

2020 **DIGITAL**  
Annual  
Conference

hfma

# Healthcare Evolution:

## Helping Providers Get Paid in an Era of Uncertainty

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**Healthcare Evolution:**  
Helping Providers Get Paid  
in an Era of Uncertainty

**Jonathan G. Wiik, MHA, MBA**

*Author of Healthcare Revolution: The Patient is the New Payer*

## Agenda

1. What is going on?
2. Why is this so hard?
3. How do I get paid?
4. A promising future?

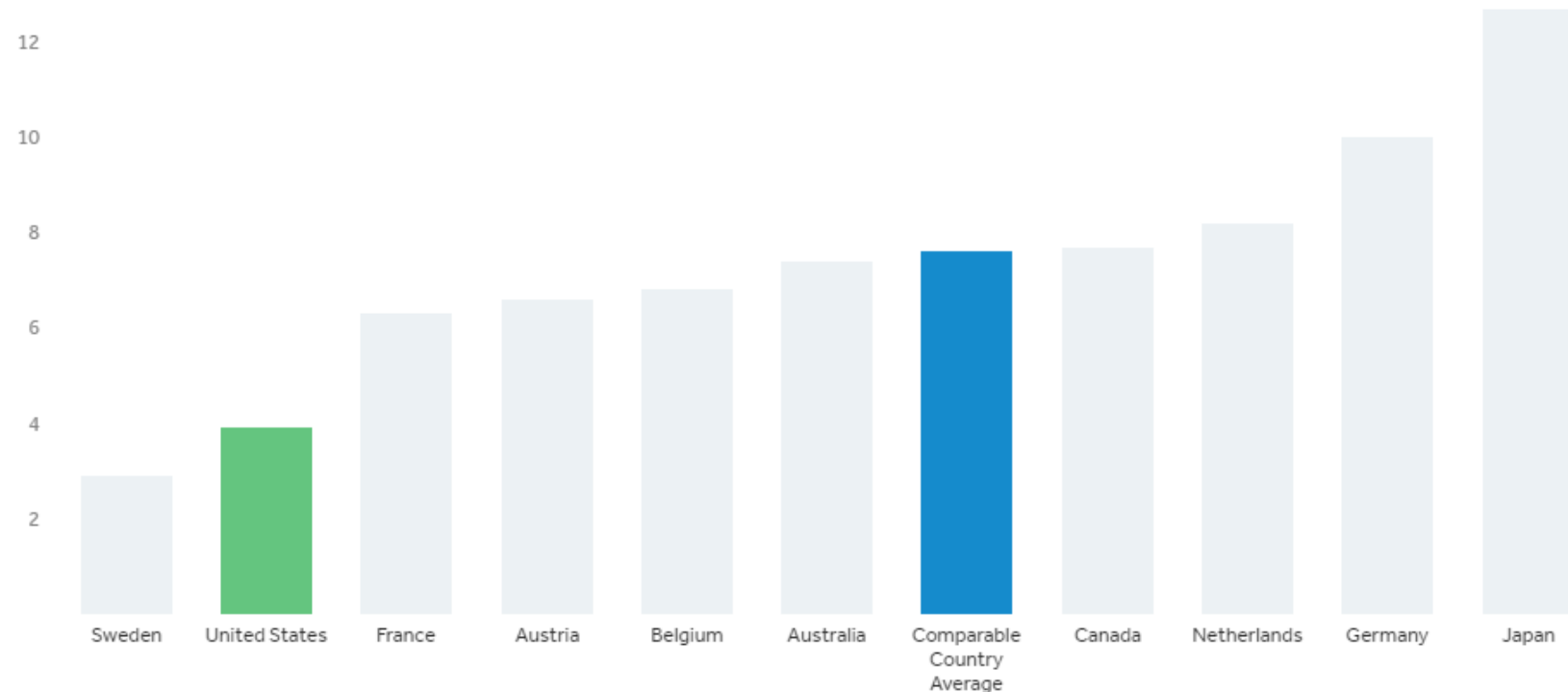
# What is going on?



# The U.S. has a \$3.6T spend annually, and it is not at the PCP office

The U.S. has fewer physician consultations per capita than most comparable countries

Doctors consultations, per capita, in all settings, 2015



In cases where data were unavailable, data from the countries' closest available year are shown. Data not available for the United Kingdom and Switzerland.

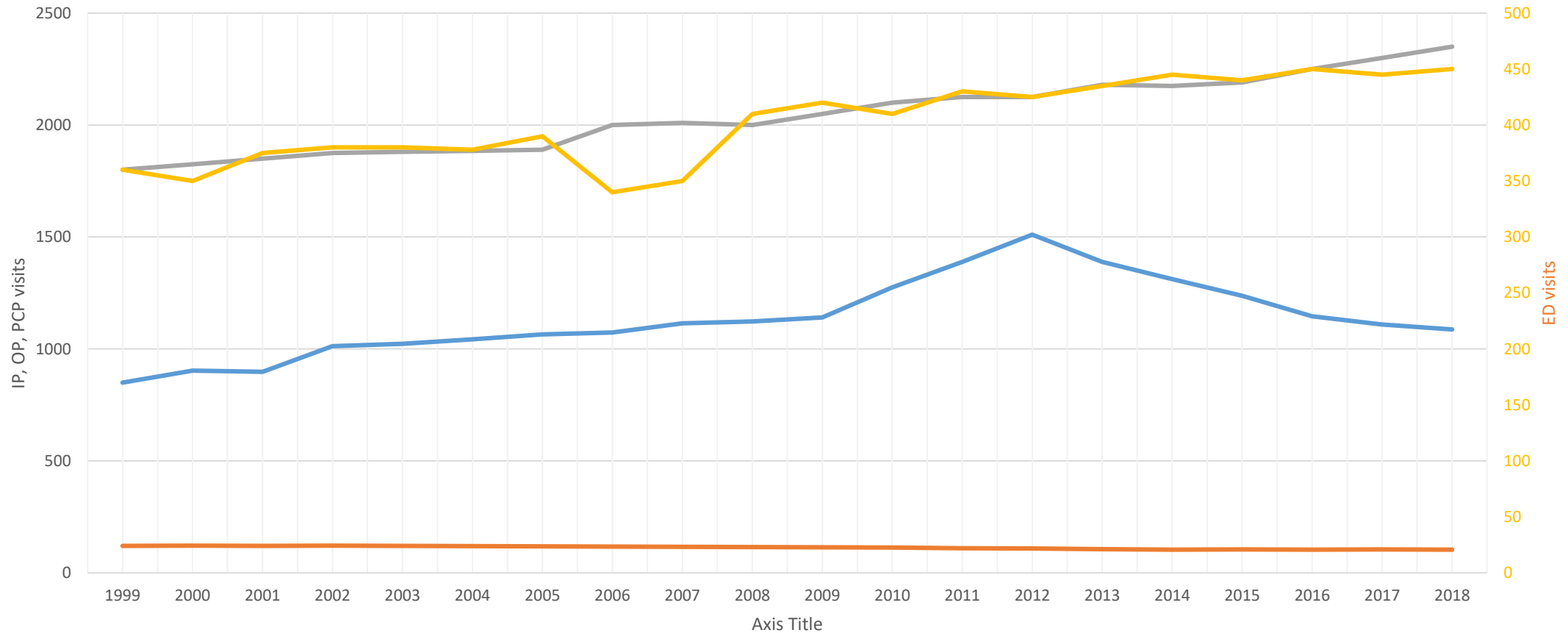
Source: : Kaiser Family Foundation analysis of data from OECD Health Statistics and the AHRQ Medical Expenditure Panel Survey (Accessed on 31 January 2018).

• [Get the data](#) • [PNG](#)

Peterson-KFF  
**Health System Tracker**

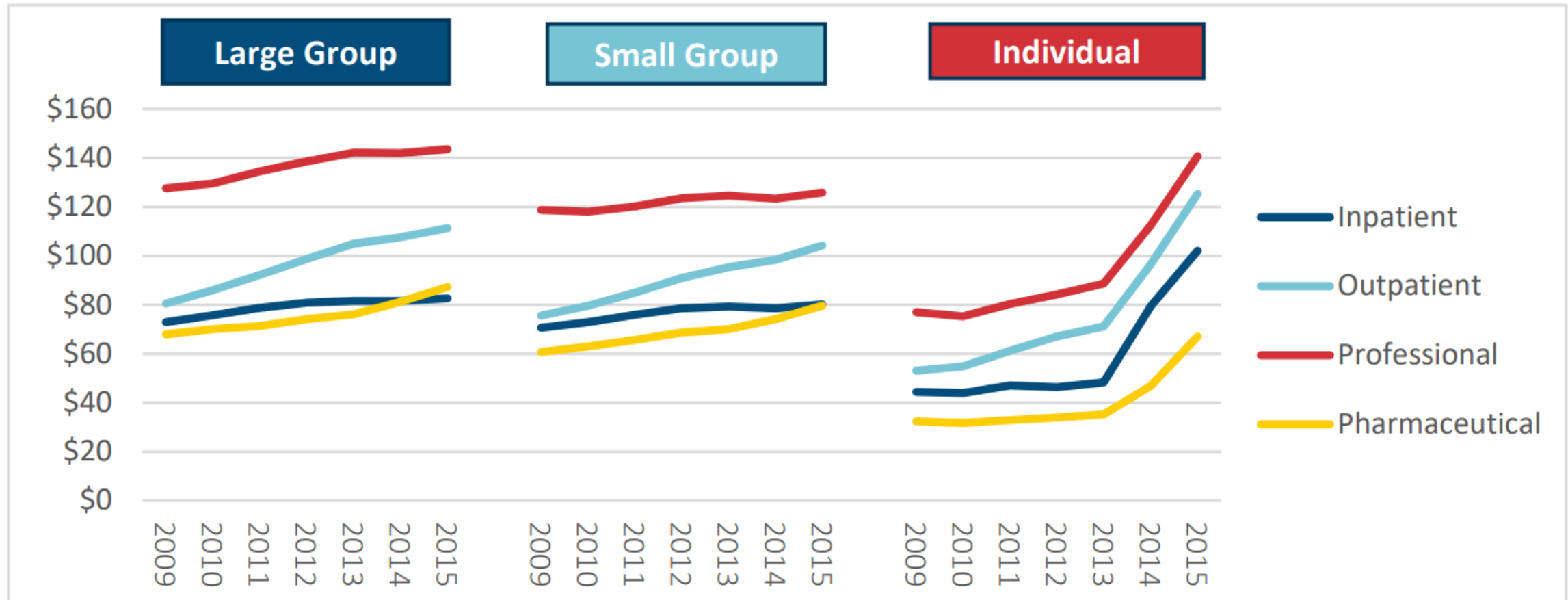
# OP and ED visits are climbing, while PCP visits are in decline (IP is flat)

