product (MVP)
3 Free Standing Imaging Locations in Jacksonville

<table>
<thead>
<tr>
<th>Site Activity</th>
<th></th>
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<tbody>
<tr>
<td>Site 'tnx' (Florida)</td>
<td>6,782</td>
</tr>
<tr>
<td>Schedule 'Vista'</td>
<td>339</td>
</tr>
<tr>
<td>Account Sign-ups</td>
<td>104</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Patient Activity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointments/patients</td>
<td>59</td>
</tr>
<tr>
<td>New Patients</td>
<td>24</td>
</tr>
<tr>
<td>Patients with insurance</td>
<td>16</td>
</tr>
<tr>
<td>Patients Paying Cash</td>
<td>43</td>
</tr>
</tbody>
</table>

Service Mix
- X-ray: 12
- US: 11
- CT: 8
- Cardiac Calcium Score: 17
- Lung Screening: 6
- Bone Density: 3
- MRI: 2
- Total studies: 59

Know Your Cost Ahead of Time with:
- Options Available
- Options Accurate
- Options Convenience
- Options Access
- Options Cash
- Options Insurance

Online Shopping Experience
www.jaxezappointment.com

<table>
<thead>
<tr>
<th>CT</th>
<th>MRI</th>
<th>Ultrasound</th>
<th>X-Ray</th>
</tr>
</thead>
<tbody>
<tr>
<td>$427</td>
<td>$705</td>
<td>$180</td>
<td>$100</td>
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</tbody>
</table>
"The cost are outrageous!!"

"You can buy a car, go to the dentist, buy a furnace and know exactly what it will cost up front. Healthcare is like Voodoo Economics."

"Have you ever tried to schedule an appointment during the Doctors lunch hour? I want to get an appointment scheduled during MY lunch hour."

"The cost are outrageous!!"

"You never know what the total cost is or when you're done. I keep getting bills for every component of service."

"They tell you 20%-20% of WHAT??"

Focus Groups: Pain Points

- Key Takeaway: ‘WE WANT OPTIONS’
- Knowledge of their financial responsibility
- Comparability of pricing & locations
- Trusted Provider – who their Physician trusts
- Cash price might excite them
- Scheduling not as important

What we Learned from the Focus Groups

The pilot is done...now what?

An Ascension- wide initiative has been launched to develop a national pricing strategy that is consistent, flexible, and responsive to key market differentiators.
The Initiative

- A consistent strategic operating philosophy
- Data collection and methodology
  - to measure cost basis, pace of change and competitive environment
  - to evaluate data for market solutions
- Technology platform assessment
- Governance implementation and alignment

Be careful of scope creep!

Project Structure

<table>
<thead>
<tr>
<th>Executive Sponsors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Leader</td>
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<tr>
<td>Project Manager</td>
</tr>
<tr>
<td>Steering Committee: Project Leader, Project Manager, Work Team Leads</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy and Oversight</td>
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<tr>
<td>Technology/Solution Selection</td>
</tr>
<tr>
<td>Data Collection</td>
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<tr>
<td>Data Analytics</td>
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The creation of an Ascension pricing transparency philosophy and operating model with appropriate governance for implementation and alignment with Ascension’s population health strategy. This includes:

- A national strategy for pricing transparency;
- Prioritization, time phasing for ministry markets to progress towards a predictable pricing solution for imaging services; and
- Governance of implementation to ensure alignment

**Expected Outcome**

- Financial assistance
- Excess capacity pricing (off hours)
- Patient responsibility quotes
- Government payors and limitations
- Managed care/commercial payers and contract compliance (i.e. most favored nations)
What is the Journey?

**LONG TERM**
- Fee for Service Linked with Population Health Strategy - Flexibility
- Additional Opportunities for Advertising
- Reduced Transaction Fees
- "Expedia" of Healthcare
- Market Launch narrow focus monitored to pivot to desired services (e.g., colonoscopies)

**SHORT TERM**
- Pricing Engagement with Consumers
- Grow managed lives
- Informed Patient
- Expanded Physician Referral to the Marketplace
- "Open Table" of Scheduling
- Expand offering to include Sleep Studies, Endoscopy Procedures, Wellness visits, etc.

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What are the takeaways

- Listen to the voice of the customer (patient, provider, payer)
- Educate key stakeholders
- Understand and communicate with payers
- Recognize the tech sophistication of your market
- Retail marketing different than traditional
- Know your cost structure and be able to change as needed
- Understand the competitive landscape
- Define your retail/price elastic services carefully
- Make the scope small enough to manage (don’t creep!)
- Know your appetite for failure
- Don’t fall in love with the solution...be prepared to pivot

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Predictable Pricing:
A Journey Towards Healthcare Consumer Pricing Transparency

Visit the site:
www.jaxezappointment.com

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