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REACH YOUR DESTINATION PLAN FOR REVENUE INTEGRITY SUCCESS

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The price of broken healthcare

by Jonathan Wiik, MHA, MBA, CHFP

Your car's check engine light is a warning, a heads-up that something is wrong and needs to be fixed. When it comes to healthcare affordability and access, the check engine light has been on for some time. Unfortunately, many leaders haven't been able to address the issue the way they wish they could. Instead, they've had to focus their limited resources on patient care while struggling with technology and budget restraints.

Through it all, healthcare costs are continuing to skyrocket and access to care is getting more difficult, especially in the wake of the pandemic. Healthcare finance and revenue cycle leaders see firsthand what inaction can do to margins and the bottom line.

That's why many are working toward solutions, despite the barriers. They're proving it's not too late to turn the tide and improve healthcare access, affordability, and funding mechanisms for patients.

Cost of healthcare

The United States' national health expenditures grew 9.7% to $4.1 trillion in 2020, or $12,530 per person, and accounted for 19.7% of the gross domestic product (GDP), *according to CMS data*.

That number isn't expected to get any smaller: The annual growth in national health

spending is predicted to increase 5.1% from 2021 to 2030, reaching a whopping $6.8 trillion by 2030, according to the CMS Office of the Actuary's *2021–2030 Projections of National Health Expenditures report*.

Patients feel those costs in a very real way. Healthcare ranks number five in consumer spending, accounting for 8% of people's overall income spend for the last three years, according to a 2020 *article* published by the U.S. Bureau of Labor.

One would think all this spending would lead to better outcomes—but it doesn't. The United States ranks *last* in all healthcare performance categories, including indicators like infant mortality and life expectancy at age 60, according to a *2021 report* from the Commonwealth Fund.

Access and medical debt

Naturally, the consequences of the United States' high health costs trickle down to consumers, who increasingly can't afford—and therefore have trouble accessing—needed care.

> **NATIONAL UNCOMPENSATED CARE (A STATISTIC COMBINING BAD DEBT AND CHARITY CARE) ROSE MORE THAN $1.2 BILLION IN A SINGLE YEAR: UP TO $42.3 BILLION FROM $41 BILLION.**

Yet the United States is a global outlier in this trend. Among other countries in the Organization for Economic Co-operation and Development (OECD), citizens pay one-third of what the average American spends per year on healthcare, the Peter G. Peterson Foundation *reported*. Among OECD countries with a similar median GDP and median GDP per capita as the United States, healthcare spending is about *half* that of the United States, according to *data* from the Peterson Center on Healthcare and the Kaiser Family Foundation.

Data from various sources, including the *Peterson-KFF Health System Tracker*, the *Federal Reserve*, and the *American Hospital Association*, paints a dire picture:

- More than one in 10 people (11%) are uninsured.
- Almost one in 10 (9%) skip care due to cost. That number is higher for people who are Hispanic (13%) and Black (10%).
- A whopping 15% of people whose income was below 200% of the federal poverty level delayed care in 2020 due to cost.
- Almost one in 10 (9%) adults have medical debt, and that number is much higher (12%) among those below 200% of the federal poverty level.
- 20% of those in poor health have medical debt, and 68% owe more than $1,000.
- 68% of Americans only have $400 to pay for unexpected expenses (like going to the hospital)—without borrowing, selling, or taking on credit.
- National uncompensated care (a statistic combining bad debt and charity care) rose more than $1.2 billion in a single year: up to $42.3 billion from $41 billion.

Fixing it

Hospitals and health systems are trying to do their best in the short term to assist patients' personal finance and insurance coverage situations. However, they can help address other issues hindering access to healthcare.

Explain the cost of care, and do it in plain, simple language: Although *89% of patients say* knowing the cost of their bill would make paying it easier, most patients don't receive the cost information they need from their healthcare providers. Just supplying that information is a step in the right direction.

In addition to cost estimates, patients also need guidance and education about what their insurance covers, what insurance terms mean, and other basic health literacy information.

A startling number of consumers—36%—have low health literacy, and that number corresponds to other behaviors like using the emergency department for primary care and having lower access to healthcare resources, *according to the Center for Health Care Strategies*. It's even higher with low-income individuals, who are also eligible for Medicaid. Moreover, health literacy gaps cost the United States economy $236 billion per year, according to a *2015 article* in the *International Journal of Health Policy and Management*.

Start to address social determinants of health: 80% of a person's health is determined by factors outside of healthcare, the National Conference of State Legislatures said in a *2013 report*. Instead, the chief influences are social determinants of health (SDOH) like access to food, level of education, access to transportation, and where a person lives.

As "*anchor institutions*" in their communities, hospitals are uniquely positioned to intervene. Collecting comprehensive socioeconomic risk data should represent a critical investment to accurately reflect a community's needs and an organization's strategic priorities. Efforts might include leveraging third-party to data to establish standardized risk screenings and partnering with local organizations, like food banks, to make community-based referrals.

Move to value-based care: This is also closely tied to SDOH, *according to CMS*. When incentives and payments are aligned to a continuum of coordinated care, rather than an episodic, fee-for-service system, healthcare institutions can start to focus on whole-person and community wellness, looking beyond the revolving door of the emergency room.

Pair patient services with financial clearance: Provider organizations are well positioned to identify and help patients who are underinsured or uninsured, but they often lack the technology to efficiently do so. Financial clearance teams can be empowered to not only provide patient estimates, but also use insurance finders, screen for charity eligibility, and develop payment options that are individualized to a patient's financial needs.

Collaborate with payers: As an example, leveraging enterprise data warehousing—which gathers and analyzes data from enterprise sources—for coverage, benefits, payment, medical necessity criteria, and other areas can help remove administrative burdens and ease friction. In turn, payers and providers can better train their sights on outcomes versus episodic reimbursement.

When the check engine light comes on, we have a choice: ignore it and hope it will go away, or act. The time is now to rethink revenue management and advance the healthcare economy. We need to break the cycle and enable our revenue management teams to focus on what's most important: the patient. NJ

ABOUT THE AUTHOR

Wiik, vice president of health insights at FinThrive, has over 25 years of healthcare experience in acute care, health IT, and insurance settings. He started his career as a hospital transporter and served in clinical operations, patient access, billing, case management, and many other roles at a large not-for-profit acute care hospital and prominent commercial payer before serving as chief revenue officer. In his current role as senior principal of product management at FinThrive, he is responsible for support and consultation on business development opportunities. Wiik works closely with the market and hospitals on industry best practices for revenue management. Wiik is an active advocate of legislative changes that evolve the healthcare industry. He's the author of Healthcare Revolution: The Patient Is the New Payer and Revenue Evolution: Helping Providers Get Paid in An Era of Uncertainty. Wiik is the 2021–2022 president of Colorado HFMA. He holds a bachelor's degree in sports medicine and holds two master's degrees in healthcare administration and business. Opinions expressed are the author's and do not necessarily represent those of HCPro, NAHRI, or any of its subsidiaries.