Patient visits per capita by setting of care 1999-2018



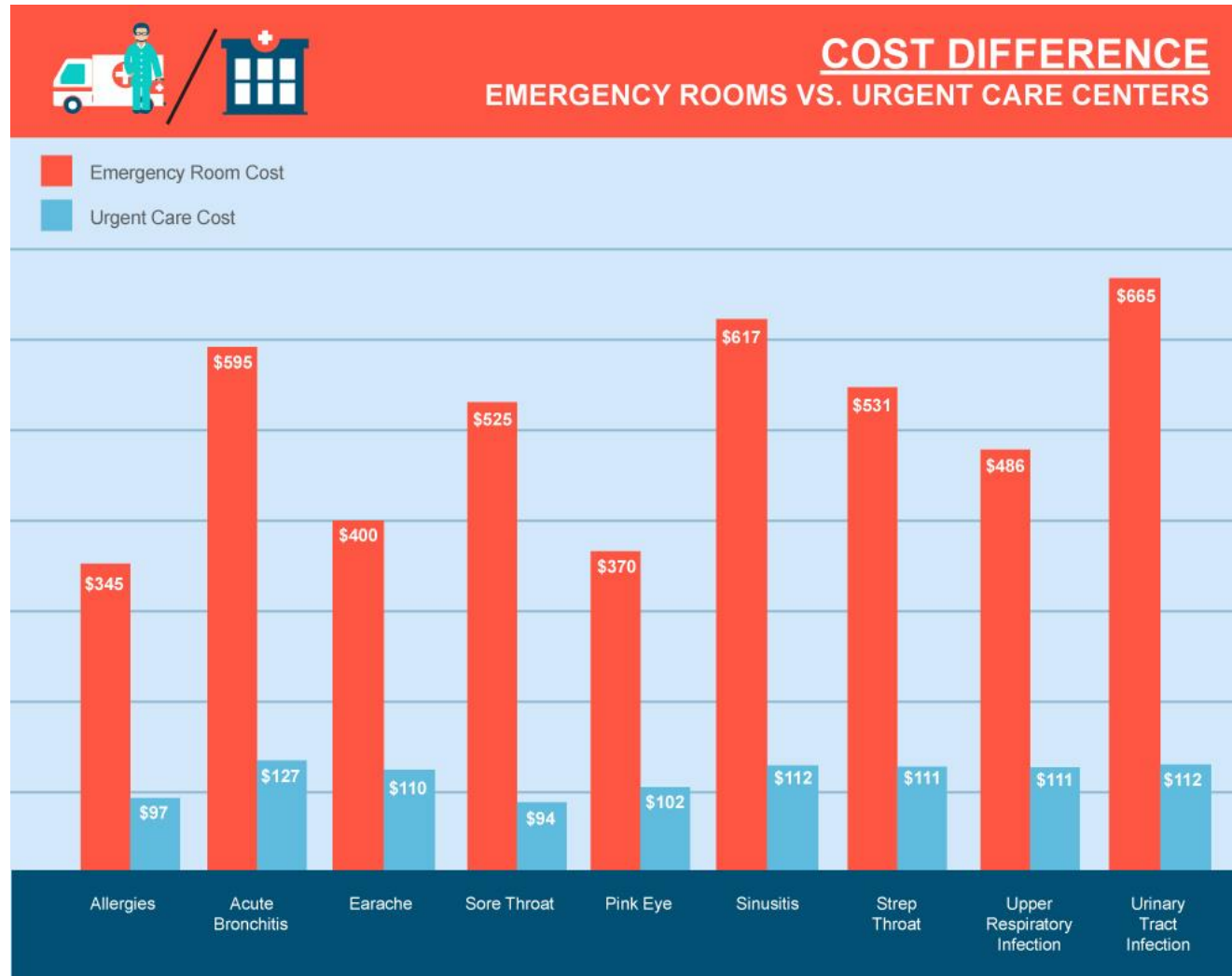
# Service utilization and per unit cost has climbed since 2009 in all areas across all types of plans

PMPM ALLOWED CLAIMS COSTS BY MARKET BY YEAR AND SERVICE CATEGORY



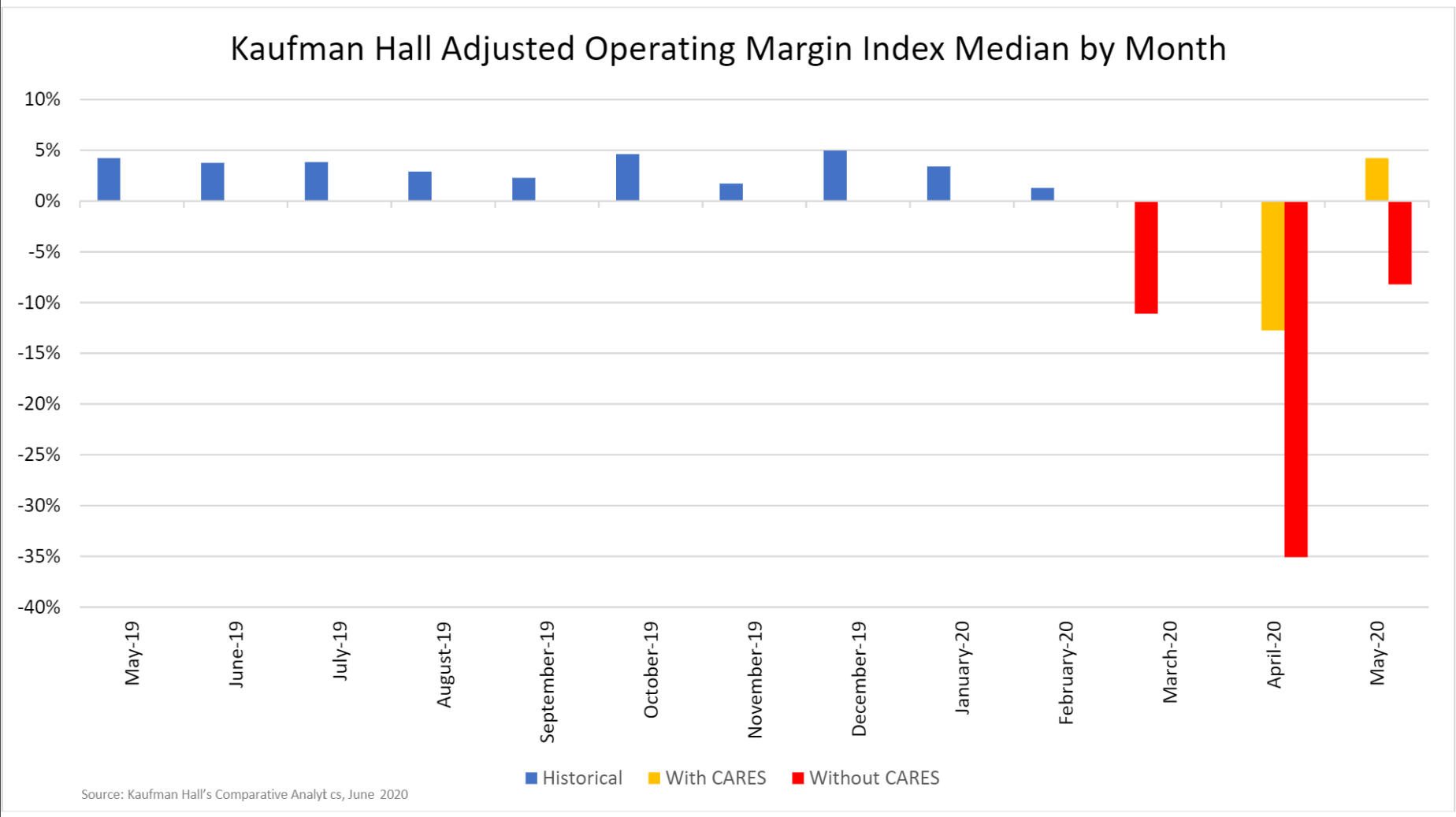
<https://www.healthcostinstitute.org/images/pdfs/2019-commercial-health-care-cost-utilization-trends-report.pdf>

# Costs are 10x higher at an ED than an Urgent Care





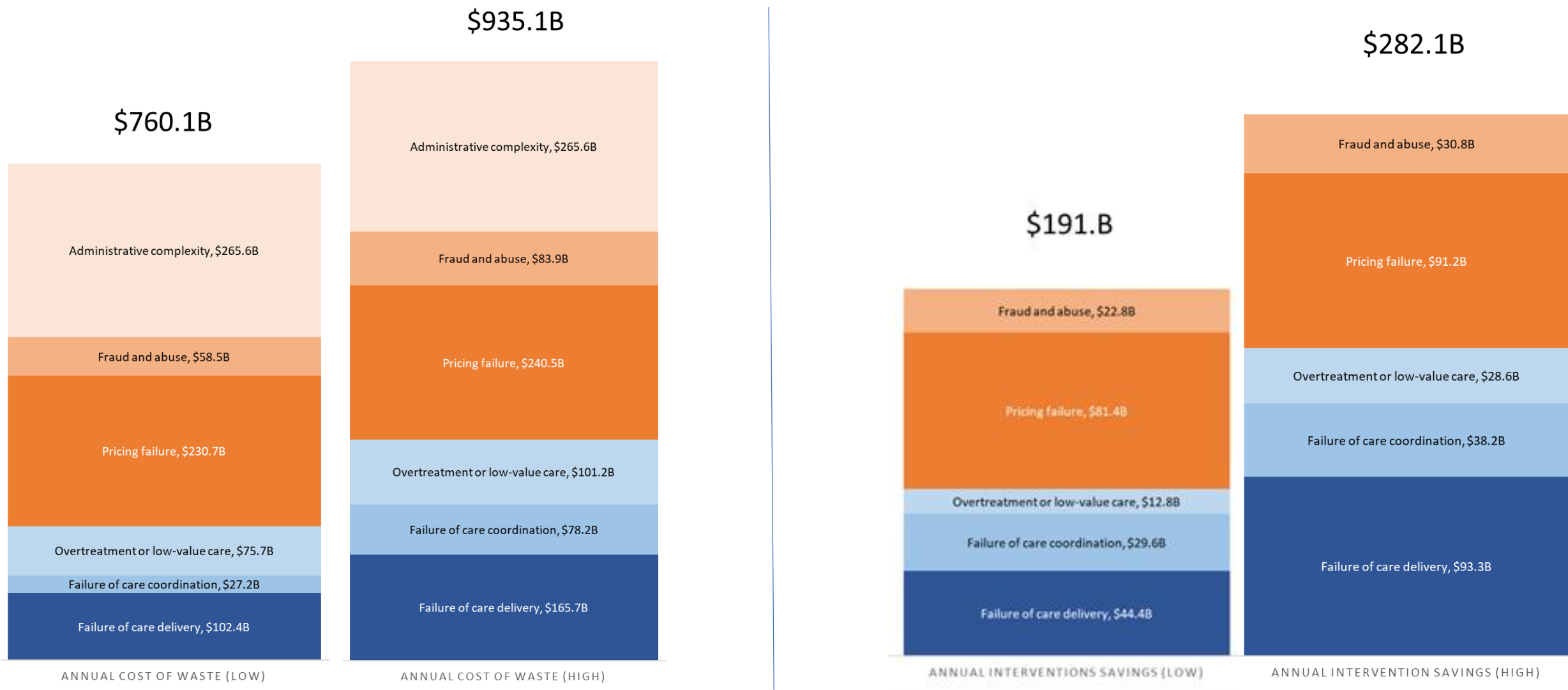
# Hospitals had narrow margins prior to COVID-19



# The US “sick-care” system









# JAMA indicates 25% (\$760B - \$935B) of healthcare is waste - \$191B - \$282B could be saved through intervention



SOURCES: JAMA: [https://jamanetwork.com/journals/jama/article-abstract/2752664?guestAccessKey=bf8f9802-be69-4224-a67f-42bf2c53e027&utm\\_source=For\\_The\\_Media&utm\\_medium=referral&utm\\_campaign=ftm\\_links&utm\\_content=tf&utm\\_term=100719](https://jamanetwork.com/journals/jama/article-abstract/2752664?guestAccessKey=bf8f9802-be69-4224-a67f-42bf2c53e027&utm_source=For_The_Media&utm_medium=referral&utm_campaign=ftm_links&utm_content=tf&utm_term=100719) ; <https://www.businesswire.com/news/home/20191007005615/en/Journal-American-Medical-Association-JAMA-Publishes-Humana>

# US “sick-care” system, influences only 20% of wellness... where and how you live often outweighs intervention

Social Determinant of Health	
	<b>Income, Employment and Financial Stress</b> Not having the ability to get or keep a job or maintain a steady income or health insurance
	<b>Housing instability</b> Having difficulty paying rent or affording a stable place of one’s own, living in overcrowded or run-down conditions
	<b>Adverse Life Events</b> Regular interactions with the court system indicate increased household and financial stress.
	<b>Transportation</b> Not having affordable and reliable ways to get to medical appointments or purchase healthy foods
	<b>Food Insecurity</b> Not having reliable access to enough affordable, nutritious food
	<b>Family and Social Supports</b> The absence of relationships that provide social interaction, nurturing, and help in coping with daily life



