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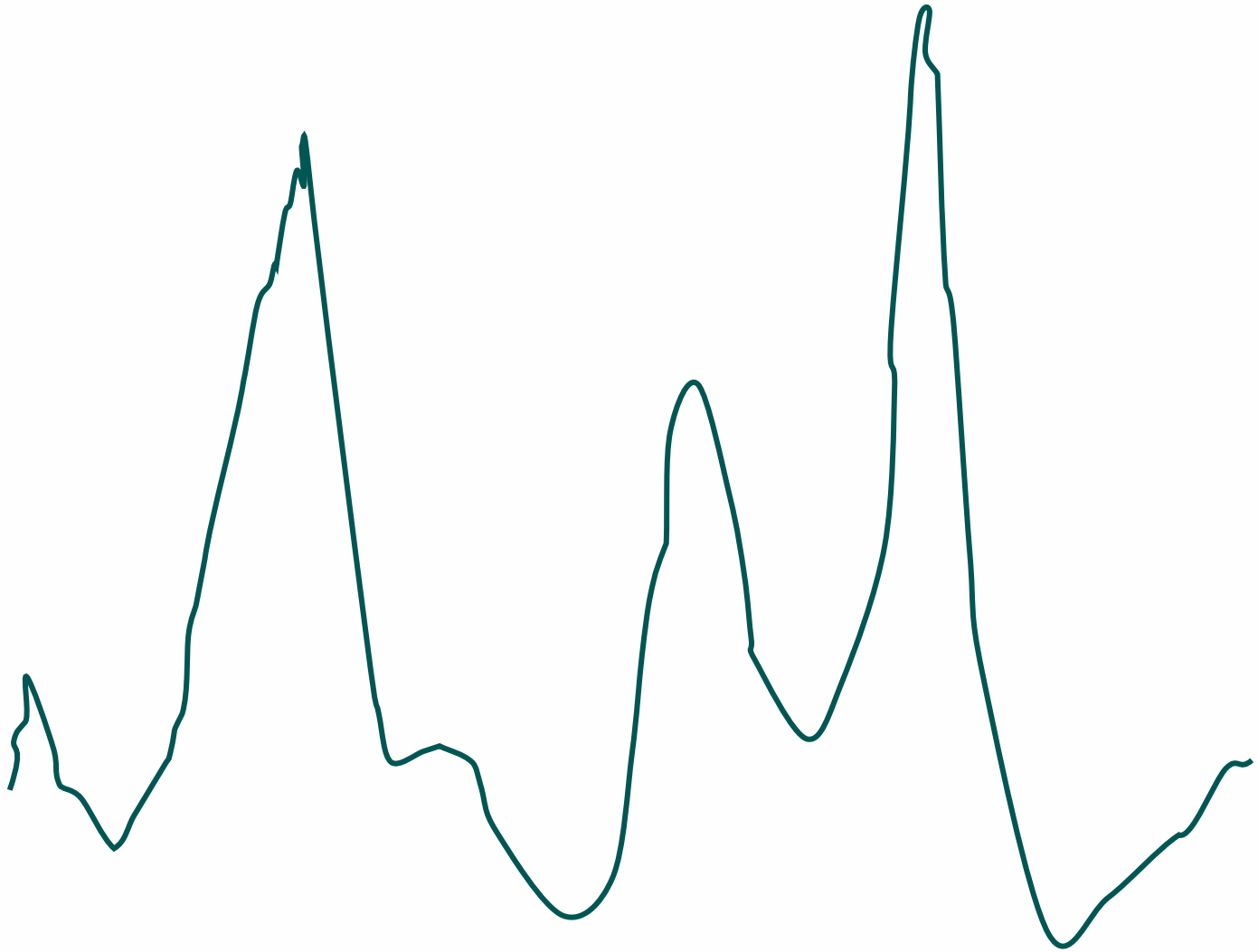
Healthcare Revolution – The Patient is The New Payer

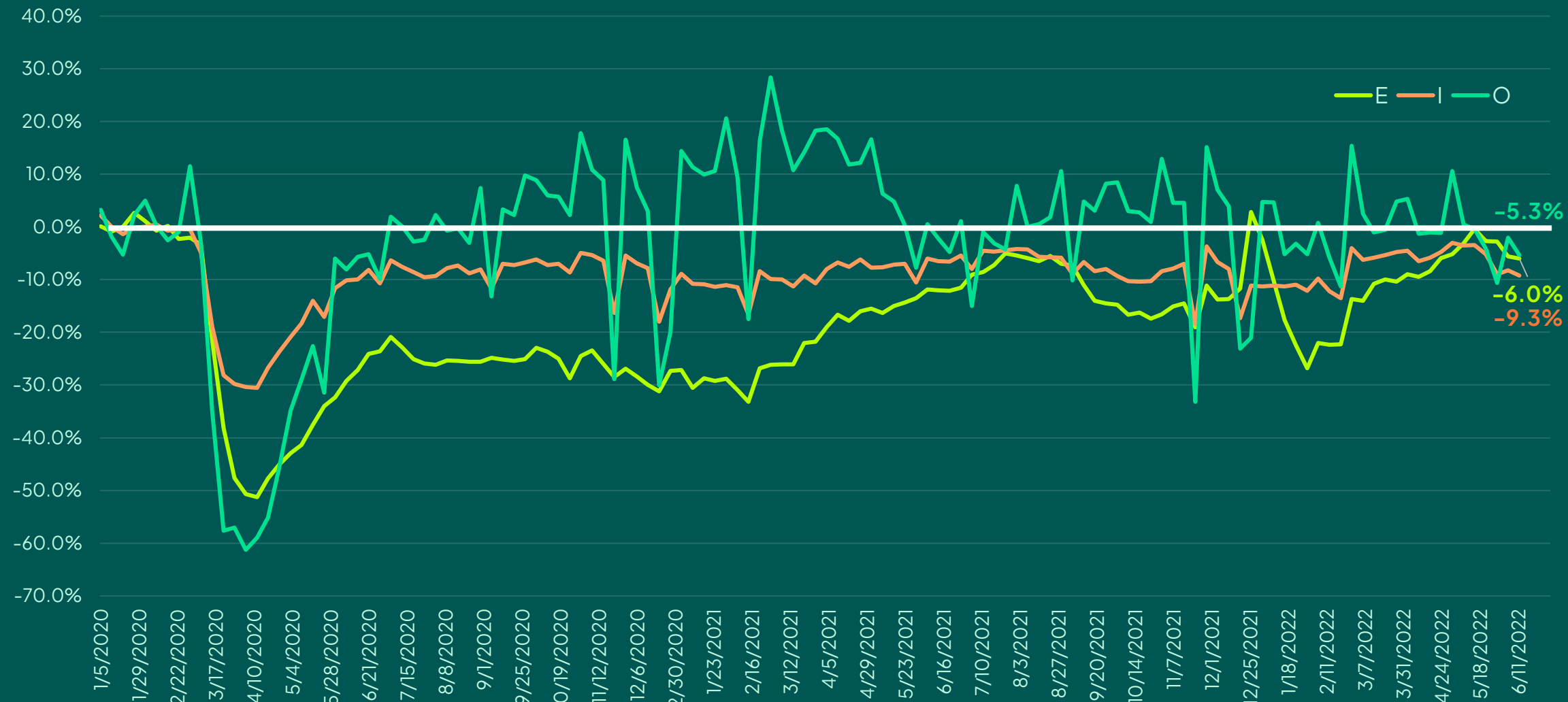
Market implications from the healthcare consumer

September 6, 2022

Recovery...



Hospitals Continue to Experience Lagging Volumes



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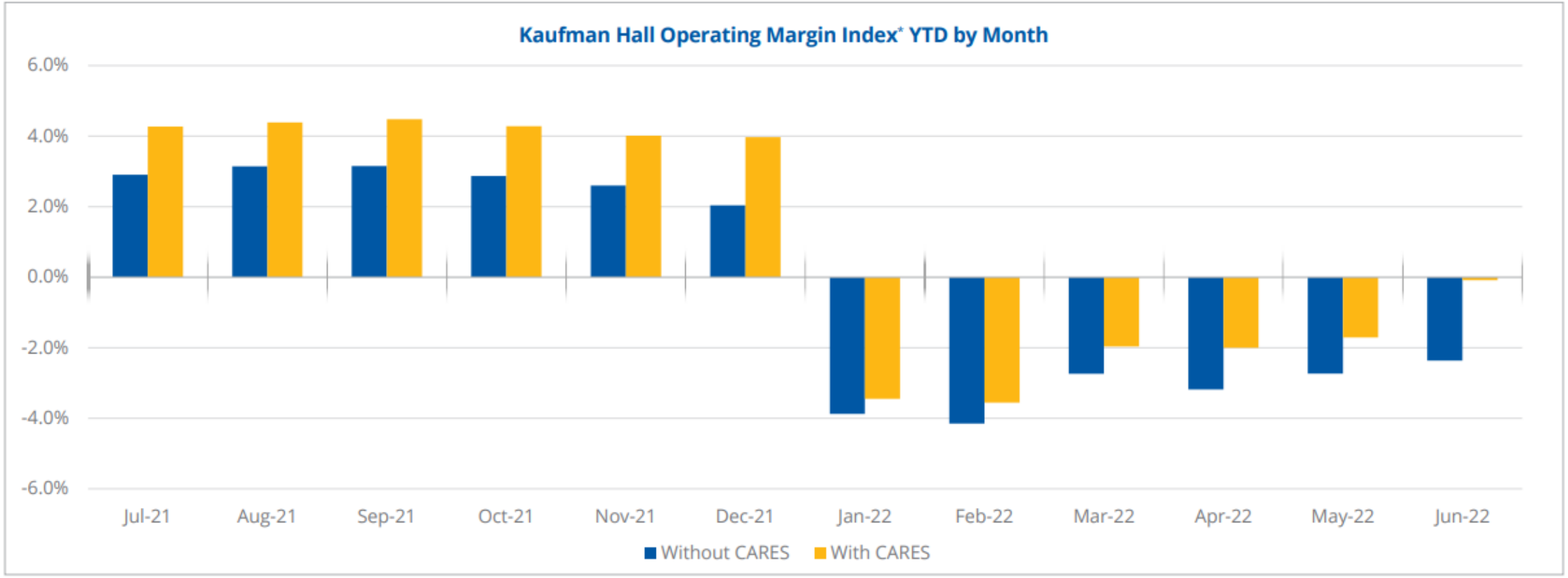
Wake of Omicron – six months of negative margins for hospitals



