

How Healthcare Providers Can Win in the New Age of Price Transparency

May 17, 2019

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About Us



Michael Locher
Vice President, Revenue Strategy
PMMC

Michael has 19 years of experience in both clinical and the revenue side of healthcare. Michael is currently the Vice President of Revenue Strategy for the upper mid-west region for PMMC. Michael has experience in contract negotiations, operational management, managed care negotiations and product development. Michael is a graduate of the University of North Carolina at Chapel Hill where he was a Varsity letterman on the football team and has a Master's Degree in Management from Pfeiffer University.



Chad Shields
Vice President, Revenue Strategy
PMMC

Mr. Shields is an experienced healthcare leader with over 24 years of healthcare revenue cycle and revenue integrity experience. Prior to his 12 year tenure at PMMC, helping healthcare organization realize revenue potential and improving patient experience, he worked at McKesson Corporation in various operations and sales leadership roles. Mr. Shields is a computer science and mathematics graduate of Gannon University in Erie, PA.

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Don't Be Late!



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Remarks From HHS Secretary Azar



Source: https://video.foxbusiness.com/v/5999985304001/#spushow-clips

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Key Takeaways from Secretary Azar

- "Restore the patient as the consumer"
- Market based competition
- Reduce Costs

Source: https://video.foxbusiness.com/v/5999985304001/#spushow-clips

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Then There's This...

- CMS is aiming to make healthcare more like a retail experience when it comes to quality and price shopping
- CMS issued a Source Sought Notice for a "web-based platform to support healthcare pricing comparison and bidding activity."
- Posting standard charges appears to be just the first step
- CMS launches their [Procedure Payment Lookup](#) tool

"If you're buying a car or pretty much anything else, you're able to do some research. You're able to know what the quality is. You're able to make comparisons. Why shouldn't we be able to do that in healthcare? Every healthcare consumer wants that."

-Seema Verma, CMS Administrator



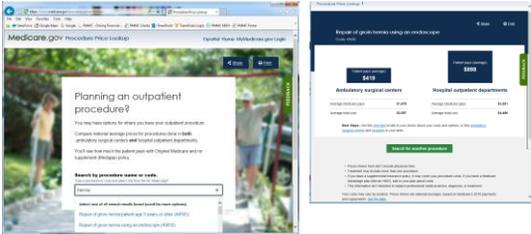
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CMS Launches Outpatient Pricing Tool

The anticipated outcome is for patients to understand there can be a substantial out-of-pocket difference based on where the service is performed

Procedure Payment Lookup



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What Company Is This?

- 75 Million riders
- 10 Billion trips completed worldwide
- 65 countries
- 600+ cities
- 15 Million trips each day
- 80+% share of the ride hailing market
- \$62 Billion valuation



<https://www.uber.com/newsroom/company-info/>
<https://regardfulambigu.com/index.php/uber-valuation>

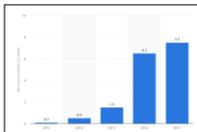
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The Tipping Point: Transportation Industry

- Dec 2008: Travis Kalanick and Garrett Camp can't get a cab on a snowy night in Paris and form the idea of UberCab
- May 2015: Uber is in 300 cities
- Dec 2015: Uber hits 1 billion trips
- Dec 2016: Uber is in 500 cities
- May 2017: Uber hits 5 billion trips

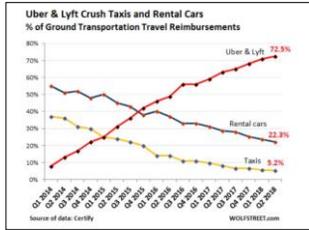
Global Net Revenue of Uber 2013 – 2017 (billions)



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Uber Takes Market Share in 2 Years



<https://www.businessinsider.com/uber-lyft-are-gaining-even-more-market-share-over-taxis-and-rentals-2018-7>

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What's the Lesson?

- Be Convenient & Transparent
- Focus on Efficiency
- Provide A Better Consumer Experience

TAXI	UBERX
INSURANCE Insured by the taxi company	CLASS LEADING INSURANCE Insured by Uber's own insurance
BACKGROUND CHECKS Conducted by the taxi company	ROBUST BACKGROUND CHECKS Conducted by Uber
DRIVER ASSIGNMENT Assigned by the taxi company	NO ASSIGNMENT FEES No fee to be assigned to a ride
OFF THE GRID Not on the grid	ON THE MAP Always on the map
CARRYING CASE Carrying a case	EMPOWERED TRANSACTIONS Empowered transactions

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CVS/Aetna Merger



"We have an opportunity to transform an industry that has gotten way too complicated. We know we can do a better job of helping people achieve their best health at a lower cost."
- CVS CEO Larry Merlo

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CVS/Aetna Merger – Disruption is Inevitable