## Health Outcomes:

- Mortality
- Morbidity
- Life Expectancy
- Health Care Expenditures
- Health Status
- Functional Limitations
- Wellness

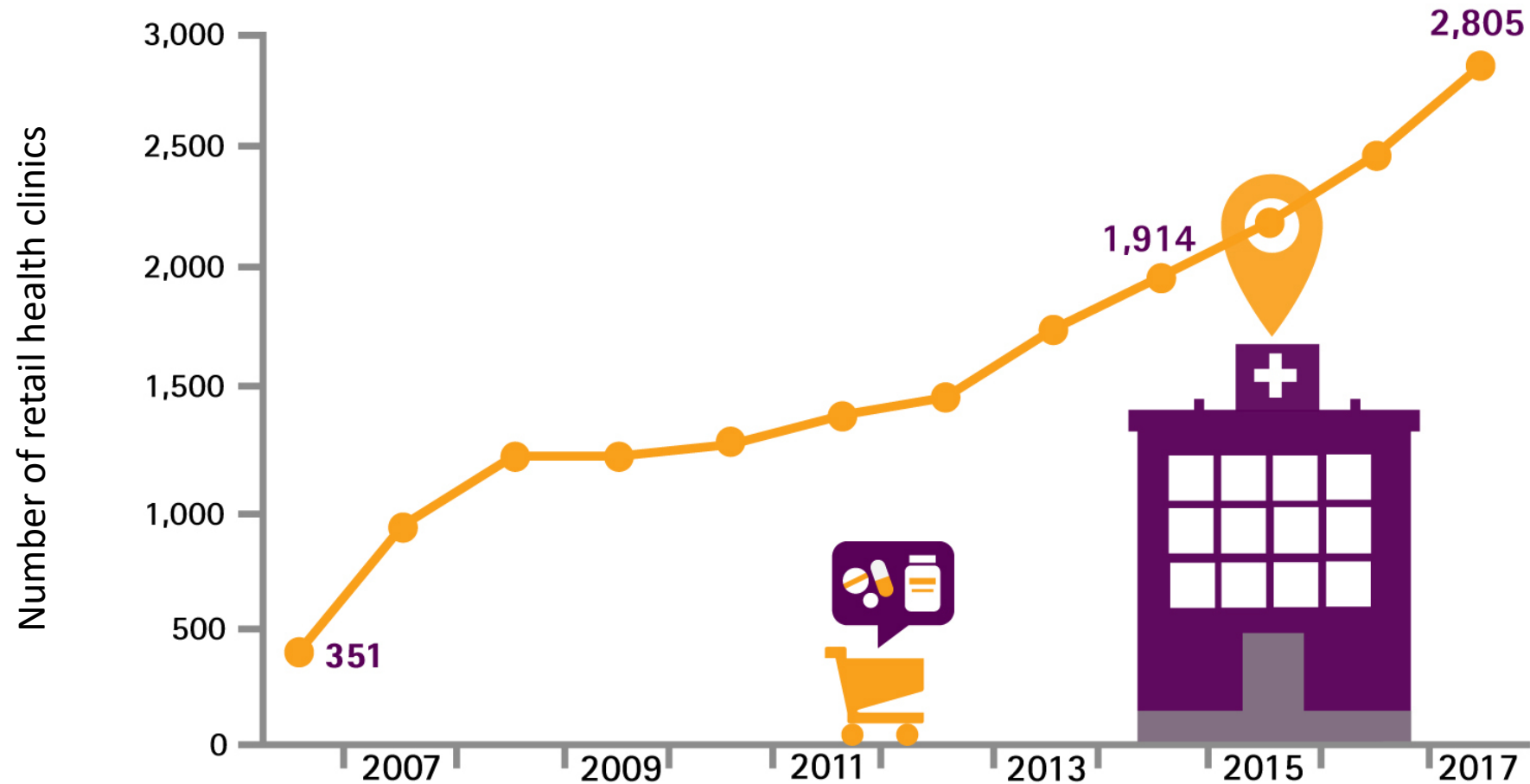
<https://www.kff.org/disparities-policy/issue-brief/beyond-health-care-the-role-of-social-determinants-in-promoting-health-and-health-equity/>

# Disruption from non-traditional entrants



# Watch out hospitals, here comes retail

## US Retail Clinics Expected to Surge by 2017



Source: Accenture 2015

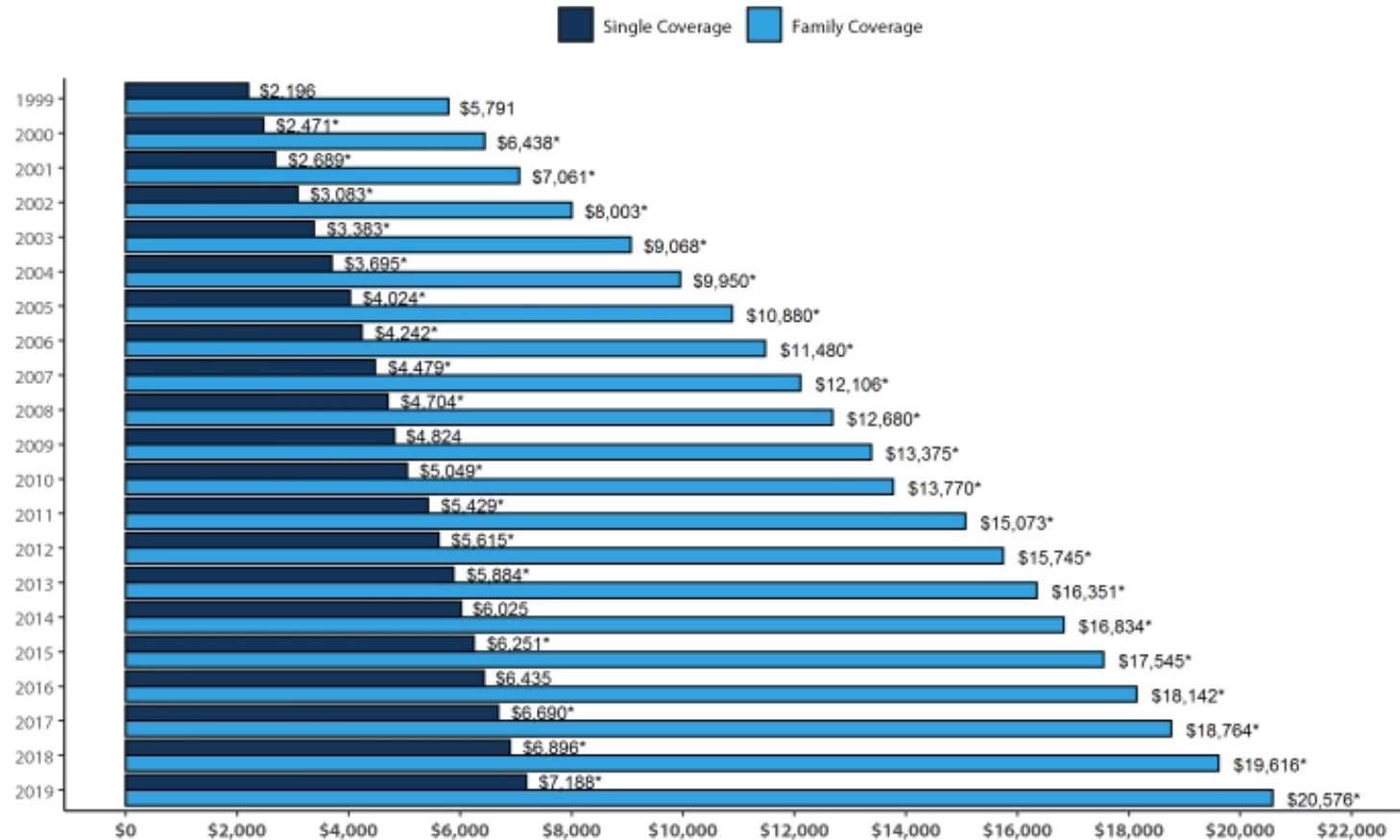


# Why is this so hard?



# Per KFF, Americans spend \$20.5K+ on healthcare annually on premiums alone, up from \$5.7K 20 years ago

Average Annual Premiums for Single and Family Coverage, 1999-2019



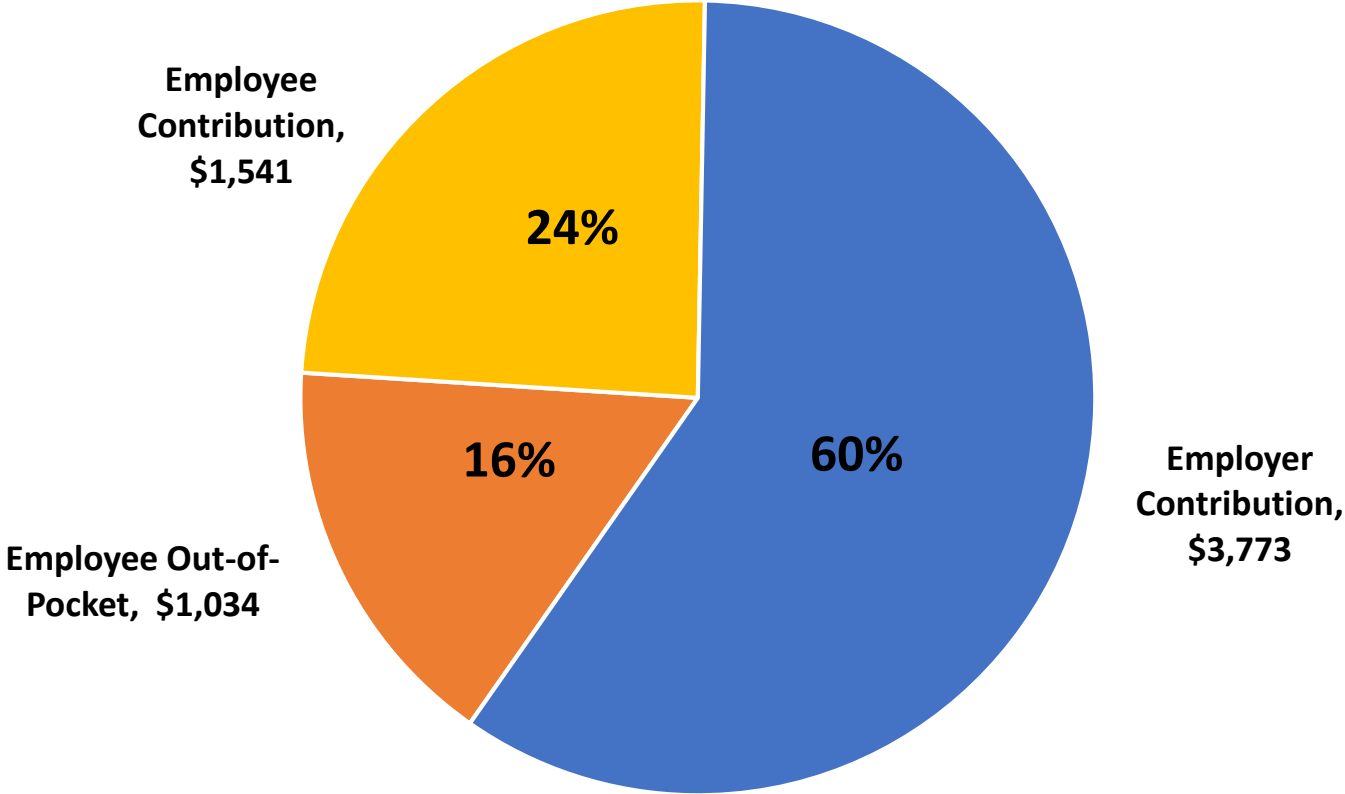
\* Estimate is statistically different from estimate for the previous year shown (p < .05).