Source: *National Hospital Flash Report* (July 2022)

Hospitals:

- Revenue stream is **volatile**
- Operations, supply and labor **costs are high**
- Major focus on "**expense management**"

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Healthcare Revolution: The Patient is the New Payer

- How we got here
- Where are we now
- What happens next
- The Patient is the New Payer

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The Patient is the New Payer: How We Got Here

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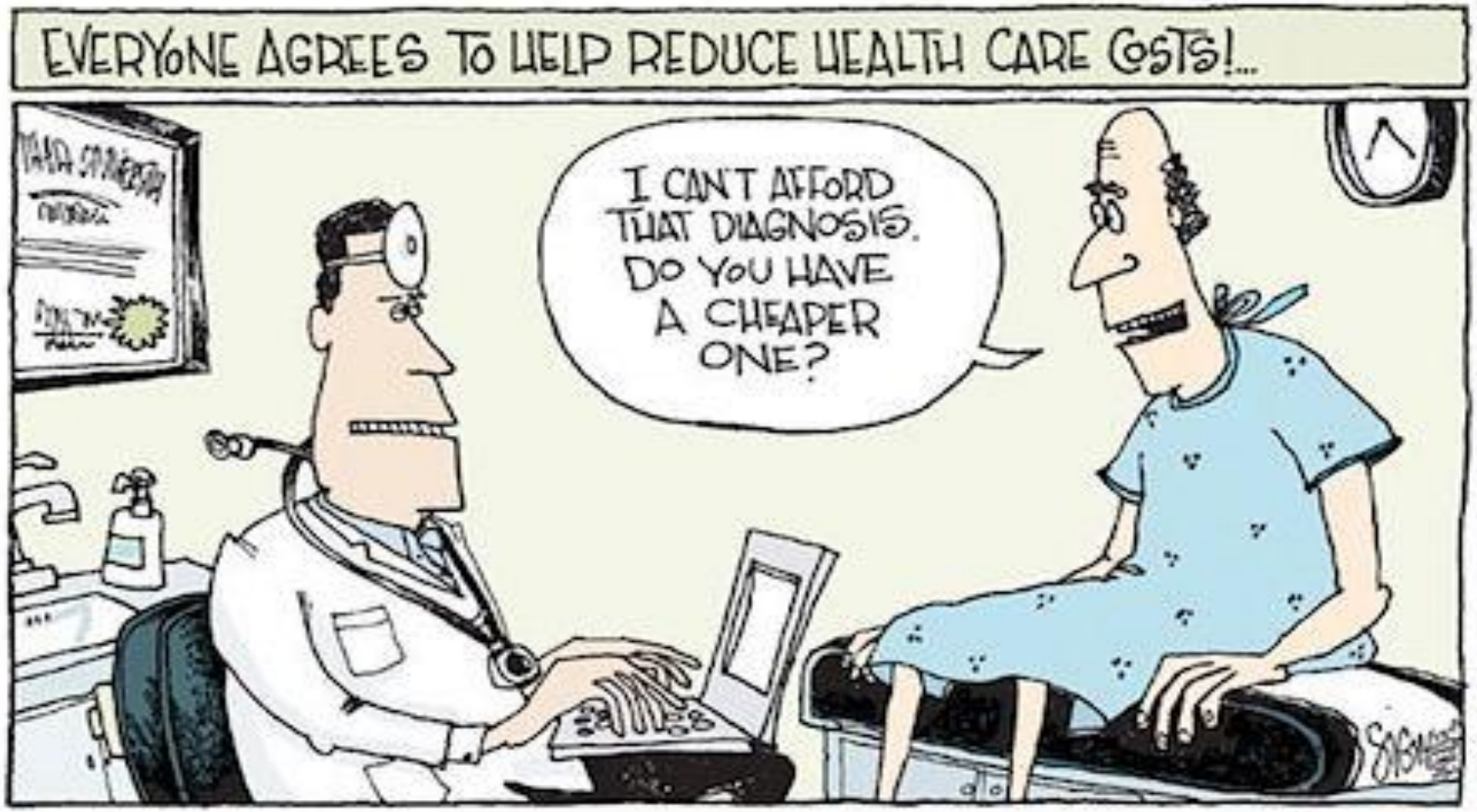
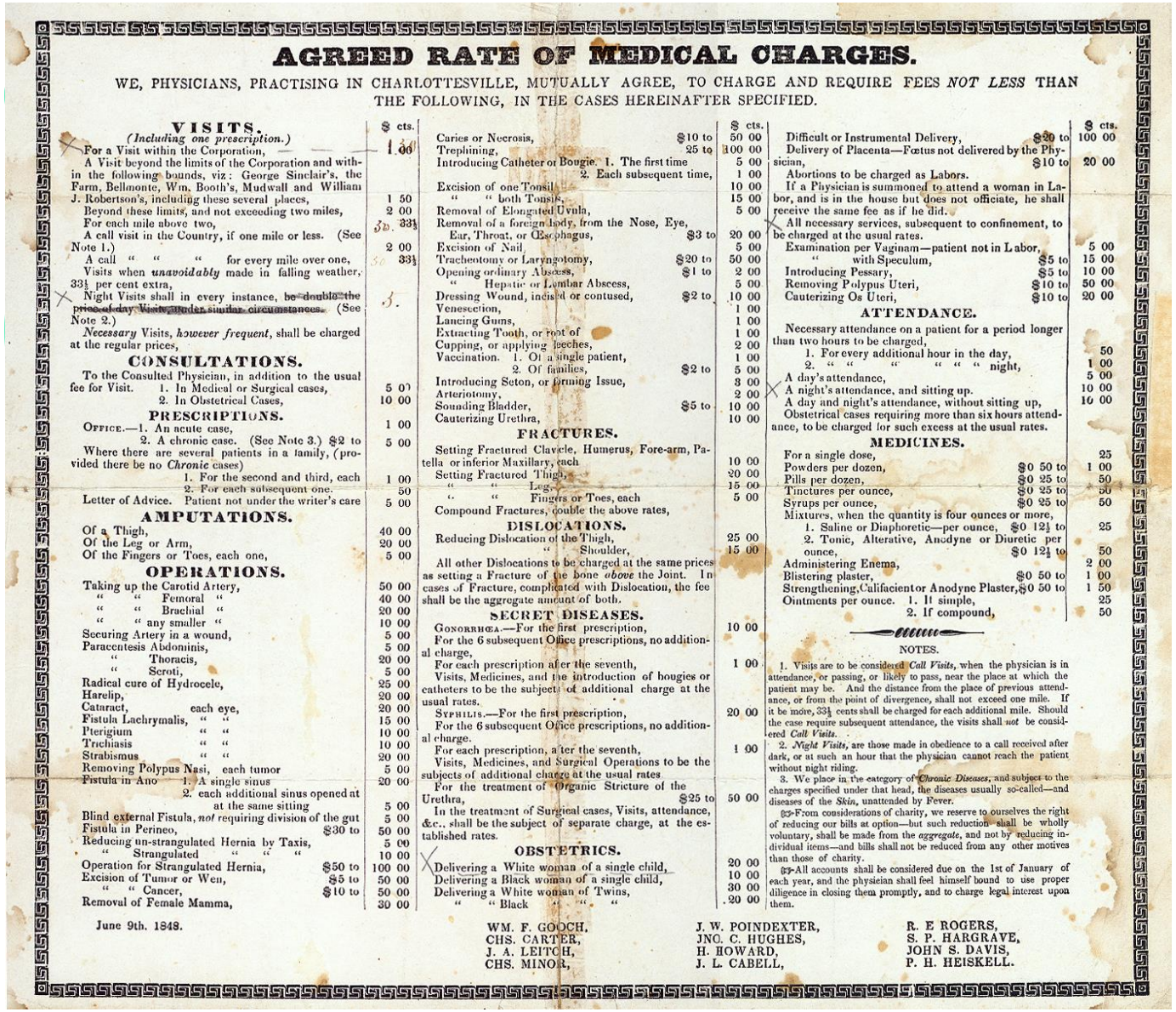

EVERYONE AGREES TO HELP REDUCE HEALTH CARE COSTS!...
I CAN'T AFFORD THAT DIAGNOSIS. DO YOU HAVE A CHEAPER ONE?

The First Physician Fee Schedule



AGREED RATE OF MEDICAL CHARGES.

