Higher out-of-pocket costs and narrow networks will influence when and where patients seek care. Healthcare providers may no longer see a steady stream of patients by simply contracting with payers and formerly dependable or predictable utilization volumes may decline. Instead hospitals and doctors will have to earn their patients’ business twice. First, in the more competitive and transparent exchange environment, providers will have to attract employees to their networks at the point of insurance plan selection and again when these customers are seeking care. Second, providers will have to effectively capture a potentially significant greater portion of their compensation directly from these patients. As they put more skin in the game, patients are likely to be more discerning. They will look for transparency into price and comparative data to help make smarter decisions when seeking health services. These healthcare consumers may also expect a consumer experience (e.g., marketing and customer service) on par with what they receive in other industries that touch their daily lives. Providers that fail to engage individuals at critical touch points can expect to be selected less often and compensated less consistently.

Payment responsibility will shift from payers to patients as out-of-pocket health expenditures grow.

Private health insurance exchanges will accelerate the amount of reimbursement that hospitals and doctors need to collect directly from patients, according to Accenture analysis. Accenture expects that these exchanges will cause out-of-pocket collections from patients with employer-sponsored plans to increase by 7 percent—or an additional $3.7 billion—by 2018. Making patients responsible for paying more out-of-pocket health costs will add to the current difficulties that providers face with patient collections. Since 2000, hospitals of all types have provided more than an estimated $413 billion in uncompensated care (care provided for which no payment is received from patient or insurer), with more than $45 billion provided in 2012 alone.1 With private exchange participation growing, hospitals and doctors must prepare to handle a significant increase in the patient’s financial accountability for healthcare services.

Patients expect more when they pay more

As employers and associations migrate to private health insurance exchanges, their employees will self-select into a wider variety of plans accompanied by an equally varied set of narrow networks. According to Accenture’s Private Health Insurance Exchange Consumer Research,2 more than 1 in 4 of these employees may make a benefits tradeoff on their health insurance plan. These exchange participants will opt for less comprehensive plans with lower premiums to save money on their short-term health costs by accepting tradeoffs, such as higher deductibles.

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Know your audience

Just as healthcare providers may analyze and segment patient populations to build service lines and attract physician referrals, they should segment patients to understand their needs as customers. Understanding factors such as age and social circumstances will help providers anticipate who is likelier to make a benefit tradeoff, such as choosing a high-deductible plan that shifts payment responsibility from payer to patient. (See Figures 1-3.) With this knowledge, doctors and hospitals can adjust their collections efforts to address these consumers’ needs.

For example, older patients may be more likely to seek in-person care and pay with cash, checks or credit cards. Younger, healthier patients may be more likely to use virtual care services and favor new payment solutions, such as mobile payments. This simple segmentation suggests that providers may need to explore very different solutions to better engage—and ultimately increase the likelihood of collecting payment from—these distinct customer types.

1 American Hospital Association; “Uncompensated Hospital Care Cost Fact Sheet”; January 2014, www.aha.org/content/14/14uncompensatedcare.pdf
Toward a healthier bottom line

Consumers are increasingly willing to switch away from companies that fail to meet their service expectations. The healthcare industry is no exception. Healthcare providers who fail to transform in the wake of private health insurance exchanges could miss key opportunities to maintain—or even grow—their patient base and could leave reimbursement dollars on the table.

To take advantage of these opportunities, here are four key considerations when developing a private health insurance exchange strategy.

1. Be more transparent. Patients will increasingly scrutinize value—not just fees and outcomes—as they pay higher out-of-pocket costs. Being transparent with pricing will help engender trust, and trust creates a sense of loyalty and value.

2. Rethink revenue cycle management. The patient collections process is already undergoing significant change. New risk-bearing arrangements, pay for performance, bundled payments, accountable care structures and other innovative payment schemes are causing many providers to rethink the traditional fee-for-service model and plan for increased patient “first-dollar responsibility.” Providers must also be sure to account for greater patient responsibility when developing new capabilities.

3. Recognize that people are both patients and consumers at the same time and invest in consumerism. Providers should invest in improving the customer experience and providing communication tools that will better emphasize consumer awareness and understanding. These types of actions will build loyalty with patients.

4. Collaborate with market leaders. Join forces with leading exchanges and payers. Forge and strengthen partnerships to get access to broader data needed to gain a deeper understanding of customers and to take advantage of important patient touch points in the insurance selection process and beyond.

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Accenture Private Health Insurance Exchange Consumer Research: Methodology

Accenture surveyed 2,006 consumers in the United States, focusing on consumers between the ages of 18 and 64 who receive group health insurance through their employer or other affiliation, or significant other. The survey explored employee purchasing behavior in a private exchange setting. The mock shopping experience included a defined contribution (i.e., a lump sum provided by the employer for employees to shop), and covered both core medical and ancillary products. The research was conducted in October 2013.

About Accenture Insight Driven Health

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About Accenture

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