SOURCE: KFF Employer Health Benefits Survey, 2018-2019; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

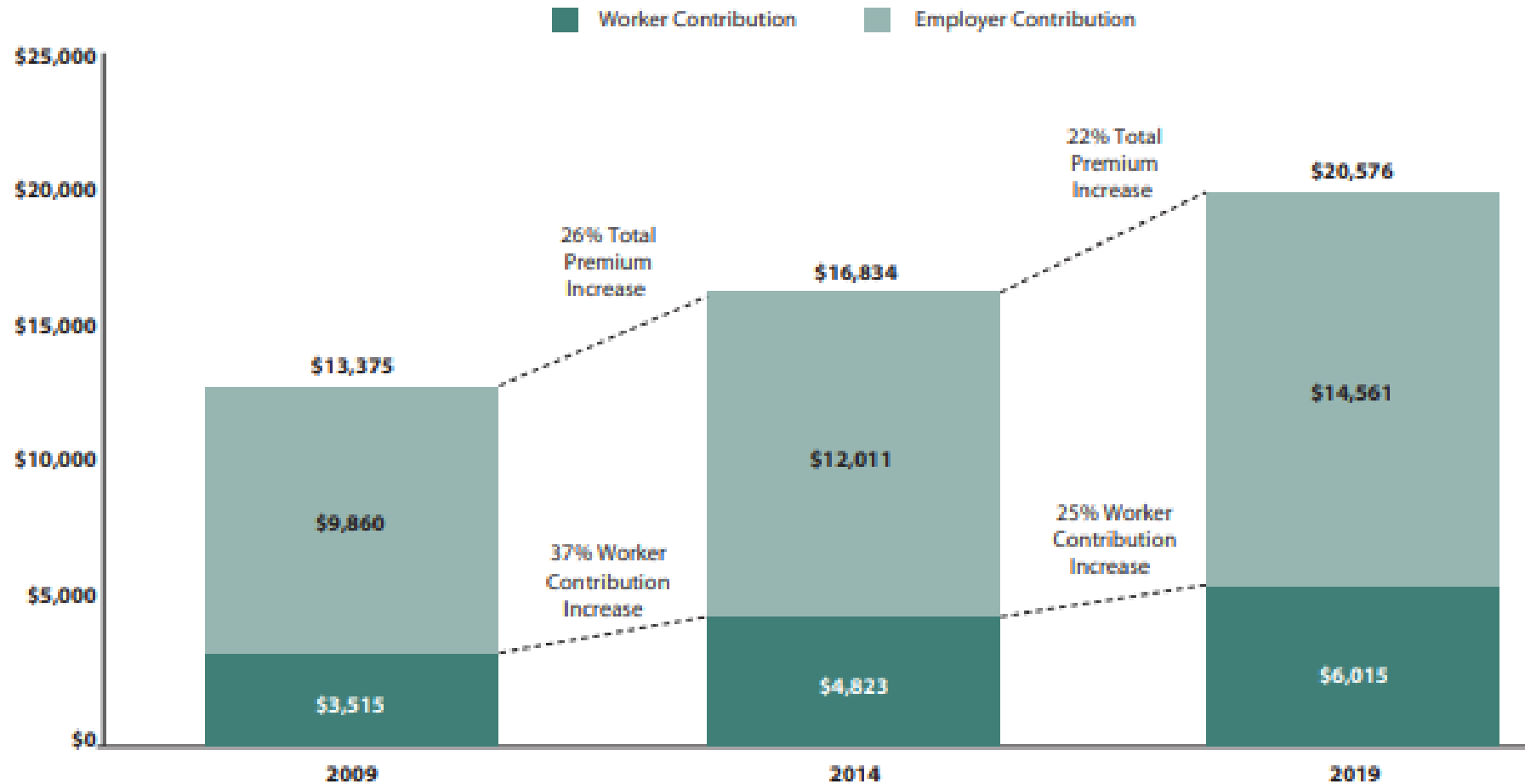
<https://www.kff.org/report-section/ehbs-2019-section-1-cost-of-health-insurance/>

# Employers have the largest burden of healthcare cost

Relative Proportions of 2019 Medical Costs



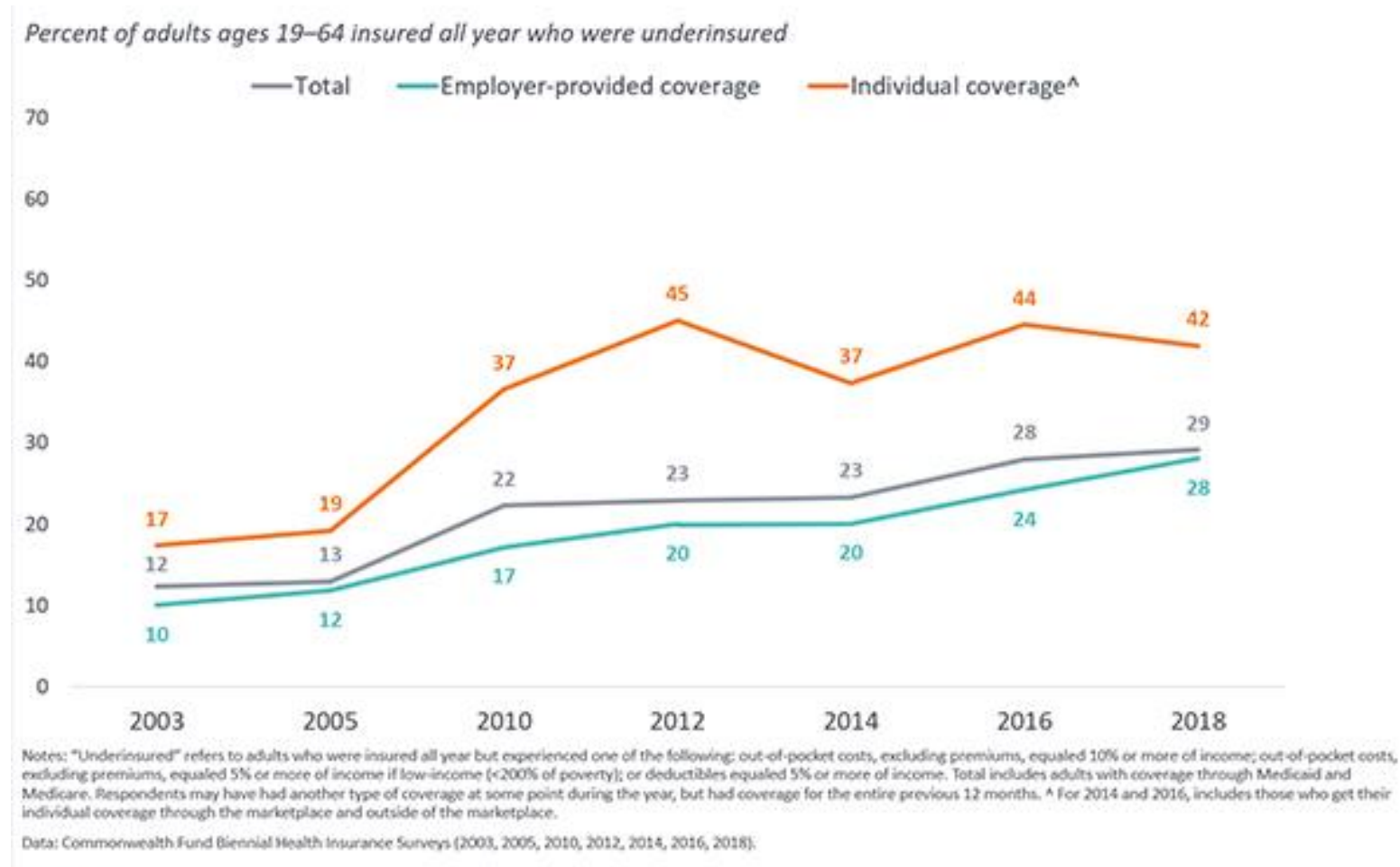
# Employers are in the healthcare business, whether they want to be or not



SOURCE: KFF Employer Health Benefits Survey, 2019; Kaiser/HRET Survey of Employer Sponsored Health Benefits, 2009 and 2014

<http://files.kff.org/attachment/Summary-of-Findings-Employer-Health-Benefits-2019>

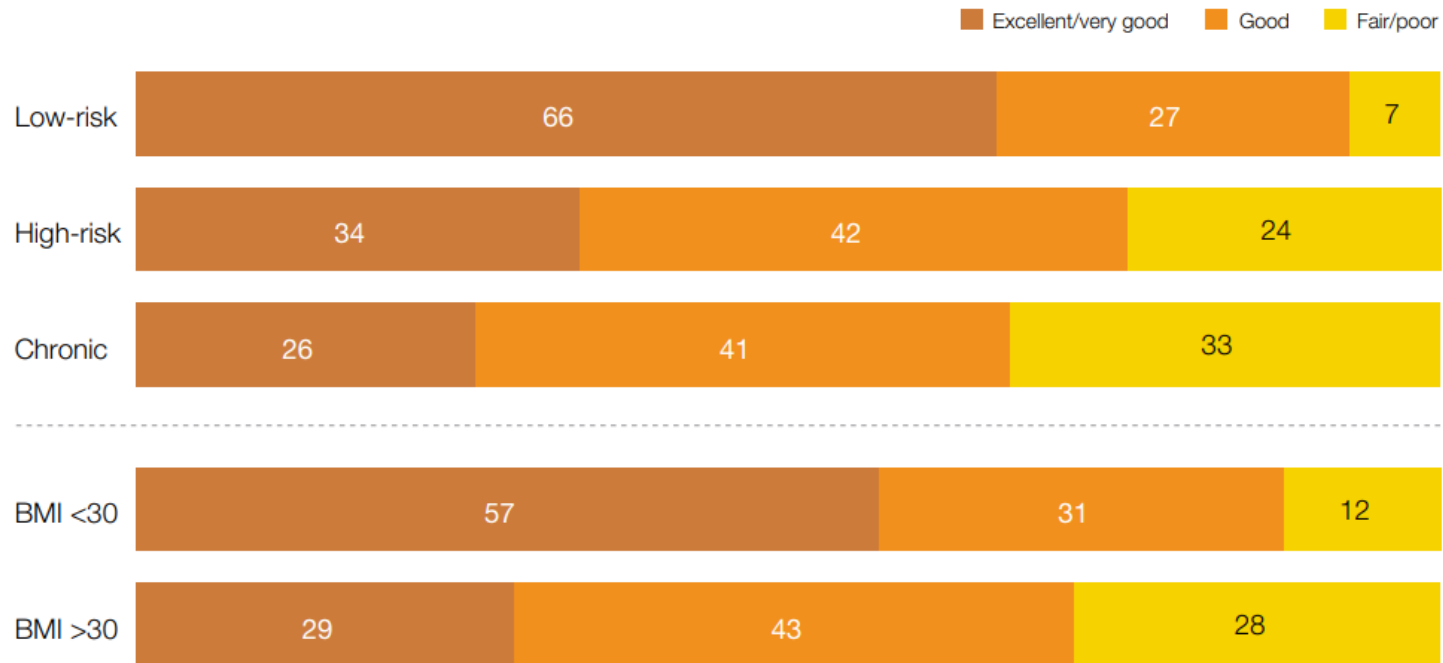
# Consumers “think” they have insurance, but cannot afford their portion. 28% - 42% of Americans are **underinsured**