WE, PHYSICIANS, PRACTISING IN CHARLOTTESVILLE, MUTUALLY AGREE, TO CHARGE AND REQUIRE FEES *NOT LESS* THAN THE FOLLOWING, IN THE CASES HEREINAFTER SPECIFIED.

VISITS.

(Including one prescription.)

	$ cts.
For a Visit within the Corporation,	1 00
A Visit beyond the limits of the Corporation and within the following bounds, viz: George Sinclair's, the Farm, Bellmonte, Wm. Booth's, Mudwall and William J. Robertson's, including these several places,	1 50
Beyond these limits, and not exceeding two miles,	2 00
For each mile above two,	33⅓
A call visit in the Country, if one mile or less. (See Note 1.)	2 00
A call " " " for every mile over one,	33⅓
Visits when *unavoidably* made in falling weather, 33⅓ per cent extra,	
Night Visits shall in every instance, be double the price of day Visits under similar circumstances. (See Note 2.)	
Necessary Visits, *however frequent*, shall be charged at the regular prices,	

CONSULTATIONS.

To the Consulted Physician, in addition to the usual fee for Visit. 1. In Medical or Surgical cases,	5 00
2. In Obstetrical Cases,	10 00

PRESCRIPTIONS.

Office.—1. An acute case,	1 00
2. A chronic case. (See Note 3.) $2 to	5 00
Where there are several patients in a family, (provided there be no *Chronic* cases)	
1. For the second and third, each	1 00
2. For each subsequent one,	50
Letter of Advice. Patient not under the writer's care	5 00

AMPUTATIONS.

Of a Thigh,	40 00
Of the Leg or Arm,	20 00
Of the Fingers or Toes, each one,	5 00

OPERATIONS.

Taking up the Carotid Artery,	50 00
" " Femoral "	40 00
" " Brachial "	20 00
" " any smaller "	10 00
Securing Artery in a wound,	5 00
Paracentesis Abdominis,	5 00
" Thoracis,	20 00
" Scroti,	5 00
Radical cure of Hydrocele,	25 00
Harelip,	20 00
Cataract, each eye,	20 00
Fistula Lachrymalis, " "	15 00
Pterigium " "	10 00
Trichiasis " "	10 00
Strabismus " "	20 00
Removing Polypus Nasi, each tumor	5 00
Fistula in Ano 1. A single sinus	20 00
2. each additional sinus opened at at the same sitting	5 00
Blind external Fistula, *not* requiring division of the gut	5 00
Fistula in Perineo, $30 to	50 00
Reducing un-strangulated Hernia by Taxis,	5 00
" Strangulated " " "	10 00
Operation for Strangulated Hernia, $50 to	100 00
Excision of Tumor or Wen, $5 to	50 00
" " Cancer, $10 to	50 00
Removal of Female Mamma,	30 00

June 9th. 1848.

	$ cts.
Caries or Necrosis, $10 to	50 00
Trephining, 25 to	100 00
Introducing Catheter or Bougie. 1. The first time	5 00
2. Each subsequent time,	1 00
Excision of one Tonsil,	10 00
" " both Tonsils,	15 00
Removal of Elongated Uvula,	5 00
Removal of a foreign body, from the Nose, Eye, Ear, Throat, or Œsophagus, $3 to	20 00
Excision of Nail,	5 00
Tracheotomy or Laryngotomy, $20 to	50 00
Opening ordinary Abscess, $1 to	2 00
" Hepatic or Lombar Abscess,	5 00
Dressing Wound, incised or contused, $2 to	10 00
Venesection,	1 00
Lancing Gums,	1 00
Extracting Tooth, or root of	1 00
Cupping, or applying leeches,	2 00
Vaccination. 1. Of a single patient,	1 00
2. Of families, $2 to	5 00
Introducing Seton, or Issue,	3 00
Arteriotomy,	2 00
Sounding Bladder, $5 to	10 00
Cauterizing Urethra,	10 00

FRACTURES.

Setting Fractured Clavicle, Humerus, Fore-arm, Patella or inferior Maxillary, each	10 00
Setting Fractured Thigh,	20 00
" " Leg,	15 00
" " Fingers or Toes, each	5 00
Compound Fractures, double the above rates,	

DISLOCATIONS.

Reducing Dislocation of the Thigh,	25 00
" Shoulder,	15 00

All other Dislocations to be charged at the same prices as setting a Fracture of the bone *above* the Joint. In cases of Fracture, complicated with Dislocation, the fee shall be the aggregate amount of both.

SECRET DISEASES.

Gonorrhœa.—For the first prescription,	10 00
For the 6 subsequent Office prescriptions, no additional charge,	
For each prescription after the seventh,	1 00
Visits, Medicines, and the introduction of bougies or catheters to be the subjects of additional charge at the usual rates.	
Syphilis.—For the first prescription,	20 00
For the 6 subsequent Office prescriptions, no additional charge.	
For each prescription, after the seventh,	1 00
Visits, Medicines, and Surgical Operations to be the subjects of additional charge at the usual rates	
For the treatment of Organic Stricture of the Urethra, $25 to	50 00
In the treatment of Surgical cases, Visits, attendance, &c., shall be the subject of separate charge, at the established rates.	

OBSTETRICS.

Delivering a White woman of a single child,	20 00
Delivering a Black woman of a single child,	10 00
Delivering a White woman of Twins,	30 00
" " Black " " "	20 00
Difficult or Instrumental Delivery, $20 to	100 00
Delivery of Placenta—Fœtus not delivered by the Physician, $10 to	20 00
Abortions to be charged as Labors.	
If a Physician is summoned to attend a woman in Labor, and is in the house but does not officiate, he shall receive the same fee as if he did.	
All necessary services, subsequent to confinement, to be charged at the usual rates.	
Examination per Vaginam—patient not in Labor,	5 00
" with Speculum, $5 to	15 00
Introducing Pessary, $5 to	10 00
Removing Polypus Uteri, $10 to	50 00
Cauterizing Os Uteri, $10 to	20 00

ATTENDANCE.

Necessary attendance on a patient for a period longer than two hours to be charged,	
1. For every additional hour in the day,	50
2. " " " " " night,	1 00
A day's attendance,	5 00
A night's attendance, and sitting up.	10 00
A day and night's attendance, without sitting up,	16 00
Obstetrical cases requiring more than six hours attendance, to be charged for such excess at the usual rates.	

MEDICINES.

For a single dose,	25
Powders per dozen, $0 50 to	1 00
Pills per dozen, $0 25 to	50
Tinctures per ounce, $0 25 to	50
Syrups per ounce, $0 25 to	50
Mixtures, when the quantity is four ounces or more,	
1. Saline or Diaphoretic—per ounce, $0 12½ to	25
2. Tonic, Alterative, Anodyne or Diuretic per ounce, $0 12½ to	50
Administering Enema,	2 00
Blistering plaster, $0 50 to	1 00
Strengthening, Califacient or Anodyne Plaster, $0 50 to	1 50
Ointments per ounce. 1. If simple,	25
2. If compound,	50

NOTES.

1. Visits are to be considered *Call Visits*, when the physician is in attendance, or passing, or likely to pass, near the place at which the patient may be. And the distance from the place of previous attendance, or from the point of divergence, shall not exceed one mile. If it be more, 33⅓ cents shall be charged for each additional mile. Should the case require subsequent attendance, the visits shall *not* be considered *Call Visits*.

2. *Night Visits*, are those made in obedience to a call received after dark, or at such an hour that the physician cannot reach the patient without night riding.

3. We place in the category of *Chronic Diseases*, and subject to the charges specified under that head, the diseases usually so-called—and diseases of the *Skin*, unattended by Fever.

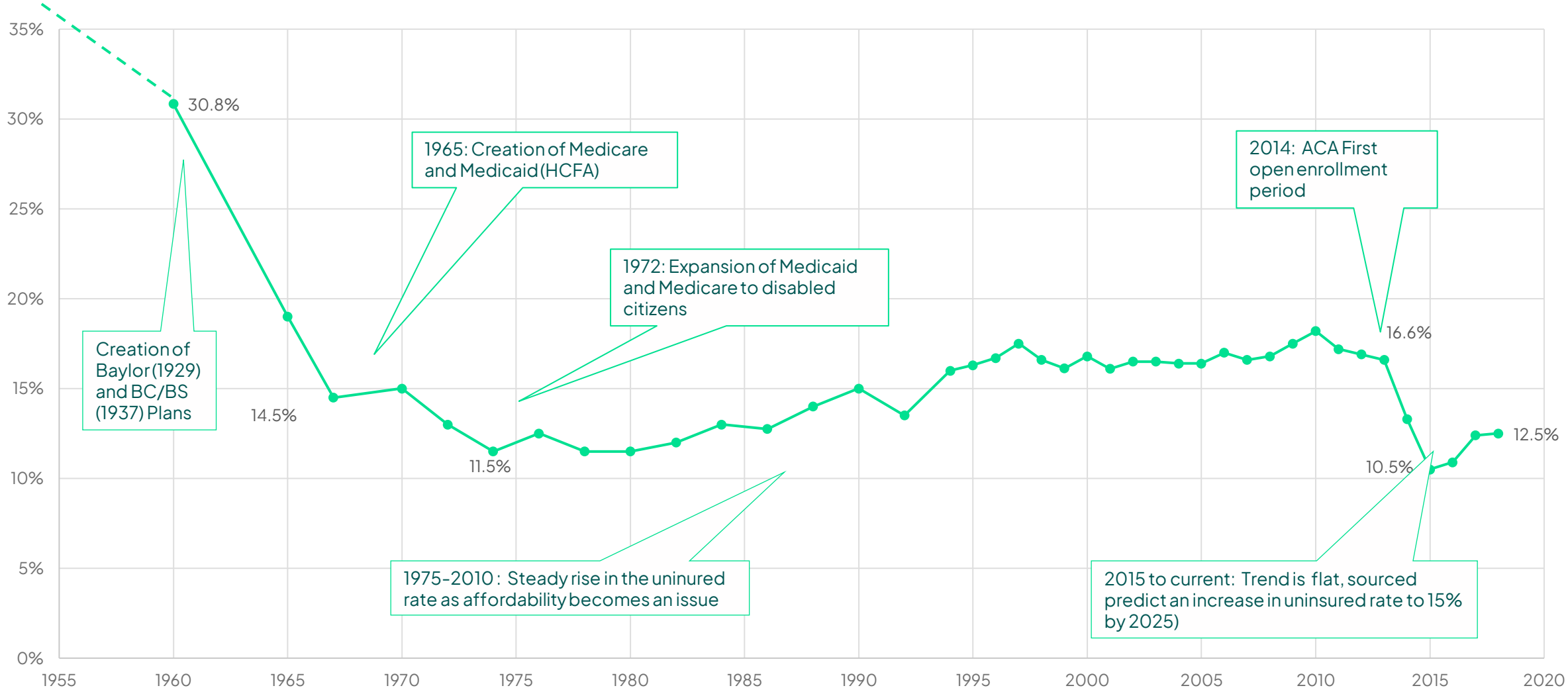
☞From considerations of charity, we reserve to ourselves the right of reducing our bills at option—but such reduction shall be wholly voluntary, shall be made from the *aggregate*, and not by reducing individual items—and bills shall not be reduced from any other motives than those of charity.

