Surprise Medical Bills and the 6 Tools Healthcare Providers Need to Prevent Them: Analysis by Loyale Healthcare

Surprise medical bills have been a big problem for patients and consumers. The government is about to turn it into a problem for healthcare providers…now what?

LAFAYETTE, Calif. (PRWEB) March 27, 2019 -- Surprise medical bills - we’ve all heard the horror stories. These unwelcome financial gut punches have become a regular staple of local and national news headlines, not only because of their apparent unfairness but because they’re emblematic of a broken healthcare financial system. A system that again and again places patients at the mercy of an opaque and complex relationship between healthcare providers, physicians and insurers (payers).

Just last week, this story made the national news. In this instance, the patient needed an emergency appendectomy. Despite the emergent nature of her condition, she phoned her insurance company to make sure she was covered and repeatedly confirmed with her hospital that they would bill the insurance company for the required procedure. What was missed was the unfortunate fact that her physician’s practice was independent of the hospital, so charges for physician services were not covered. She received a bill for $4,727 which the patient chose not to pay. The result? The obligation went to a collection agency which is now garnishing the patient’s pay and has placed a lien on her home.

There are no winners in this scenario. The patient continues to suffer financial consequences she did her best to prevent. The provider’s reputation has been damaged, and whatever revenue was supposed to have been collected has now been severely reduced due to outsized collection costs. Costs that often end up being written off as bad debt.

If this patient’s experience had been an isolated incident, the event might not have gotten any attention. Sadly, that’s not the case. If you haven’t been surprised by an unexpected medical bill, then you are in the minority. According to this University of Chicago survey from 2018, 57% of Americans have been affected by this industry dysfunction. The issue is so acute that the current administration has specifically targeted surprise medical bills as one of its top areas of focus.

The outrage over surprise medical bills comes at a time when consumers’ interests are front and center with federal and state regulators. Recent actions and pending rule proposals from agencies operating under the U.S. Department of Health and Human Services (HHS), would begin to provide for improved price transparency and open access to patient health records. According to Seema Verna, Administrator for the Centers for Medicare and Medicaid Services (CMS), these new rules are the beginning of CMS’s effort to “transform the individual patient into a consumer of healthcare.” In a speech delivered earlier this year, she went on to say that “…in order for patients to become consumers of healthcare they must have transparency in pricing and in outcomes, so that they can shop for quality and value.”

The government’s push to empower patients as consumers comes at a time when the market itself is demanding change. Driven by years of ever-increasing patient out-of-pocket costs for healthcare, consumers today are delaying or avoiding care and many are struggling to pay for the care they get. The imbalance between demand and affordable access has created a gap that innovative companies like Haven Healthcare (the newly named joint venture of JP Morgan, Berkshire Hathaway and Amazon) are rushing to fill. Traditional providers must either participate or risk perishing.
Patients, physicians, hospitals and insurers can all agree in principle that surprise medical bills are bad and that price transparency is good, but getting there is another matter entirely. The American healthcare industry is saddled with a decades-old system of pricing, billing, paying and reimbursing that was designed for insurance companies and other institutional payers. A system that was never intended to meet the needs of a discerning “retail” consumer.

Fortunately for healthcare providers, there are innovative new companies and technologies that are accelerating traditional providers’ transition into healthcare’s consumer age. Loyale Healthcare is one of them. With a 30-year legacy of leveraging digital technology to influence consumer behavior, we’ve engineered a platform from the ground up to eliminate surprises, improve affordability and secure payment.

The Loyale Patient Financial Engagement platform operates in more than 180 hospitals and over 2,000 physician practices. Based on our experiences there, we’ve developed a 6-item menu to help healthcare providers successfully navigate in a rapidly evolving regulatory and market environment.

Each item in the menu is enabled by technology to integrate the entire patient financial experience, creating a seamless whole. This technology must interoperate with existing provider systems and be completely scalable, ensuring that patients will always have consistent, satisfying financial experiences even in the most complex enterprise environments. Experiences that are free from surprises and encourage them to get the care they need.

