
THE AGE OF CONSUMERISM: TAKING CHARGE OF HEALTHCARE SPENDING

Payers and providers
must adopt new
industry models to
meet customer needs

Today's patients are becoming savvier about their healthcare choices and expecting more from providers. Fueled by a number of industry forces, the consumerism movement in healthcare requires payers and providers to take a more intuitive and transparent approach to consumer interactions.

A recent McKinsey and Company study affirms this trend, suggesting consumers view great customer service as equally important for both healthcare and non-healthcare industries. In fact, of the qualities deemed most important, the more than 11,000 participants ranked three additional areas at the top: delivering on expectations, making life easier and offering great value.ⁱ

Dynamic market conditions are bringing about big changes to the way consumers pay for healthcare and providers bill for their services. The reality is that billing experiences dramatically impact the patient experience and will play an important role in satisfaction going forward. As such, payers and providers must understand how high deductible health plans (HDHPs), greater out-of-pocket consumer expense, transparency into provider performance and competition will impact market share.

The rise of cost-conscious consumers

Consumers are increasingly cost-conscious as it relates to healthcare experiences—and for good reason. Statistics reveal that the number of Americans enrolled in HDHPs reached 19.7 million as of January 2015—a figure that continues to rise.ⁱⁱ With this paradigm shift comes a substantial increase in out-of-pocket healthcare expense reaching to as high as \$5,000 annually in some cases.ⁱⁱⁱ

At the same time, the relationship between a positive billing experience and collections is growing. Industry research suggests that consumers are 224 percent more likely to pay their bills if they have a satisfying experience.^{iv} Convenience is the name of the game, and consumers are demanding access to multiple payment channels via the Internet, mobile devices, voice, lockbox and point-of-service.

Consumers are responding to these market dynamics by demanding tools and solutions that provide cost transparency and make it easier to pay bills. For instance, a recent study found that 56 percent of consumers have tried to access data to make determinations about their out-of-pocket costs before getting medical care.^v In addition, rising drug costs are also pressing consumers to look to payers and providers for insights that will help them identify the best value.^{vi} Unfortunately, many healthcare organizations lack the technological infrastructure to deliver consumers the critical pricing information and streamlined workflow they need to shop and pay for healthcare.

Cost transparency tools: The solution for patient-friendly shopping and billing

To deliver on consumers' expectations, health plans, employers and providers must use technology, including advanced cost transparency tools, to simplify complex healthcare shopping and billing processes.

The best technological framework uses robust data analytics to aggregate healthcare service and prescription prices, giving consumers more accurate costs and opportunities for savings, resulting in more informed healthcare decisions. Healthcare organizations should also strongly consider tools that are designed to address the cognitive, social, and behavioral best practices unique to the healthcare buying cycle. Organizations should seek digital tools that have:

- Proactive savings messages, wellness reminders and easy-to-navigate interfaces simplifying the health shopping experience for consumers
- Advanced search tools making it simpler for consumers to find the right prescription, medical, dental and vision services that meet their individual plan, network and geographical requirements
- Complete provider search directories to give consumers easy access to doctors' quality and demographic information
- Email and text message functionality notifying consumers about opportunities to save on common and recurring medical, prescription and dental purchases

Providers, plans and employers must also streamline the payment process for consumers to increase collections.

To do this, these organizations must implement user-friendly, consumer-centric payment technology and roll out explanation of benefits statements incorporating health literacy best practices. In turn, this will alleviate consumer frustration and confusion, making it easier for healthcare bills to get paid and received.

As today's consumers become increasingly responsible for their healthcare balances, they're putting the pressure on

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their health plans, employers and doctors to help them make better healthcare decisions. To ensure viability and foster long-term consumer loyalty, these organizations must arm them with the best information possible around cost and value, including solutions that offer cost transparency and make it easier to pay bills.

Learn how Change Healthcare is helping healthcare stakeholders extract opportunity from change by providing the patient engagement and payment tools needed for the future of care delivery. To learn more, visit <http://changehealthcare.com/solutions/payers>.

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- ii New Census Survey Shows Continued Growth in HSA Enrollment - AHIP. (2015). Retrieved November 16, 2016, from <https://ahip.org/new-census-survey-shows-continued-growth-in-hsa-enrollment/>
- iii AHIP Center for Policy and Research. 2015 of Health Savings Account - High Deductible Health Plans. 2015. http://www.ahip.org/wp-content/uploads/2015/11/HSA_Report.pdf
- iv 2014 Connance Consumer Impact Study Shows Link Between Business Office, Patient Payment Behaviors and Patient Satisfaction. Waltham, Mass: Connance; December 2, 2014. http://www.connance.com/wp-content/uploads/6-Connance_Consumer_Impact_Study_on_12-1-14_FINAL.pdf
- v Pubic Agenda. How Much Will It Cost? How Americans Use Prices in Healthcare. March 9, 2015. <http://www.publicagenda.org/pages/how-much-will-it-cost>
- vi Pearl, R. Are You a Patient or a Healthcare Consumer? Forbes. October 15, 2015. <http://www.forbes.com/sites/robertpearl/2015/10/15/are-you-a-patient-or-a-health-care-consumer-why-it-matters/#7746bf2f5c3a>



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