☞All accounts shall be considered due on the 1st of January of each year, and the physician shall feel himself bound to use proper diligence in closing them promptly, and to charge legal interest upon them.

WM. F. GOOCH, CHS. CARTER, J. A. LEITCH, CHS. MINOR,
J. W. POINDEXTER, JNO. C. HUGHES, H. HOWARD, J. L. CABELL,
R. E ROGERS, S. P. HARGRAVE, JOHN S. DAVIS, P. H. HEISKELL.

Source: University of Virginia Health Systems, Claude Moore Health Sciences Library Blogs, "Physician Price Fixing in 19th Century Virginia," http://blog.hsl.virginia.edu/feebill/

Healthcare Uninsured Rate (1960-Current)



Sources: Book of Health Insurance Data, 1976–1977, from https://eh.net/encyclopedia/health-insurance-in-the-united-states ; Social Security Administration Archive (https://www.ssa.gov/policy/docs/ssb/v29n11/v29n11p3.pdf), Centers for Disease Control (https://www.cdc.gov/nchs/data/nhsr/nhsr017.pdf); US Census Bureau www.census.gov ; Commonwealth Fund Mar 2018

Chronic Disease Represents 90% of Healthcare Costs

“ ”

Commit these numbers to memory: half of American adults have one chronic disease, and one in four have two or more conditions, representing almost 90% of all U.S. healthcare costs (ninety percent, people!)

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If Food Costs Increased at the Same Rate as Healthcare Costs…

Source: NHE; Source: Adapted from IOM Report, "Best care at Lower Cost" https://www.nap.edu/catalog/13444/best-care-at-lower-cost-the-path-to-continuously-learning

The Patient is the New Payer: Where We Are Now

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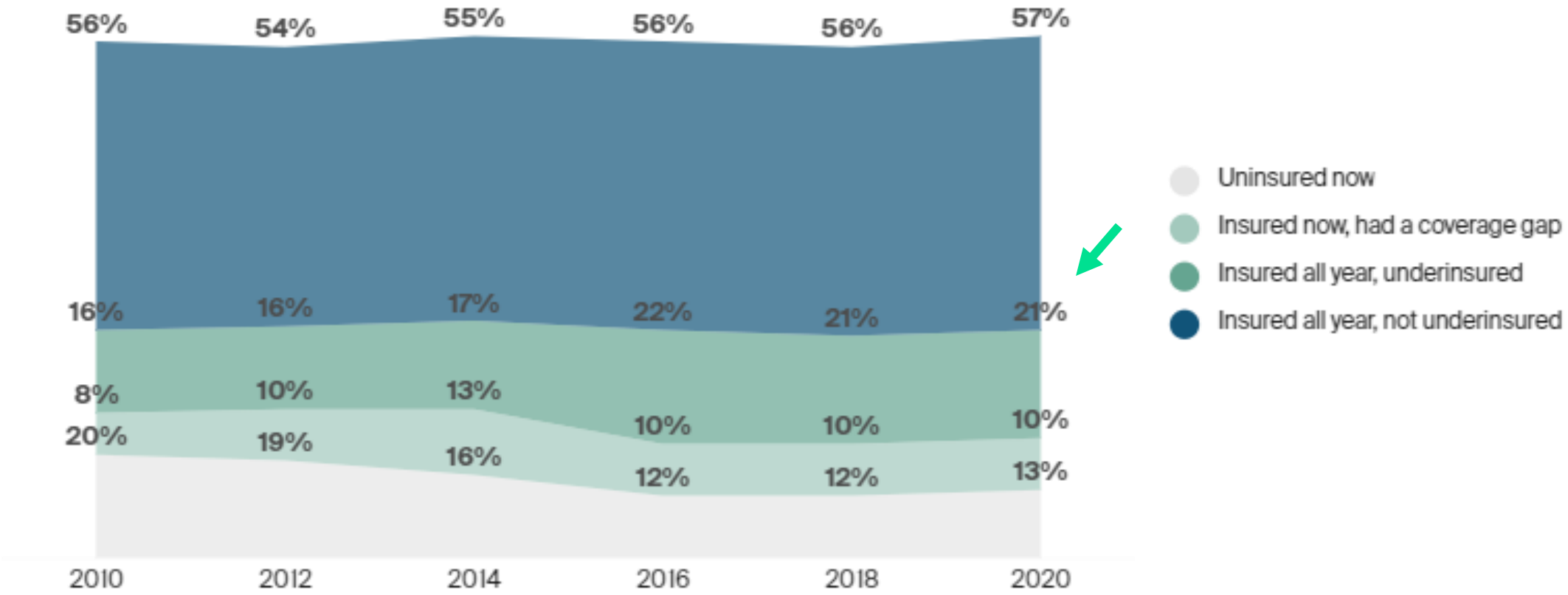
21% of Adults Who Were Insured All Year Were Underinsured In 2020



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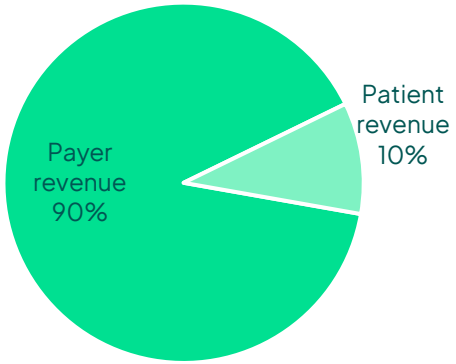
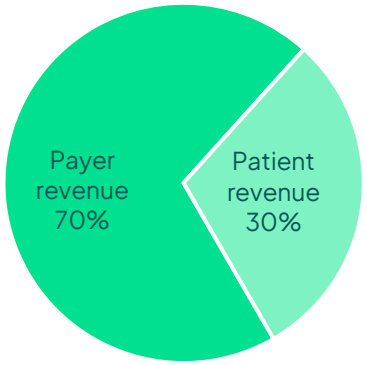
Source: Commonwealth Fund: https://www.commonwealthfund.org/publications/issue-briefs/2020/aug/looming-crisis-health-coverage-2020-biennial

