



Rude Truths

The New Value Equation

... with Patients

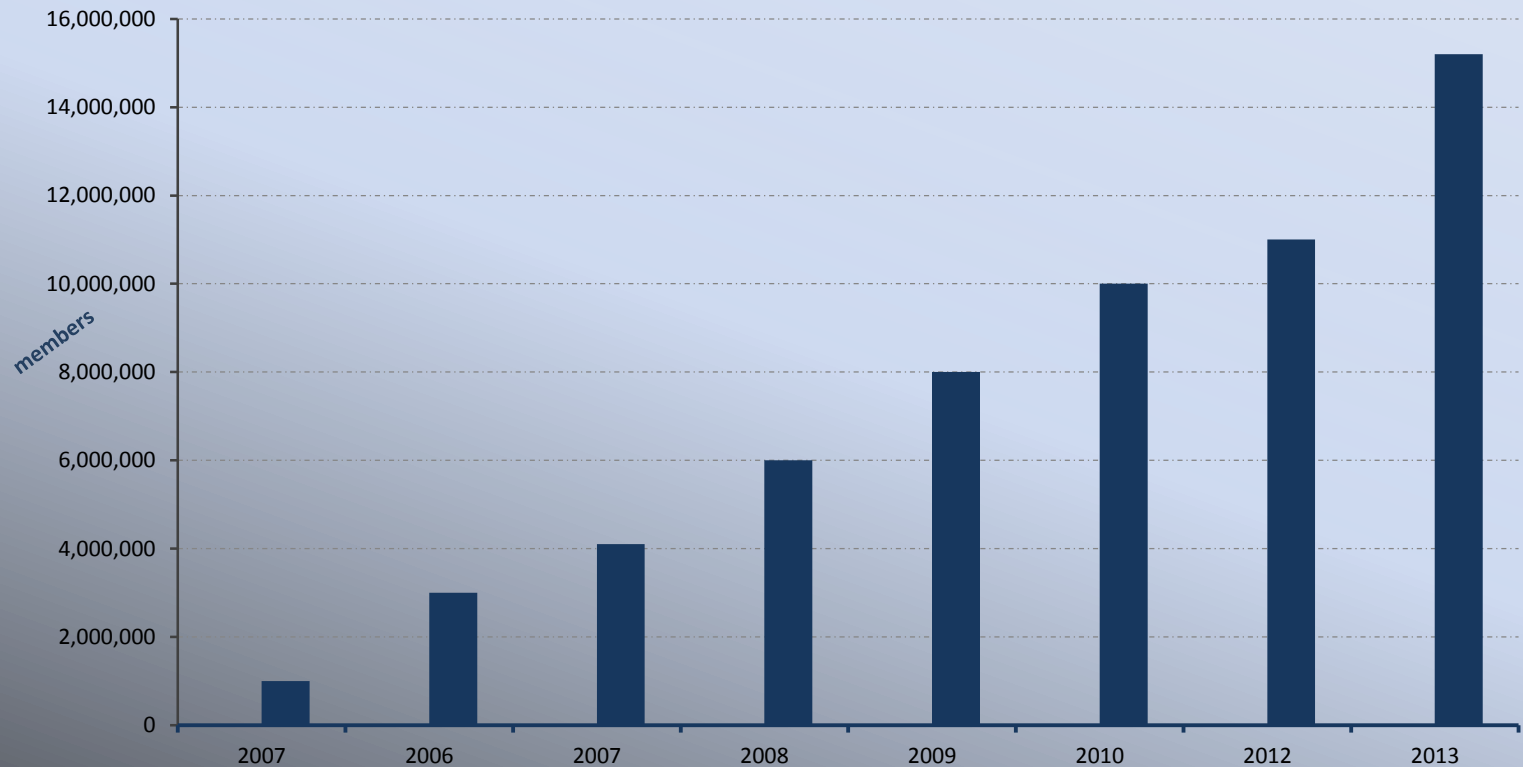
# High Deductible Insurance Plans

There are two forces at work of which health care entities should be acutely aware: the increase of high deductible health plans (“HDHP”) and price stickiness of health care goods. HDHPs, accompanied by a tax-advantaged health savings account, typically require the policy holders to cover 100% of the cost of medical expenses prior to meeting a predefined deductible, save certain preventative measures. **HDHPs necessarily increase the transparency of the cost** of consuming health care related goods and services

As more and **more Americans** bear a greater burden of their health care costs, they will undoubtedly **pay more attention to what they are consuming, possibly delaying non-essential procedures or treatments.** A counter-argument often made is that health care services are inelastic, and consumers will simply reduce expenditures of other goods to accommodate the increased costs of medication or treatments. This is true to an extent, however, anecdotally speaking as an HDHP consumer, I often find myself being far more inquisitive of physicians in understanding the absolute necessity of a certain test or procedure before incurring the cost. This was not the case when simply paying a co-pay upon arrival at the doctor’s office. *Investment Banker*

# Manifestations

## Covered Lives: Hi Deductible Health Plans



Growth of HDHPs in the United States based on a census conducted by the American Health Insurance Plans, a national trade association.



# *Retail Clinics*




... deductibles are becoming more common and are more expensive

# Rude Truths

- insurance coverage at the job or procured on the law's insurance exchanges will leave Americans more exposed to out-of-pocket spending. That raises interest in greater transparency on the prices charged for health care and its quality. *Uwe Reinhardt*
- healthcare consumers are becoming more observant about healthcare financing and pricing as they spend more and more of their own dollars on their care. *CEO-HFMA*
- people do what they are incentivized to do *David Faber*



A Siemens MRI machine is shown in a clinical setting. The machine is a large, white, cylindrical structure with a patient bed in front of it. The bed is white and has a patient lying on it. The machine has a blue light emanating from the opening. The background shows a window with white shutters. The text "Cheaper Tests for Subscribers" is overlaid on the image in a white, cursive font.

# Cheaper Tests for Subscribers

... smarter consumers are going to drive this system to higher value. Higher value means a demand for more competition among providers... They're going to be better providers. That doesn't mean they'll make more money, but they're going to be better. And the patients will get more value by getting an MRI for \$300 vs. \$2,000. That's huge value and huge savings. *Bill Frist*

*Get a blood sugar count  
via a cell phone app*



*Dx Tests: Costs Reduction*





*EKG TESTS VIA CELLPHONE*



# Plan of Action

- Look for new patterns - **new behaviors**
- Analytics Response – create computer algorithms that locate insurer behaviors
  - Total Payments *per* case cross tabbed vs insurance carrier plan type; particularly high deductible health plans
  - Charge code drill downs by insurer carrier
  - Charge code drill downs by physician
- Monitor-restructure Insurer Contracts
  - Demonstrate reimbursement stressors to provider

Hi-Deductible Plans							
carrier plan	name	DRG	expected pay	Tot Pay Amt	paymt-1	paymt-2	paymt-3
200320	UHC	195	\$18,500	\$13,500	\$13,000		\$500
200380	UHC	195	\$35,660	\$35,660	\$18,700	\$14,960	\$2,000
650070	Aetna	313		\$45,780	\$24,600	\$19,680	\$1,500
432210	BCBS		\$22,400	\$13,800		\$13,800	
622750	Cigna	302		\$0			
500540	Humana	195	\$17,800	\$17,800	\$14,500		\$3,300



Brian Rucco collaborates with providers, insurers and industry watchdog organizations to produce organizational insights in rapidly changing local healthcare environments. Fact based analyses have helped clients comprehend *root cause* issues, understand *disruptive innovation* and be better positioned in a changing industry.

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