Loyale Healthcare’s 6-Item Menu to Eliminate Surprise Medical Bills

Item 1 – Embrace and Enable Authentic Price Transparency – CMS’s 2019 price transparency rule is only the beginning, and it comes nowhere near meeting the expectations of patients. Providers must take steps now to estimate actual and patient out-of-pocket costs when it matters, before treatment when the patient is shopping for care. Several technologies exist (including Loyale’s) and methodologies for developing reliable estimates are already operating at innovative healthcare companies like El Camino Hospital in Silicon Valley.

Item 2 – Automate Insurance Eligibility and Deductible Status – In order to calculate a patient’s out-of-pocket estimate, you must first know; 1) whether they have applicable insurance coverage, 2) whether their coverage will cover every aspect of patient care pertinent to the planned treatment and 3) any remaining deductible. Again, technologies exist that will completely automate this process, making it possible for patients to serve themselves and for provider staff to improve productivity and operating efficiency.

Item 3 – Think Beyond Price. Think Affordability – Remember when car and truck commercials included the vehicle’s sticker price? Same with other major household purchases? Today, the actual price is less important than the way the consumer will actually pay. For many, that means setting up a payment plan or possible third-party financing. Successful patient financial engagement will care less about what patients owe and focus instead on what they can afford.

Item 4 – Send Patients Bills They Can Understand – One of the most commonly cited complaints about healthcare billing is how confusing and disjointed it is. Between Explanations of Benefits (EOBs) from payers, bills from hospitals, bills from clinicians and others, it’s no wonder patients are reluctant to pay. With technology like Loyale’s, all these bills can be aggregated into a single, easy to read statement. From there, it’s also easy to pay.

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Step 5 – Communicate with Patients One on One, Like Smart Retailers – Today’s most successful companies got where they are by engaging with each customer personally. This is the new standard for consumers in every sector, including healthcare. That means delivering messages that are sensitive to the unique preferences and behaviors of each patient. Sending the right message at the right time, over the right channel. Digital, omni-channel communication platforms like Loyale’s begin by first segmenting patient populations, then continually refining communications based on actual patient behavior.

Step 6 – Never, Ever Make it Hard for Patients to Pay – In any patient population, there is a segment of people who are predisposed to pay and pay quickly. They have the means. They have the intention. All a healthcare provider needs to do is make sure they’re clear about what’s owed, why and then makes it easy to pay. That means accepting whatever method of payment the patient chooses – credit or debit card, ApplePay, PayPal, VenMo, and others that are sure to enter the scene. The same applies to patients who want to pay, but may not have the means. For this group, see item 3 above.

That’s it. By acting now to incorporate these 6-items into a healthcare provider’s revenue cycle ecosystem, surprise medical bills can be virtually eliminated. At the same time, the provider will be in compliance with CMS’s long-term vision for transparency and consumer empowerment. Perhaps best of all, early adopters should enjoy a compelling competitive advantage over providers who are slow to make this critical transition.

Kevin Fleming is the CEO of Loyale Healthcare

About Loyale Healthcare

Loyale Patient Financial Manager™ is a comprehensive patient financial engagement technology platform leveraging a suite of configurable solution components including predictive analytics, intelligent workflows, multiple patient financing vehicles, communications, payments, digital front doors and other key capabilities.

Loyale Healthcare is committed to a mission of turning patient responsibility into lasting loyalty for its healthcare provider customers. Based in Lafayette, California, Loyale and its leadership team bring 27 years of expertise delivering leading financial engagement solutions for complex business environments. Loyale recently announced an Enterprise level strategic partnership with Parallon including deployment of its industry leading technology to all HCA hospitals and Physician Practices.
Contact Information
Michael Morrison
Loyale Healthcare, LLC
http://www.loyale.us/
+1 (406) 868-9179

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