Patients are the New Payer –
Yield of Patient Revenue is at Significant Risk

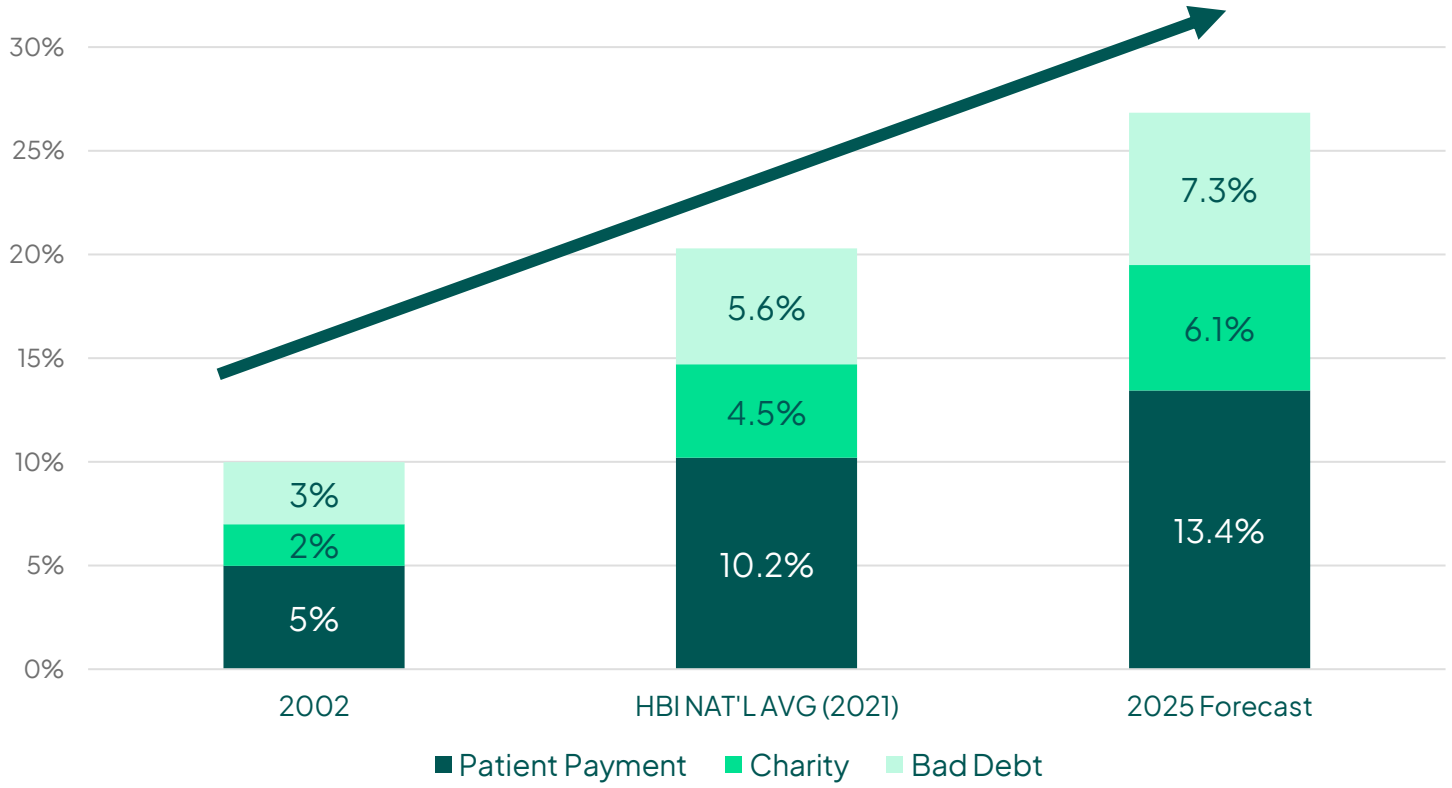
2002



Today



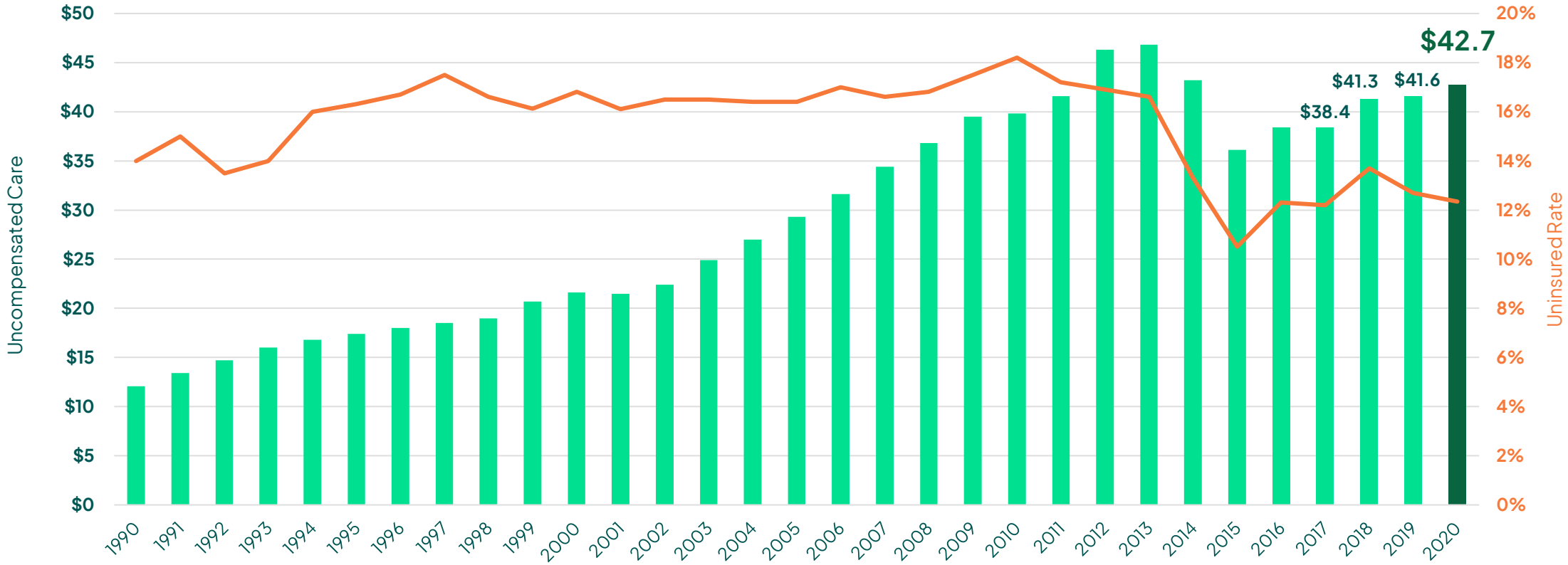
Self Pay A/R Analysis



Sources: HFMA: https://www.hfma.org/Content.aspx?id=45784 ; Advisory Board: https://www.hfma.org/Content.aspx?id=45784; DarkDaily:https://www.darkdaily.com/because-of-expanded-numbers-of-patients-with-high-deductible-health-plans-patients-are-now-responsible-for-30-of-hospital-revenues-920/ ; VisitPay: http://www.visitpay.com/wp-content/uploads/2017/11/visitpay-patient_pay_crisis_whitepaper.pdf

Uncompensated Care Increased by $1.1B in 2020 to $42.7B – Forth Increase in Five Years

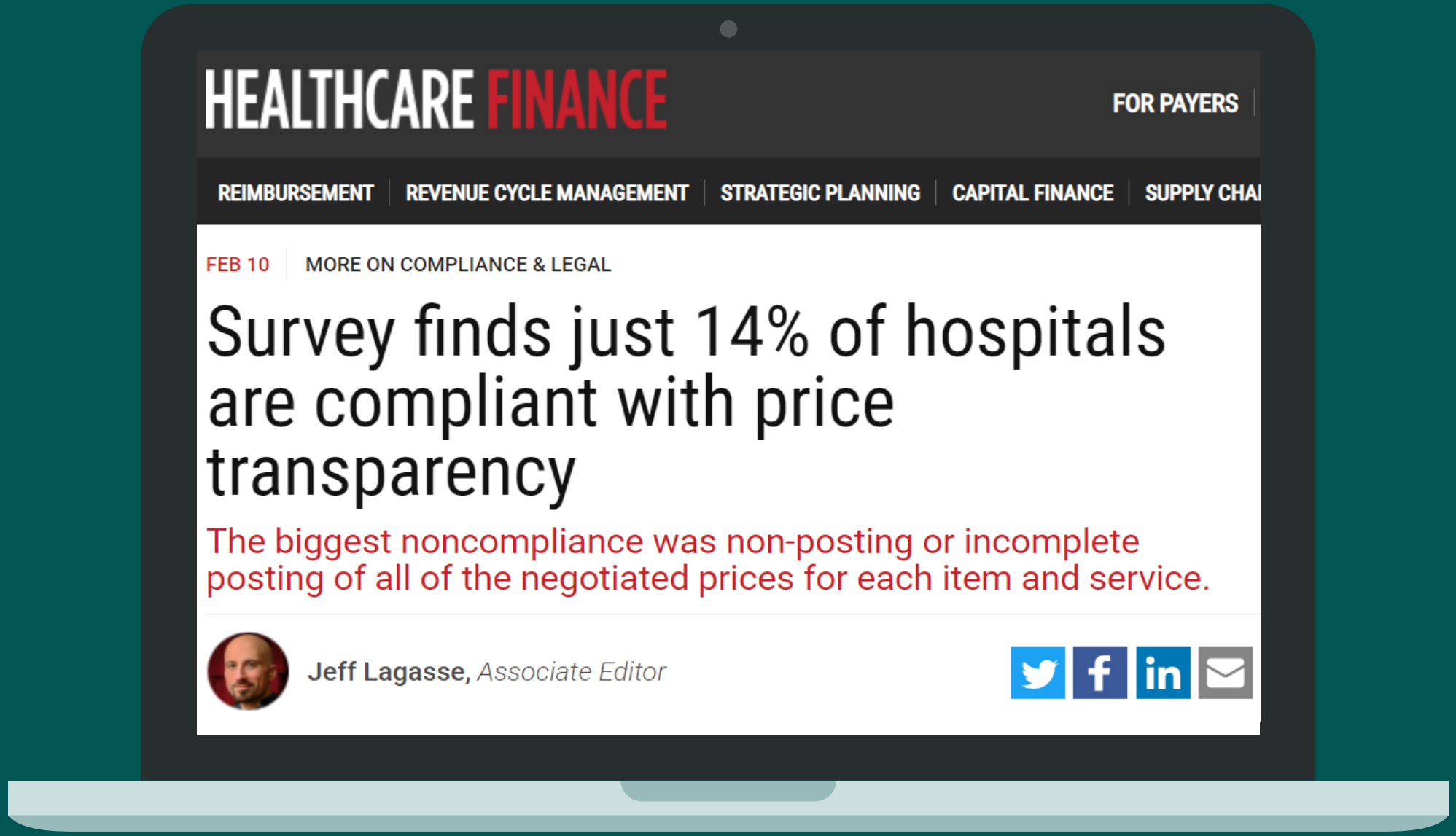
AHA: Uncompensated Care and Uninsured Rate
1990-2020 ($B)