# And most patients think they are really healthy... even if they are not

Most people think they are significantly healthier than they are

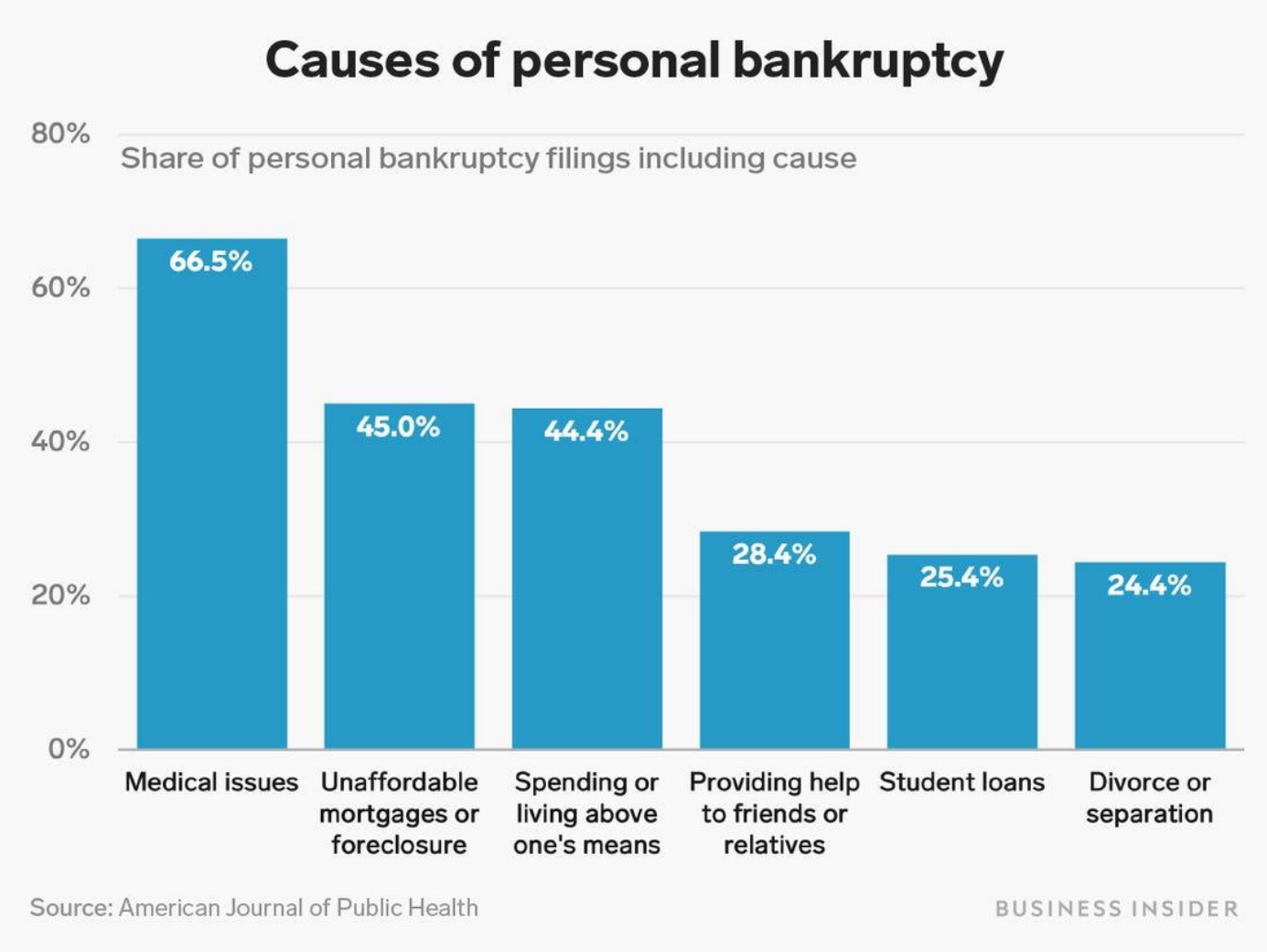
Respondents' self-assessment of their health status by different risk categories,<sup>1</sup> %



<sup>1</sup>Based on derived health profile.

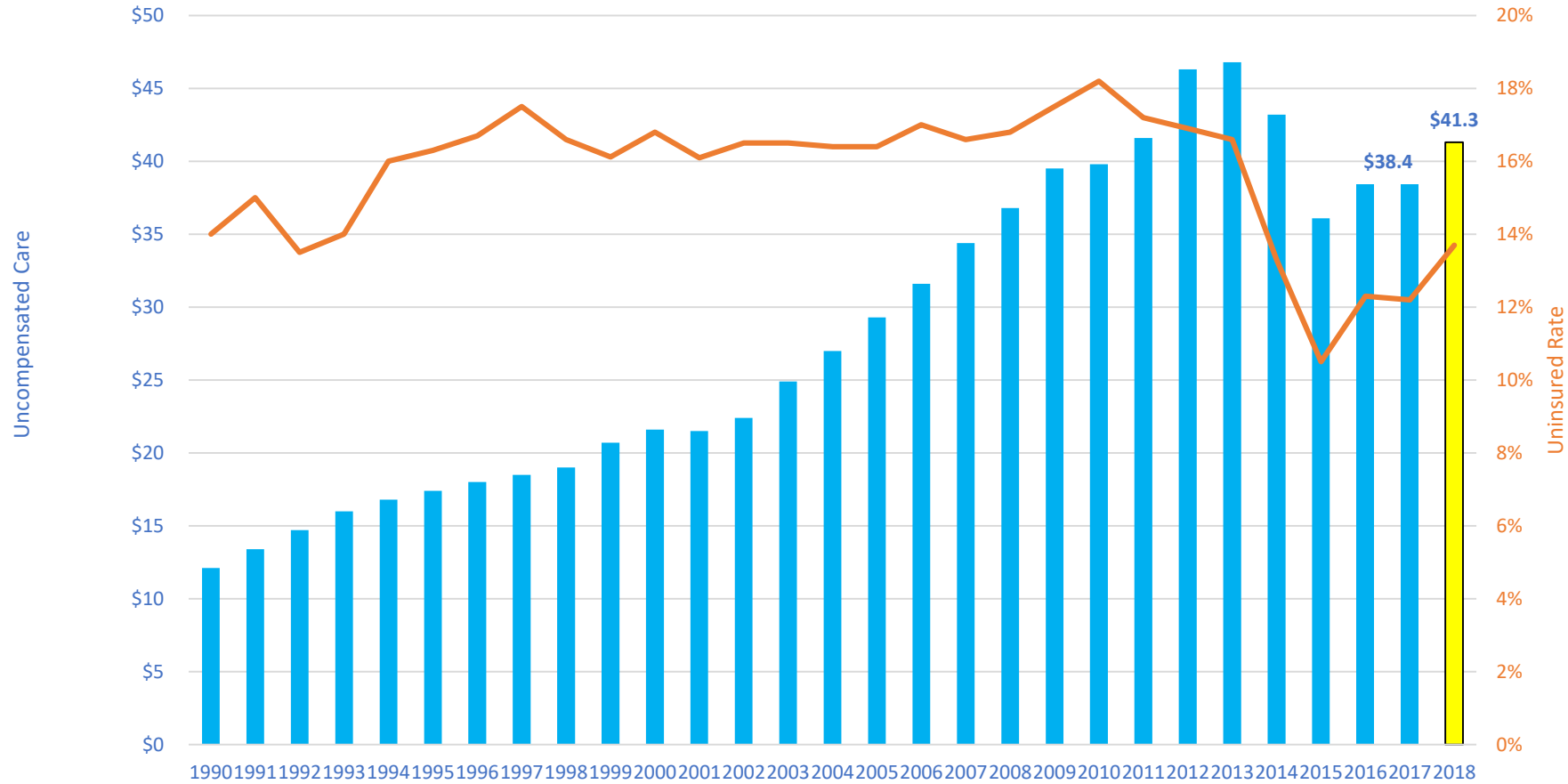
Source: McKinsey Retail Healthcare Consumer Survey

# Medical issues are still the #1 cause of bankruptcy



# Uncompensated care is climbing and surpassed \$41 B

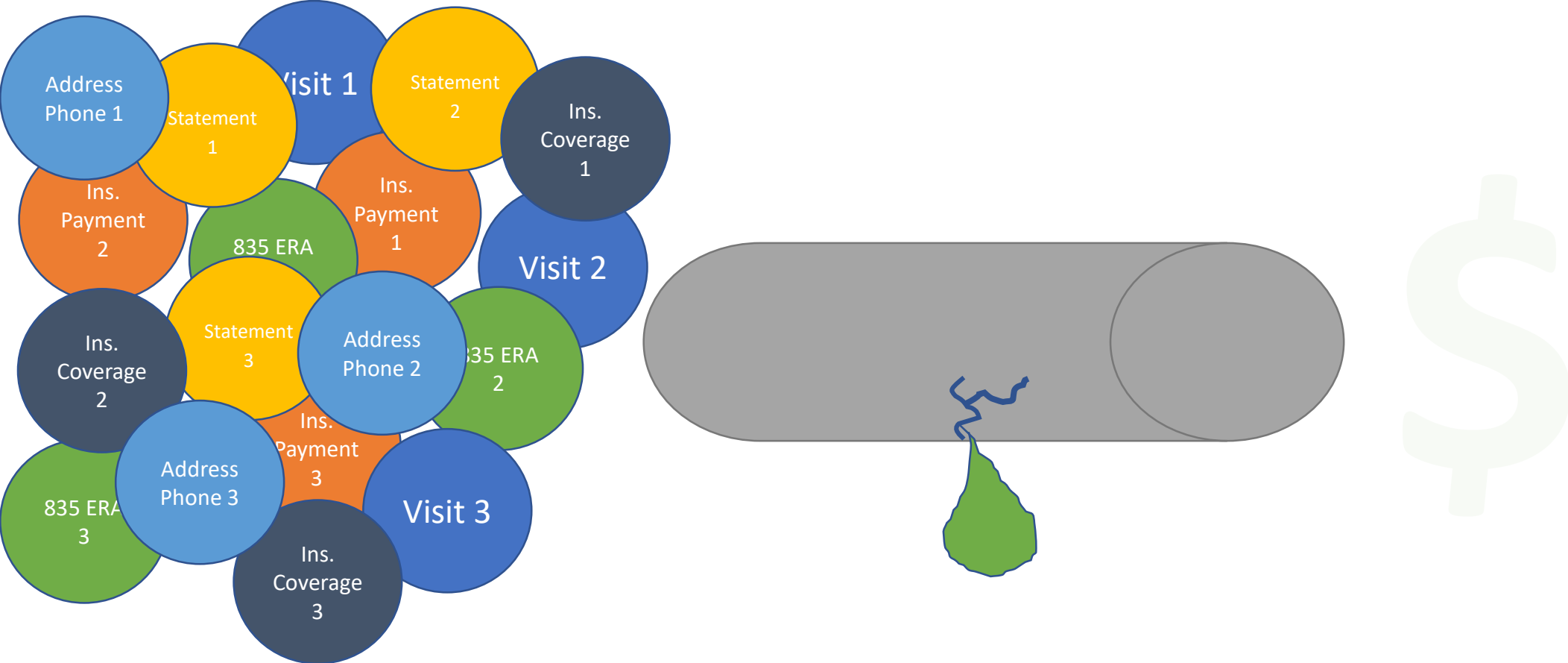
Uncompensated Care and Uninsured Rate  
1990-2018 (\$B)



