

Consumer Driven Health Plans

Charting a
New Direction



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The Challenge

With the introduction of High Deductible Health Plans the providers are being confronted with dramatic new costs and risks for upfront insurance verification and benefits screening, collection of large deductibles, face an increase in account receivables and subsequent increase in bad debt.

The Risks

- ▶ **HDHP members may not have the deductible set aside in an HSA or in savings of any form.**
- ▶ **As employer group health costs continue to rise, more employers may choose to offer only HDHP, and not fund the deductible.**
- ▶ **Providers will by necessity need to enhance front end screening and collections. This enhancement will be costly in terms of staff and systems.**
- ▶ **Provider reimbursement by the Health Plans will not be increased to cover these new costs.**
- ▶ **While the Health Plans increase their plan options and revenue, employer groups reduce their costs, Provider and Patient costs will rise.**

New Era

- ▶ **Computer systems being purchased to check patient credit and cash availability**
- ▶ **Increasing need for Up-front collections, Deposits and Payment Plan protocols**
- ▶ **Retooling Front-end process due to a greater need for financial screening**
- ▶ **High deductible policies create billing and collection headaches**
- ▶ **Higher co-pays can lead to poorer health and increased use of Emergency Rooms**
- ▶ **What will a caring Hospital/Provider do if/when the HDHP member doesn't have the financial wherewithal to pay the deductible**

Hospital Providers will become Villains

- ▶ **Hospitals must estimate costs in advance of care in order to calculate the proper deductible.**
 - **Will require extensive training of frontline staff to estimate and calculate deductibles or patient responsibility based on services provided and patient plan benefits**
 - **Patients are going to request detailed cost estimates for care.**
 - **If unexpected care is required, the deductible must be recalculated and an additional billing / collection process occurs-leading to extreme patient confusion and dissatisfaction**
 - **Patients will experience sticker shock**
 - **Many patients choosing CDHP's assume they will not require care and are unprepared to fund care as the need arises**

Provider Costs

▶ Reimbursement lessens

- Patients with a high deductible health plan do not necessarily have a funded HSA or other funds set aside to pay the deductible.
- Insurance pays allowable charges minus the patient deductible.
- In other words-the deductible must be met prior to insurance payment

▶ Accounts Receivable Increase

- CDHP deductibles are not subject to timeliness guidelines established for insurance plans.
- Payment timeframes will need to be established by the hospital-lacking any regulatory framework.
- As patient accounts age AR grows and assignments to collection agencies will increase

▶ Time/Value of \$'s-

- Longer collection timeframes decrease the value of the reimbursement

INCREASES IN A/R DAYS for Providers

- ▶ **Rendering elective and non-emergent services without proper protocols may lead to financial problems for Providers**
- ▶ **Since patients are not required to abide by timely payment laws for insurance companies, nor are their employers responsible for patient balances, a separate contract or payment plan agreement will be required of the patient for outstanding balance repayment plans.**
- ▶ **Patient Deductibles for insurance companies that don't have contracts with providers will be based on full billed charges.**

What This Means to the Provider....

- ▶ **With increased patient financial responsibility come additional challenges for providers.**
 - **If you do not verify benefits before rendering service, you will be unaware that the patient has a high-deductible health plan.**
 - **Providers will need to collect a greater payment amount from patients.**
 - **Changes to Managed Care Contracts may be required to permit Coinsurance collections up front**
 - **Depending on the insurance plan Family Deductibles of up to \$10,800 must be satisfied before anyone receives "health plan" or "insurance" benefits.**



Hospital Training Costs Increase

- ▶ **Train front line staff to carefully determine patient financial responsibility before delivery or prior to rendering service.**
 - **Must develop a written and communicated policy detailing deposit requirements, discount opportunities and payment plan guidelines.**
 - **Must develop a seamless transition between pre-registration, insurance verification, registration and financial counseling**
- ▶ **Overcome the fear of asking for money at the time of service, when appropriate.**
- ▶ **Collecting deductibles and copayments can pose difficulties for providers whose mission includes community service.**