Source: AHA Jan 2022 Uncompensated Care Report

Transparency

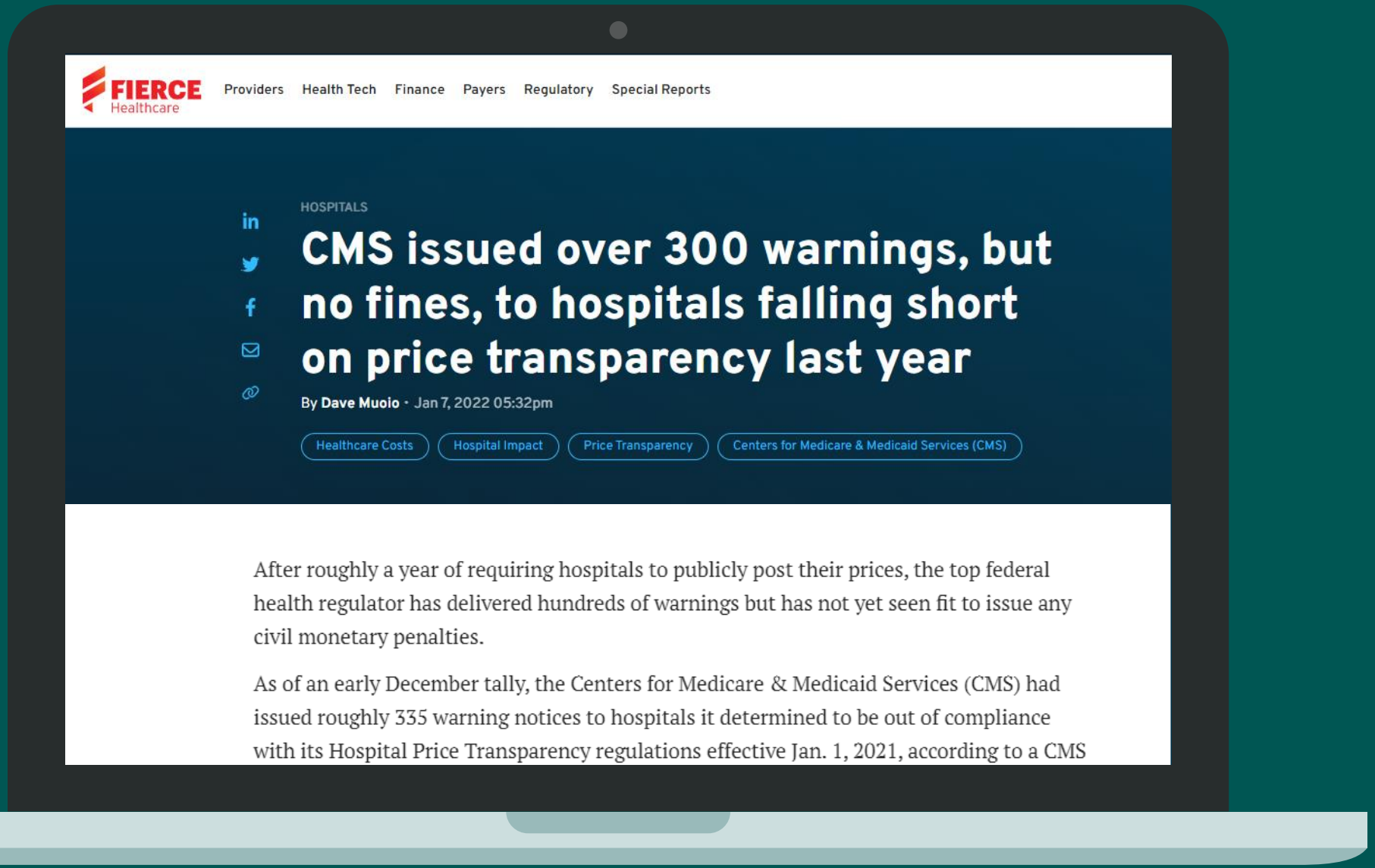
"When your price is very high, people assume that your product must be very good!"



https://www.healthcarefinancenews.com/news/survey-finds-just-14-hospitals-are-compliant-price-transparency

CMS Enforcement for Price Transparency

- Centers for Medicare & Medicaid Services (CMS) had issued roughly **335 warning notices** to hospitals it determined to be out of compliance
- Agency has issued to noncompliant hospitals **98 requests for a corrective action plan**
- **23 have addressed their citations** and received a case closure notice from CMS



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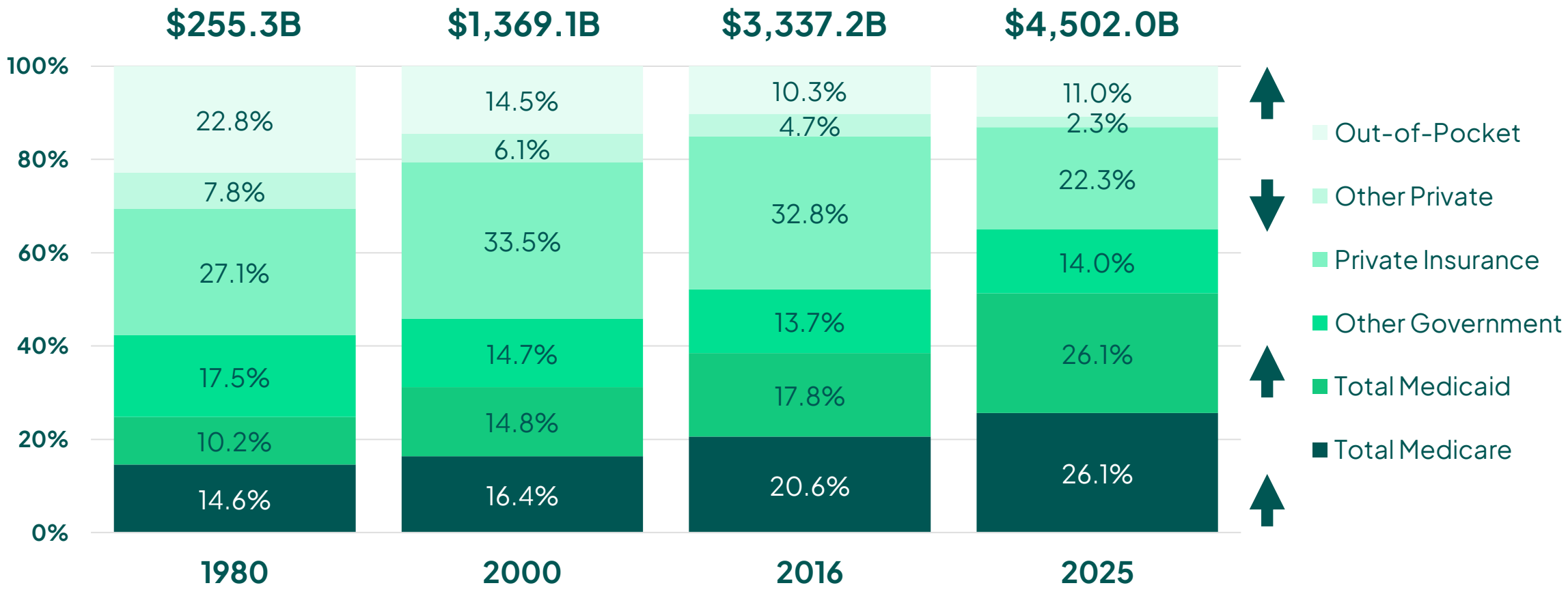
https://www.fiercehealthcare.com/hospitals/cms-has-issued-over-300-warnings-but-no-fines-to-hospitals-falling-short-price

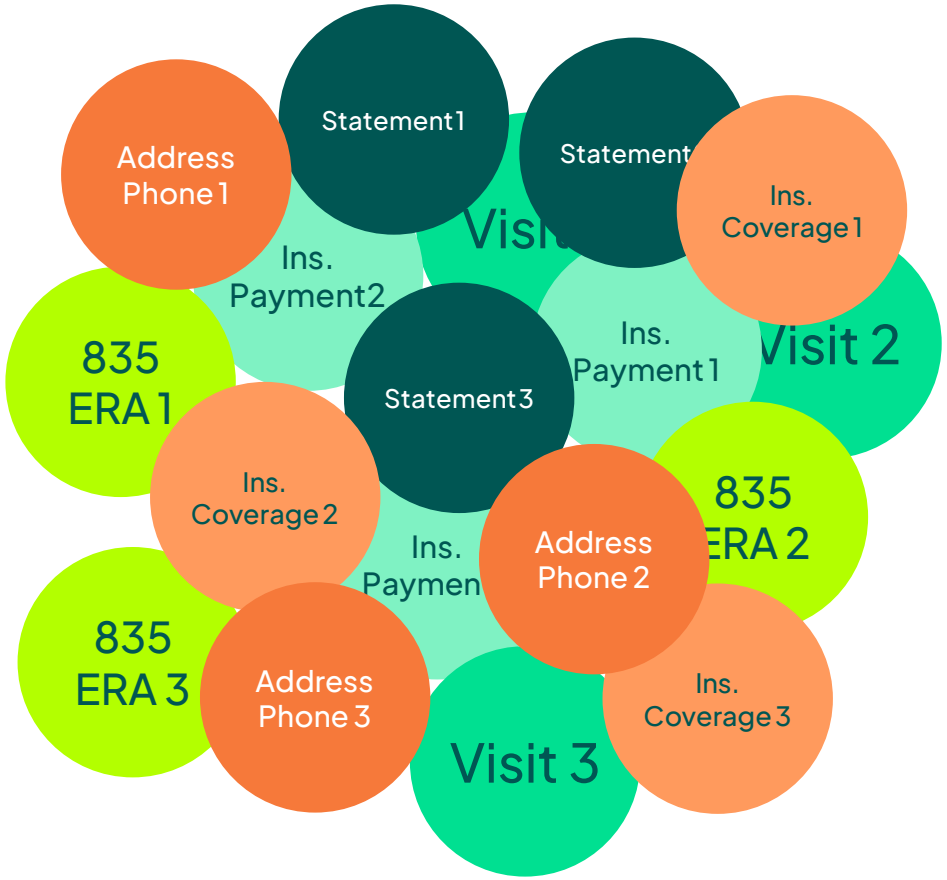
Payer Mix is Expected to Dilute Reimbursement Significantly