# How do I get paid?



# Disparate data sources and encounters = leaked revenue

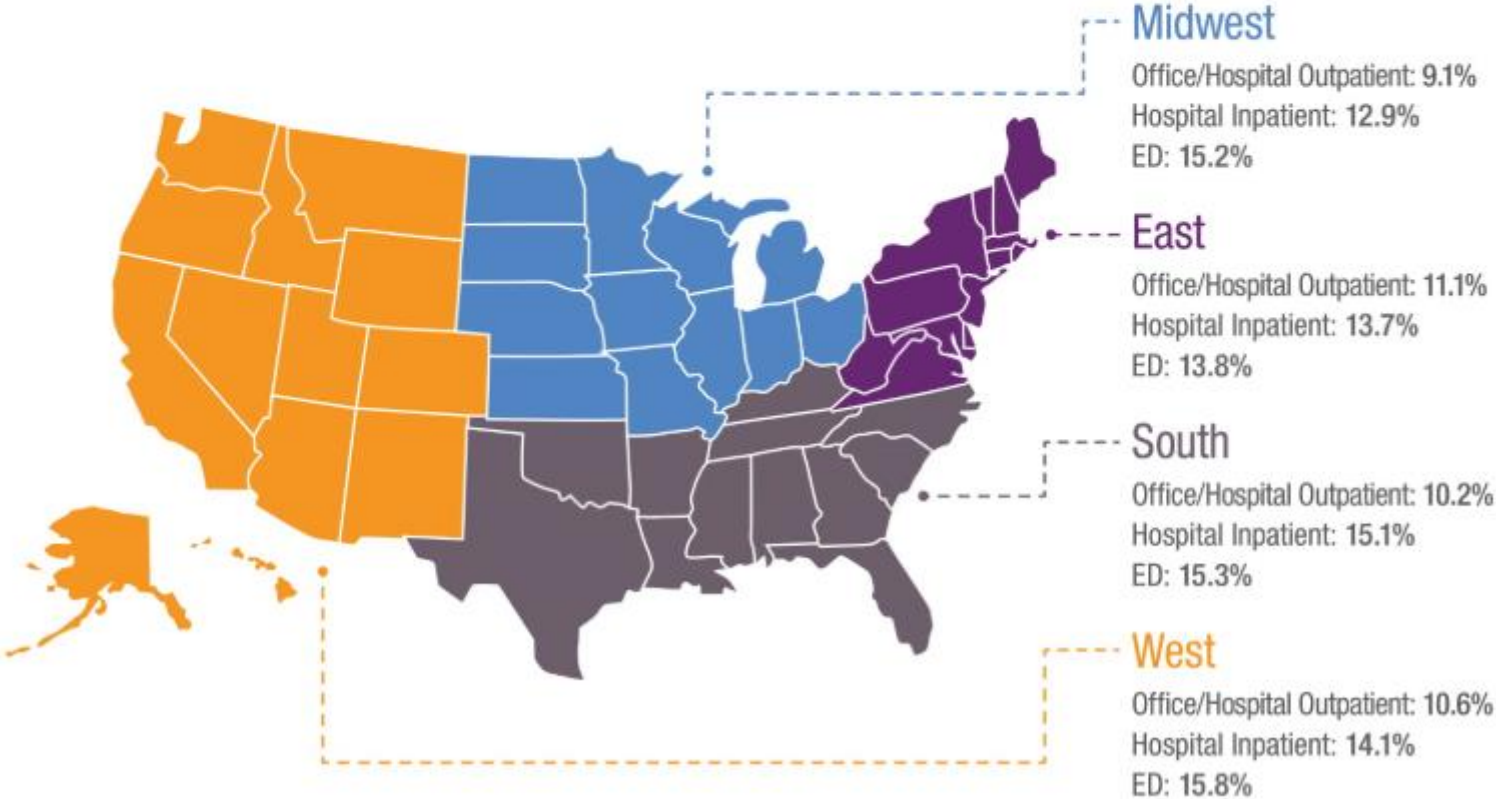


# Denials

## Percentage of Line Items Initially Denied by Service Setting

2018 Average Performance

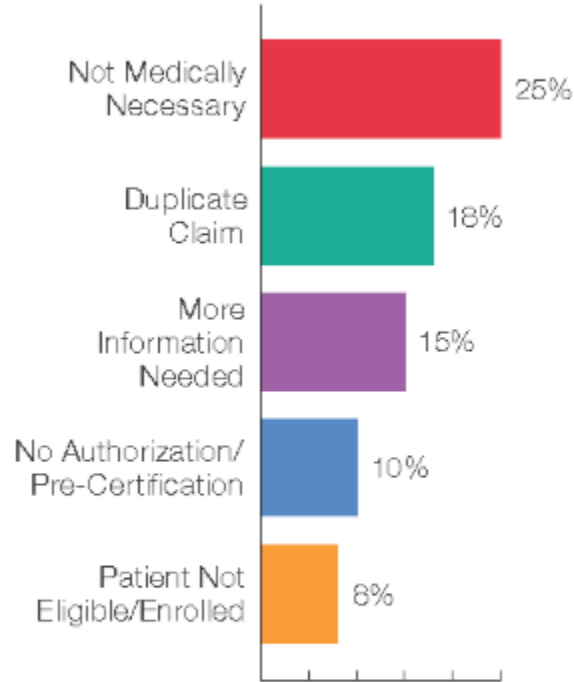
National Office/Hospital Outpatient: 10.3% | National Hospital Inpatient: 14.1%  
National ED: 15.0%



# Denials

## Top 5 Reasons for Claim Denials

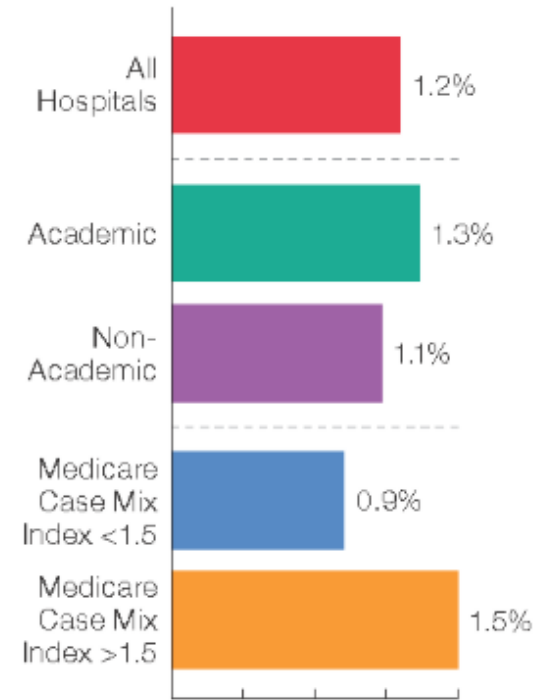
Source: FCA Survey Results



*As shown in the results from this Academy survey, a number of the top claim denials reported can be positively impacted by front-end process improvements.*

## Denial Write-Offs as % of Net Revenue

Source: FCA Survey Results



*Organizations of all sizes report writing off approximately 1% of net revenue due to denied claims; better performers are around half that.*

SOURCE: Healthcare Business Insights, Part of Clarivate: Identifying and Addressing the Root Causes of Denials  
<http://www.healthcarebusinessinsights.com>

# Identifying the correct demographics, coverage, and payment can enhance yield from patient and payer



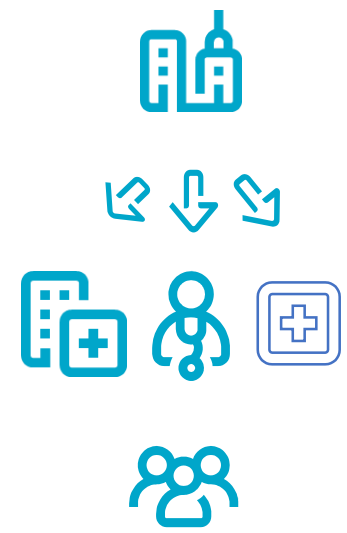
NAME	MRN	ADDRESS	D.O.B	PHONE	TU UNIQUE ID
MICHAEL RIVERS	17	1233 N. RITE WAY	11/22/1988	310-337-8517	001882
MICHAEL RIVER	177	4456 S. RITE ROAD	11/22/88		001882
JANE ABBEY SMITH	188	7889 E. FALLACIOUS PLACE	06/07/89		001985
JANE ABBEY SMITH	199	7899 W. FALLACIOUS STREET	06/17/1976		001995

Data is fictitious and for illustrative purposes only.

- Both lived in the same historical address in the same time period
- Both associated to the same phone number
- Same Date of Birth

- No common factors found between the 2 records

- Personal Finances / Income
- Patient Demographics
- Education Level
- Voter Registration
- Law Enforcement
- Driving Records



- Behavior
- Risks
- Costs
- Outcomes

## *A holistic revenue protection strategy prevents revenue leakage*

### **Engage patients early**

Confidently engage patients early in the financial process to help them better understand the financial aspects of their care, resulting in a stronger likelihood of payment

### **Ensure earned revenue gets paid**

Collect more cash upfront and throughout the revenue cycle, and reduce bad debt by identifying and maximizing reimbursement opportunities on both uncompensated care and underpaid accounts

### **Optimized collections strategy**

Streamline your collections process and reduce costs to collect by accurately classifying accounts into the optimal payment workflow based on the patient's unique financial situation

# Patient revenue will need to be addressed in a tailored fashion post COVID-19



## SELF-SERVICE

1

Encourage patients to self-service and establish payment arrangements



## EMPATHY

2

Adjust communications and messages across the revenue cycle



## PERSONALIZED OFFERS

3

Tailor payment plan terms to monthly amounts that correspond to patients new ability to pay



## TARGETED RELIEF

4

Provide self-service payment relief options on a targeted basis to those most likely to need it



## EFFICIENT SERVICING

5

Gate broader payment relief through customer support

# Revenue Cycle Performance Checklist

## FRONT END: Patient Financial Clearance

- Hardwired Eligibility
- Hardwired insurance verification
- Pre-service/Pre-discharge estimation
- Hardwired Payment Stratification
- Hardwired Charity
- Frictionless access and payment

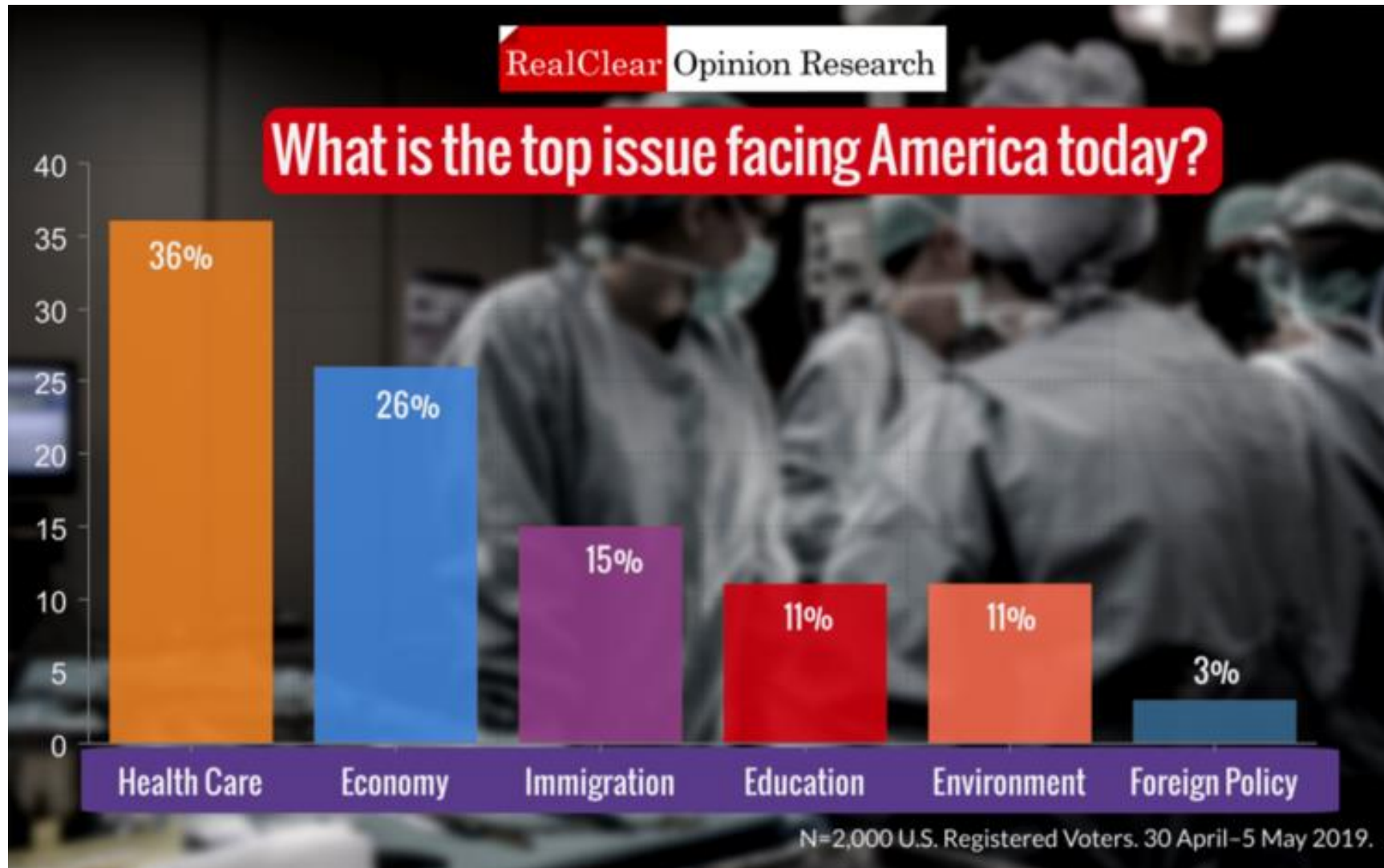
## BACK END: Holistic Revenue Protection