- Healthcare executives are expecting more disruption in the industry
- 81% of executives, clinical leaders and clinicians expect disruptive mergers to continue impacting the industry in the next three years
- Which company will have significant impact?
 - 50% said 
 - 42% said 
 - 27% said 
 - 22% said 

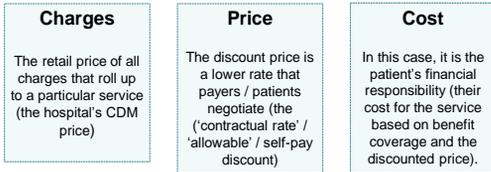
Source: <https://www.healthcarefinancenews.com/news/cv-aetna-merger-disruptive-ign-label>

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Pricing Terminology Level-Set

Patients want to know what it will cost THEM and how CMS is aligning to this direction.

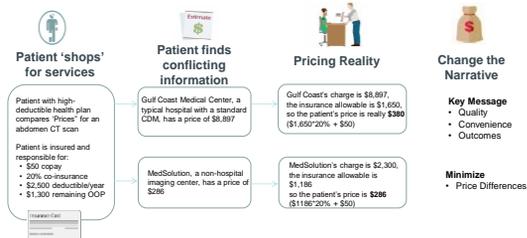


These are critical distinctions for the new mindset for a digital PATIENT-CENTRIC approach.

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Taking Control of the 'Price' Message

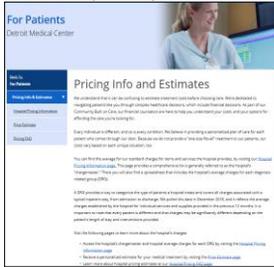


NPR Story on the price differences of an abdomen CT Scan

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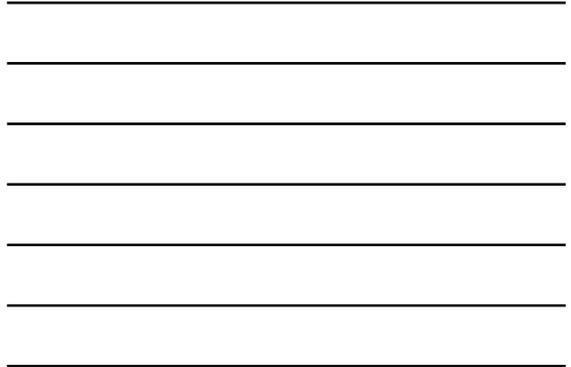
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How Have Hospitals Responded to CMS Mandate?

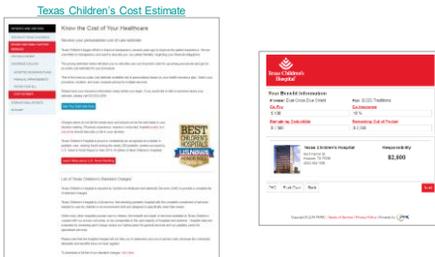


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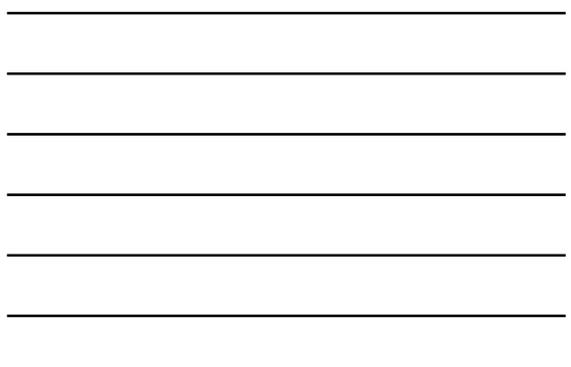


How Have Hospitals Responded to CMS Mandate?



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How Did Hospitals Respond?

Posting Charges

87%

posted chargemaster in downloadable, machine-readable format

Offering Estimates

86%

included a phone number to contact for more information or an estimate

38%

included DRG information

10%

include the ability to get an estimate directly from the website

100%

offered an online payment option

National
Source: Survey of 84 hospital websites in 34 different states

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Best Practice Recommendation

Disclaimer & Consumer Education Material

- Disclaimer**
- Understand that the use of Standard Charges requires approval and equipment hospital services that may be provided in the future (not at the time of charge).
 - Understand that the use of Standard Charges includes hospital services only and does not include professional fees for other AHA/Health or non-AHA/Health practitioners or other administrative charges.
 - Understand that single item charges may not represent a complete medical service. In general, multiple charge line items are necessary to represent a complete medical service as provided, including, but not limited to:
 - Understand that charges provided for the patient are not the actual charges billed to the patient. Actual charges billed to the patient are subject to various adjustments, such as discounts and charges in arrears.
 - Understand that the use of Standard Charges is not a guarantee of payment.
 - Understand that Standard Charges are not a guarantee of payment for any particular patient, and that any off-peak (24-hour) charges through July 1, 2019, will be in effect until August 1, 2019, and will be subject to change.
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Best Practice Recommendation (cont.)