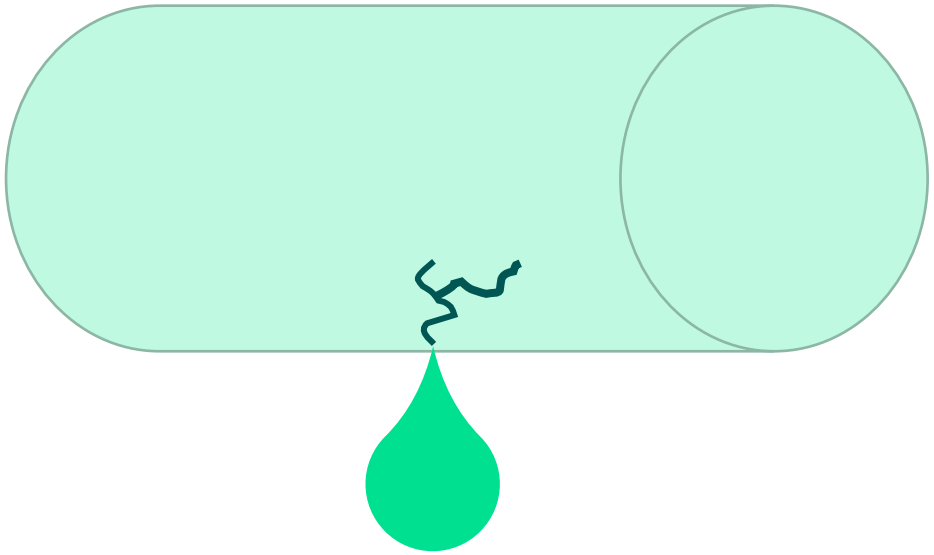
Distribution of National Health Expenditures by Source Payment, 1980, 2000 & 2016 *



Source: American Hospital Association: https://www.aha.org/system/files/2018-07/2018-aha-chartbook.pdf

Disparate Data Sources & Encounters = Leaked Revenue





The Patient is the New Payer: What Happens Next

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Care and Payment are Not Equal

Consumerism is Impacting Healthcare

Meaningful Interaction

Transparency

Frictionless Payment

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Consumerism is Impacting Healthcare

80%

of patients researched their **healthcare costs** prior to treatment

48%

of patients had a **partial to no understanding** of their financial responsibility for a medical bill

65%

of patients are willing to make at least a **partial payment if a pre-service estimate** is provided

As consumers shop for healthcare, the patient financial experience has become more important now than ever before.

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Why is it So Hard for Consumers to Pay for Healthcare?

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Disruption from Non-traditional Entrants

Minor illnesses — $99–$139

- Allergies
- Coughs & bronchitis
- Ear infections & earaches
- Flu-like symptoms
- Gout
- Heartburn & indigestion
- HIV pre- or post-exposure treatment
- Mononucleosis
- Mouth & oral conditions
- Mouth & oral pain
- Nausea, vomiting & diarrhea
- Pink eye & styes
- Sinus infections & congestion
- Sore & strep throats
- Upper respiratory infections
- Urinary tract & bladder infections
- Zika virus

Minor injuries — $99–$139

- Bug bites & stings
- Minor burns
- Minor cuts, blisters & wounds
- Splinter removal
- Sprains, strains & joint pain
- Suture & staple removal
- Tick bites

Skin conditions — $99–$139

- Acne
- Athlete's foot
- Chicken pox
- Cold, canker & mouth sores
- Hair loss
- Impetigo
- Lice
- Minor psoriasis
- Poison ivy & poison oak
- Rash, skin irritation & dermatitis
- Ringworm
- Rosacea
- Scabies
- Shingles
- Sunburn
- Swimmer's itch
- Wart evaluation

https://www.cvs.com/minuteclinic/services/price-lists

HiMSS Patient Financial Experience of the Future




	Primary care	Urgent Care	Emergency Department
	$ $25.00	$$ $150.00	$$$ $564.23
	5.1 mi	2.8 mi	11.3mi
	2 day	No wait	1 hour

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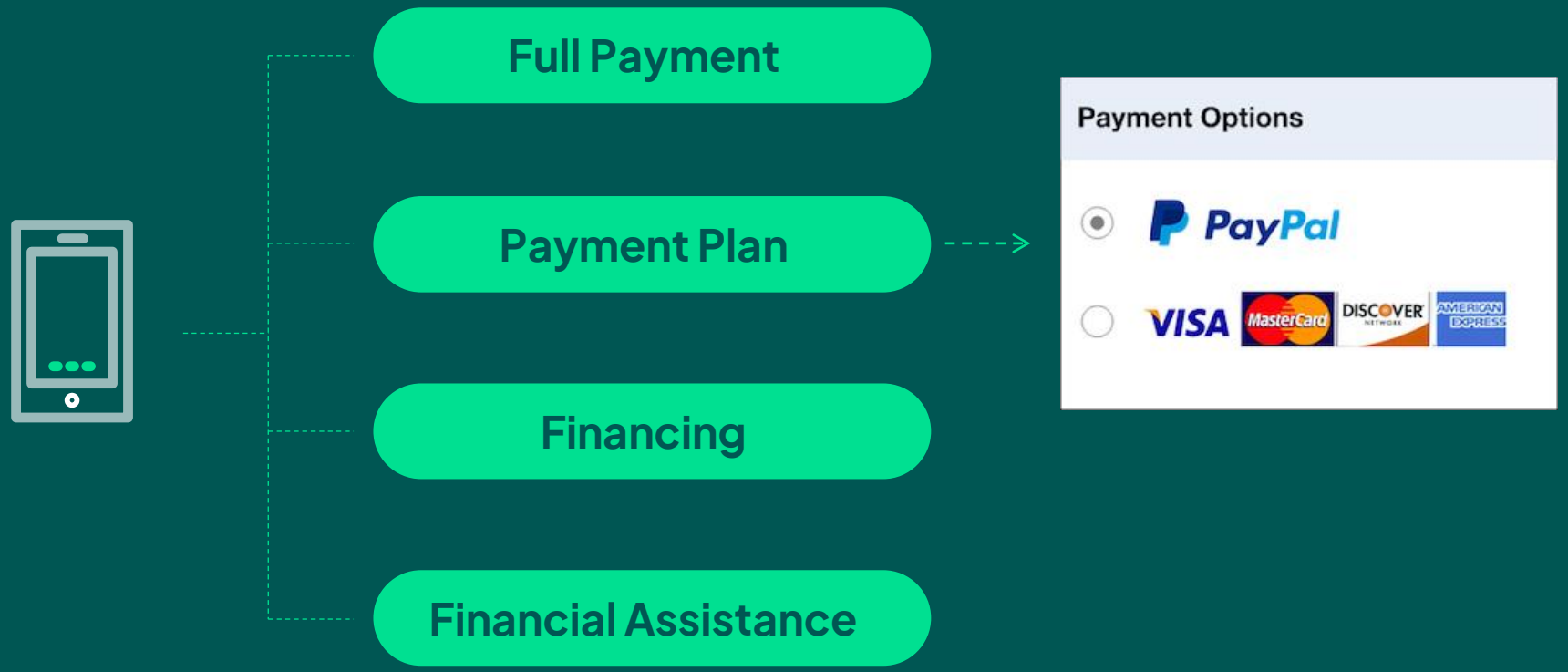
Flexible Payment Options Tailored to Patient Behavior



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Frictionless Payment

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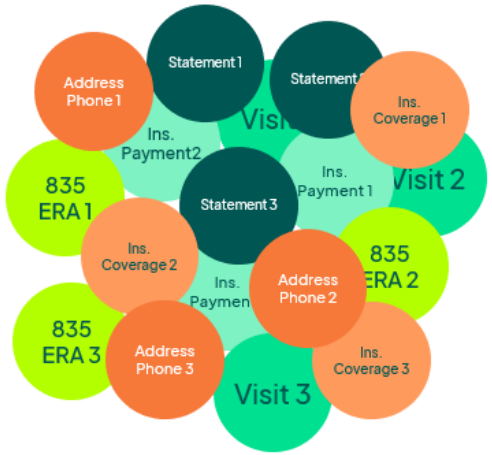
Checklist for Revenue Management Excellence

PATIENT ACCESS	
Eligibility & benefits verification	☐
Patient Financial Clearance – benefits, network, auth, med nec, level of care, funding mechanism	☐
Patient identify and address verification	☐
Pre-visit insurance discovery	☐
Patient portal / mobile app	☐
Pricing transparency (shoppable services + MRFs)	☐