- Active Claims Scrubbing
- Insurance Discovery
- Denial Prevention
- Contract Performance (Yield)
- Self-Pay A/R Yield
- Medicare Reimbursement Optimization (TDRG, MBD)

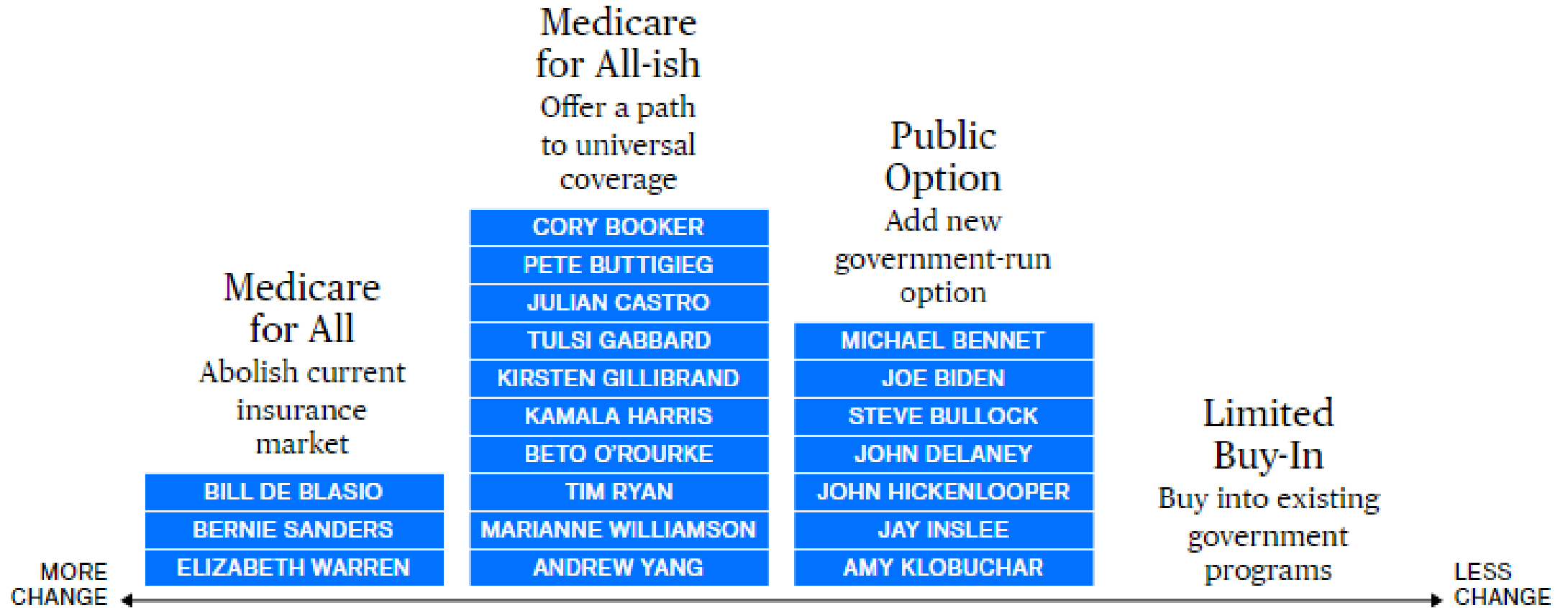
# A promising future?



# Healthcare is a top issue facing America today

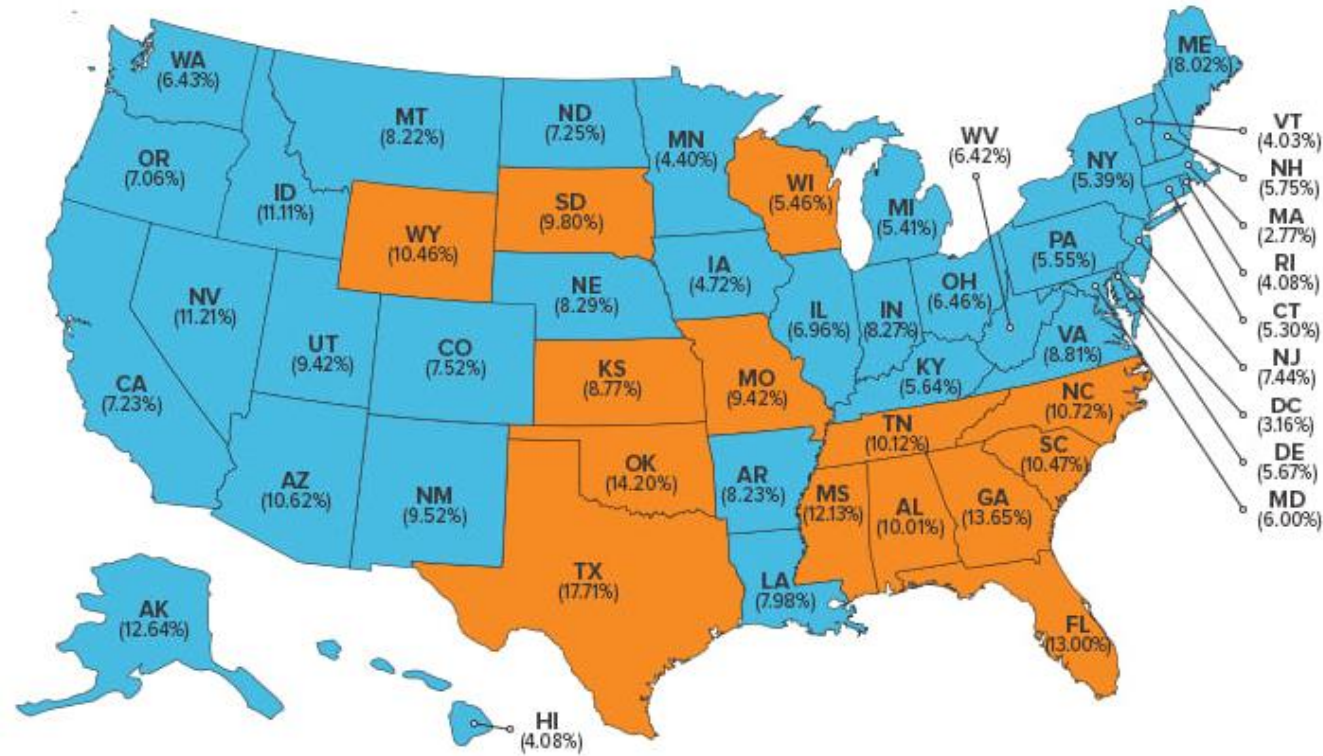


# Most Democrats agree on healthcare reform, but they do not agree on how to do it



# To expand or not expand, that is the question

Average Uninsured Rate for the States That Expanded Medicaid vs. the States That Did Not Expand Medicaid as of 2018



States in orange **did not expand Medicaid** having an average uninsured rate of **11.14%**

States in blue **expanded Medicaid** having an average uninsured rate of **6.95%**

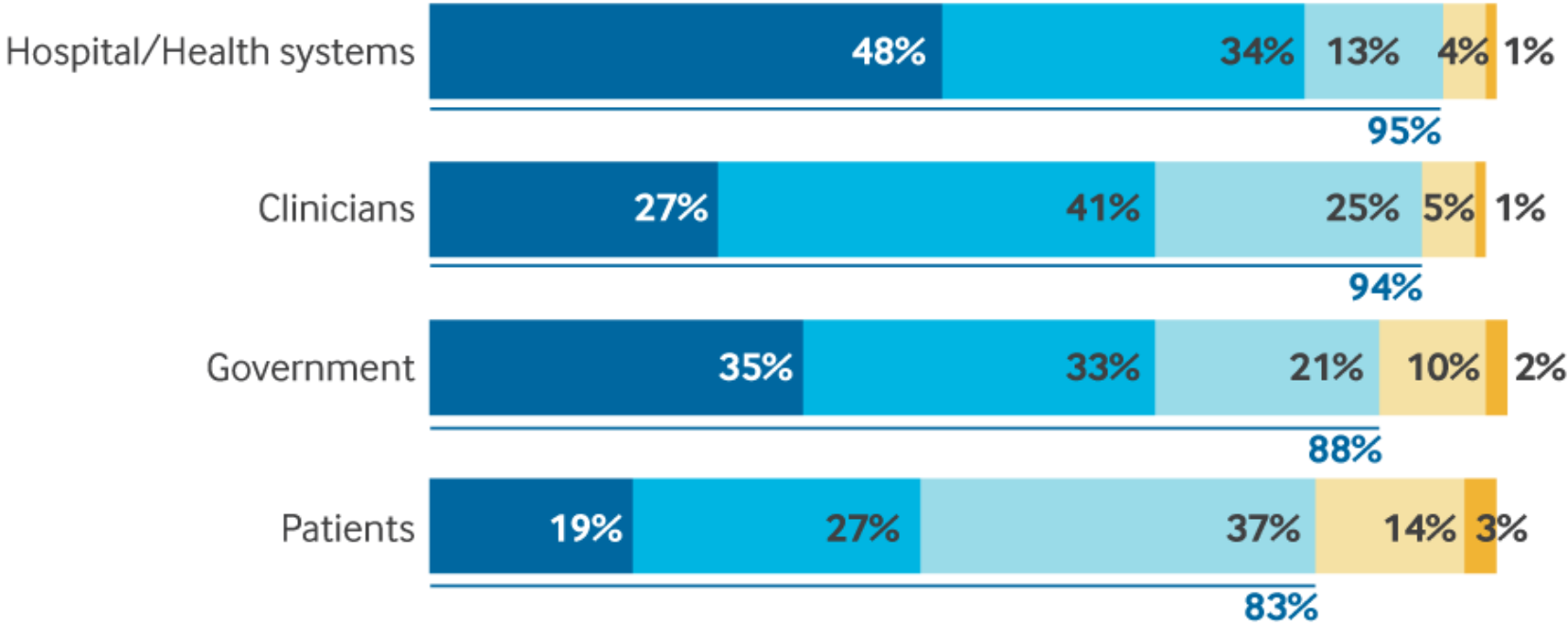


<https://wallethub.com/edu/uninsured-rates-by-state/4800/>

# Consumers have ranked the stakeholders for cost control

How responsible are each of the following stakeholders in lowering the cost of care?