Acknowledgement / Information Request

NYU Langone Standard Charges File

Download our standard charges file for the latest version.

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

I agree to the terms and conditions of the license agreement.

- Renown**
- Standard Charges File: please include the form below by checking the box and clicking Submit.
- In accessing Renown's charge table, I acknowledge that:
- Changes listed do NOT represent the standard of care or a guarantee for
 - Changes listed do NOT have to be included in every contract, and may vary by contract or other conditions.
 - Changes listed do NOT have to be included in every contract and may vary by contract or other conditions.
 - Changes are subject to the terms listed and do not include additional charges at the end of a hospital stay.
 - Changes are current as of January 1, 2019.
 - Changes are subject to change.
 - Standard Charges are not a guarantee of payment for any particular patient.

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What Did Hospitals Include in CDM File?

- 100%** included the description and the charge
- 14%** included the CPT code
- 48%** included charge code
- 5%** included revenue code
- 88%** included pharmacy and supply



■ National

Source: Survey of 84 hospital websites in 34 different states

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What Are the National Media Headlines?

CNN

Hospitals must post prices online, but they may be more confusing than helpful

By CNN Health and Andrew Achenbach, Health Policy Reporter



"While more information is always welcome, the new data will fall short of providing most consumers with usable insight."

Modern Healthcare



"Price transparency stumbled out of the gate last week..."

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Tips to Respond to Media Inquiries

- ✓ Acknowledge
- ✓ Apologize
- ✓ Action



Source: <https://www.ahrq.gov/topics/5-5qs-handling-media/healthcare-crisis/>

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What Are the Wisconsin Headlines?



Source: <https://www.wpr.org/federal-rule-makes-hospitals-post-prices-increase-transparency-competition>

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What Will Be the Next Set of Requirements?



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Latest From CMS (post January 1)



Source: https://www.healthcarefinancenews.com/news/hospitals-posting-prices-online-first-step-cms-administrator-seema-verma-says

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Latest From CMS (cont.)

- CMS acknowledged... Some hospitals are combining the chargemaster price with a patient's individual insurance calculation to give them a better idea of cost
• "While many hospitals have said chargemaster information can be confusing for consumers, let me be clear, hospitals don't have to wait for us to go further in helping their patients understand what their care will cost", Seema Verma, CMS Administrator.
• "We look forward to more facilities exceeding our requirements," Seema Verma, CMS Administrator.

Source: https://www.healthcarefinancenews.com/news/hospitals-posting-prices-online-first-step-cms-administrator-seema-verma-says

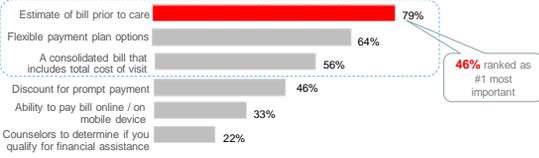
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New Consumer Demands

When it comes to helping plan out how to pay for a healthcare service, what are the most important things your doctor, hospital, or medical facility can provide you? (% rank in top 3)



Florida Hospital presentation at the Becker's Healthcare Conference 2018 (Transparency Consumer Survey | advisory.com)

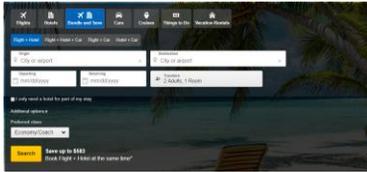
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Future Projections

Instead of providing an estimate for individual services, CMS anticipates requirements to move to a total cost-of-care estimate.

Our mindset and goal should be to provide an Expedia experience...



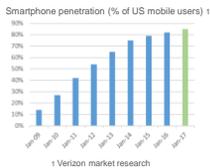
'Bundle and Save'

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New Consumer Demands

Dramatic rise in smartphone ownership is revolutionizing the consumer experience



13% →
84% in less than 9 years

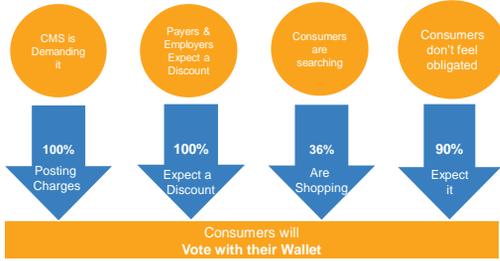


1 Verizon market research

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Why an Integrated Retail & Discount Pricing Strategy?



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Example Patient Estimates

Start with Patient Education

Gather Patient/Insurance Information

Provide Consumers with an Accurate Cost Estimate

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Example Patient Estimates

Patient Information

Insurance Information

Benefit Information and Facility Selection

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Thank You!

Questions?



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