MID-CYCLE	
Charge capture audits	☐
Clinical documentation integrity (CDI)	☐
Chargemaster technology	☐

BILLING OFFICE	
Claims clearinghouse	☐
Claims edits	☐
Claims status	☐
Remittance matching	☐
Revenue Integrity: AR recovery, payer performance, underpayments, and denials management	☐
Consolidated patient amount / electronic statements	☐

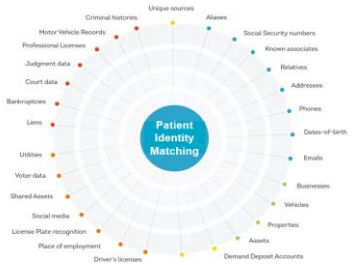
Identifying the Correct Demographics, Coverage & Payment can Enhance Yield from Patient & Payer



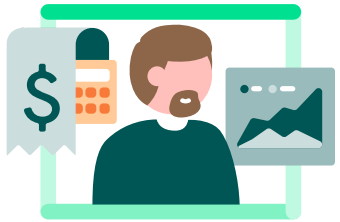
NAME	MRN	ADDRESS	D.O.B	PHONE	TU UNIQUE ID
MICHAEL RIVERS	17	1233 N. RITE WAY	11/22/1988	310-337-8517	001882
MICHAEL RIVER	177	4456 S. RITE ROAD	11/22/88		001882
JANE ABBEY SMITH	188	7889 E. FALLACIOUS PLACE	06/07/89		001985
JANE ABBEY SMITH	199	7899 W. FALLACIOUS STREET	06/17/1976		001995

- Both lived in the same historical address in the same time period
- Both associated to the same phone number
- Same Date of Birth

- No common factors found between the 2 records

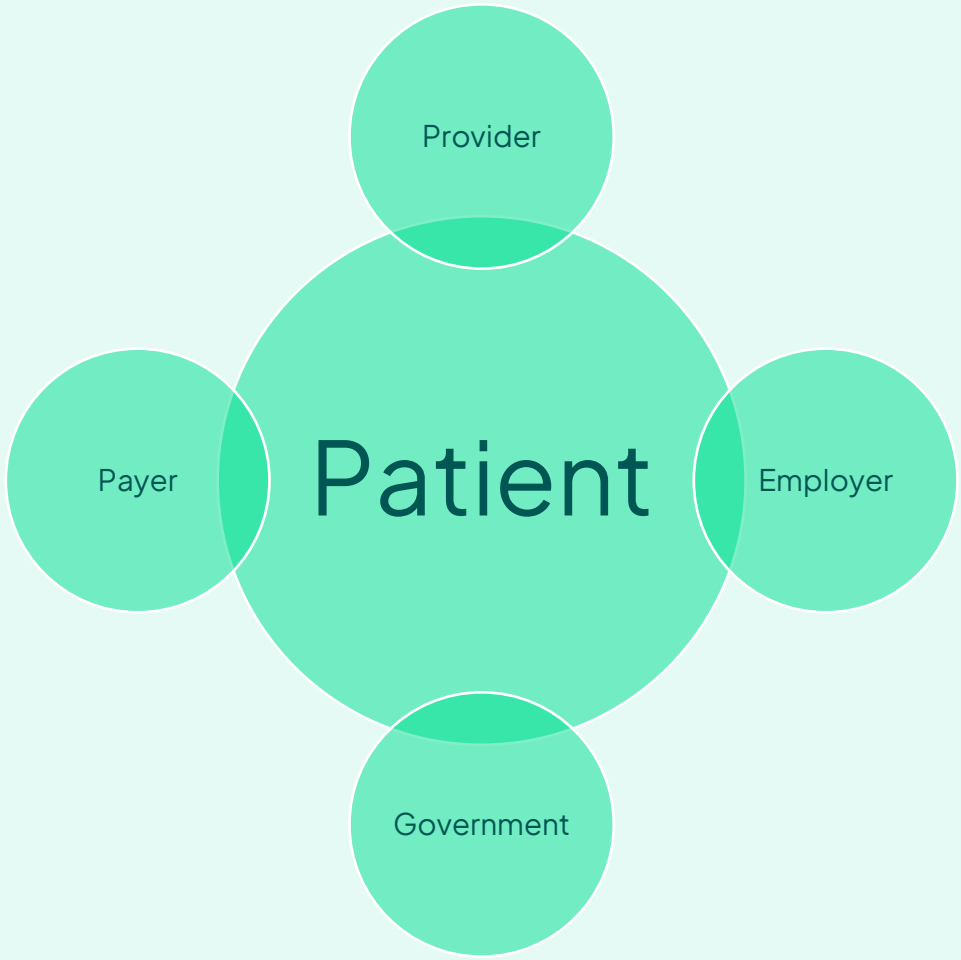


- ✓ *Personal Finances / Income*
- ✓ *Patient Demographics*
- ✓ *Education Level*
- ✓ *Voter Registration*
- ✓ *Law Enforcement*
- ✓ *Driving Records*



- Behavior
- Risks
- Costs
- Outcomes

Is there hope for U.S. healthcare?



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Frans van Houten
CEO, Phillips

"If we are to ensure that healthcare remains affordable and widely available for future generations, we need to **radically rethink** how we provide and manage it – in collaboration with key health system partners – and apply the technology that can help achieve these changes."

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Questions?

Book Signing TODAY!

GET A
FREE BOOK

FinThrive

Thank you

Jonathan G Wiik MHA MBA CHFP
VP, Healthcare Insights
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finthrive.com

The Patient is the New Payer: Appendix

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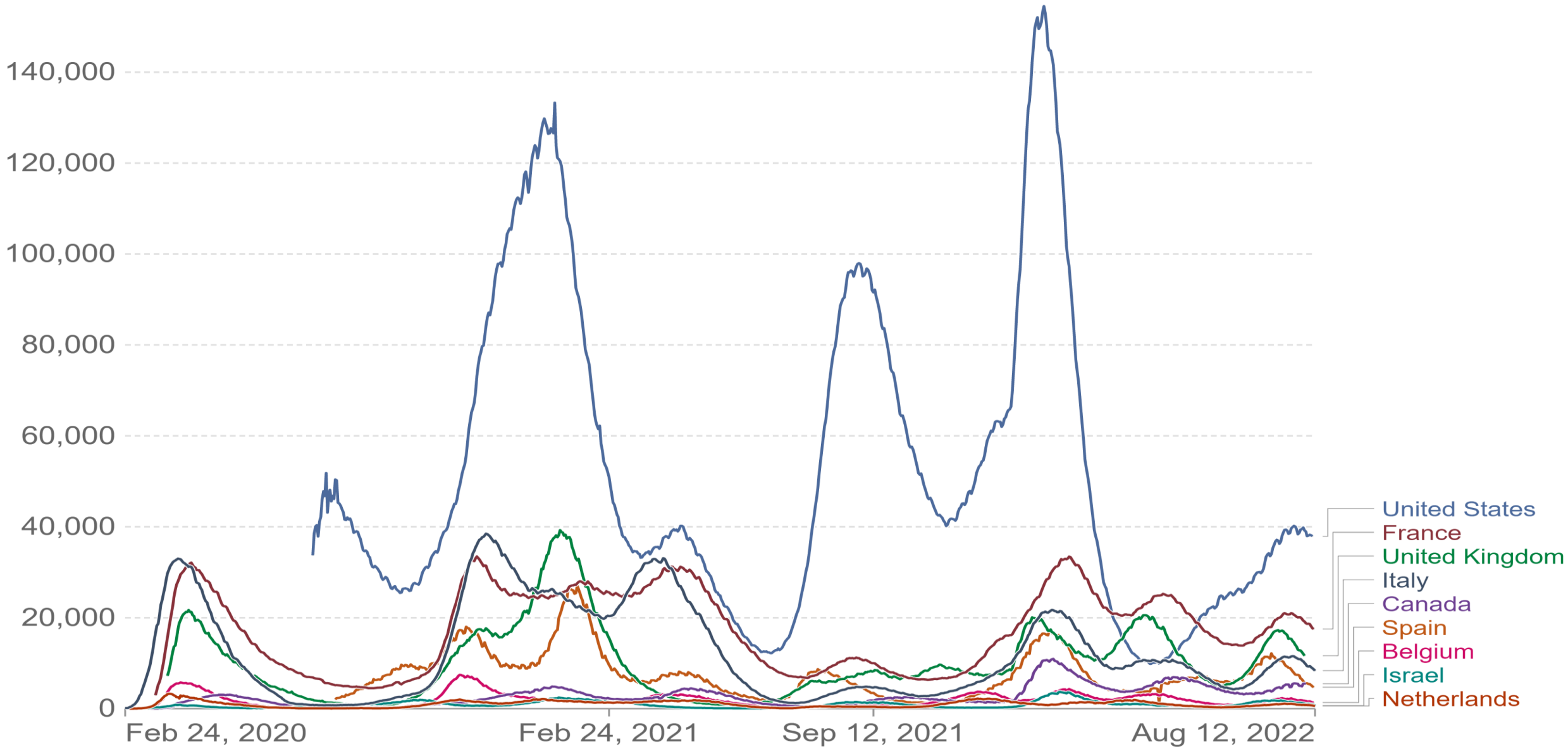
Number of COVID-19 patients in hospital



Source: Official data collated by Our World in Data – Last updated 12 August 2022