■ Extremely responsible  
 ■ Very responsible  
 ■ Responsible  
 ■ Not very responsible  
 ■ Not at all responsible



Base: 840

NEJM Catalyst (catalyst.nejm.org) © Massachusetts Medical Society

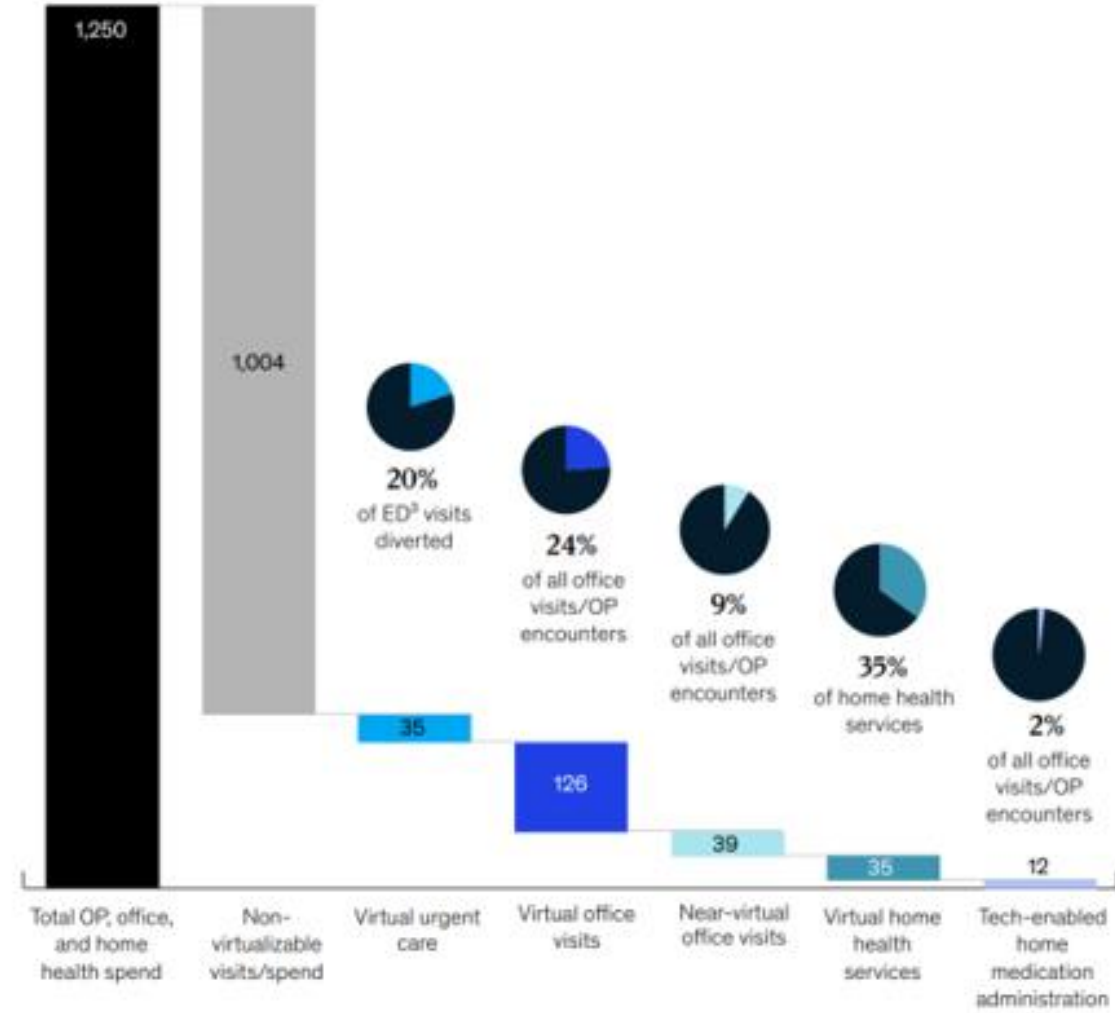
<https://catalyst.nejm.org/doi/full/10.1056/CAT.19.0003>

Virtual health is here to stay, and could replace **20%** (or \$250B) of OP visit spend

Approximately \$250 billion—or ~20%—of all Medicare, Medicaid, and Commercial OP, office, and home health spend, could potentially be virtualized.

**Current OP<sup>1</sup> and office visits that can be virtually enabled**

Commercial, Medicare, and Medicaid 2020 estimated,<sup>2</sup> billions of dollars



<sup>1</sup> Outpatient  
<sup>2</sup> Projected from 2019 commercial and Medicare spend, using National Health Expenditures.  
<sup>3</sup> Emergency department.  
 Source: Anonymized claims data representative of commercial, Medicare, and Medicaid utilization.

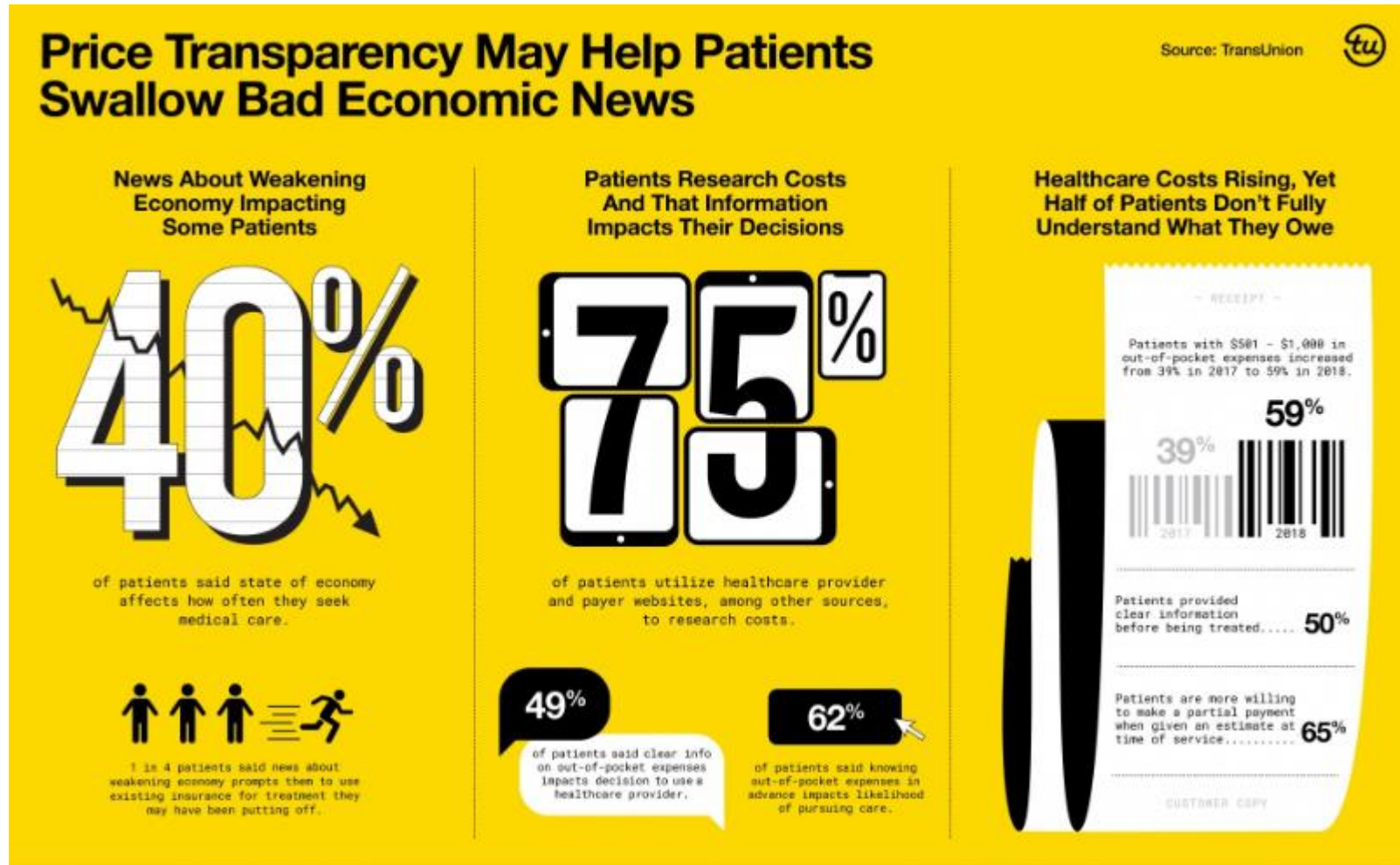
<https://www.healthpopuli.com/2020/06/03/telehealth-is-just-healthcare-now-one-post-covid-certainty-three-reports/>

# Smart Medicine





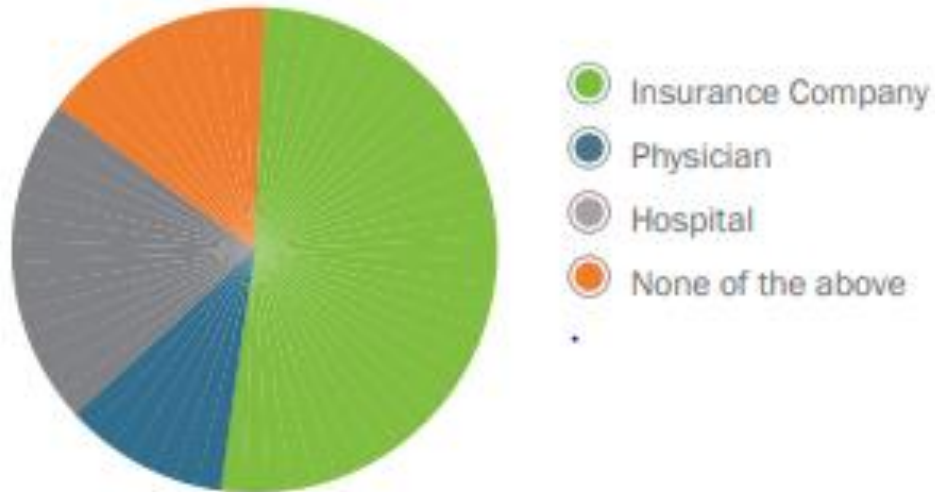
# 75% of patients research costs...



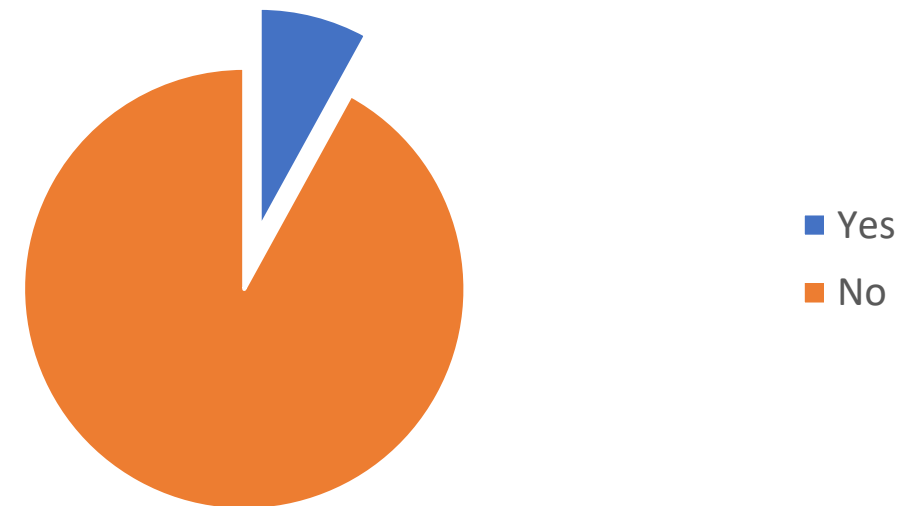


# Consumers feel insurance is the best to determine costs, however patients don't rely on insurance for answers

53% of consumers believe their insurance company is the most able to offer an accurate estimate



Only 8% consumers rely on insurance company for health decisions

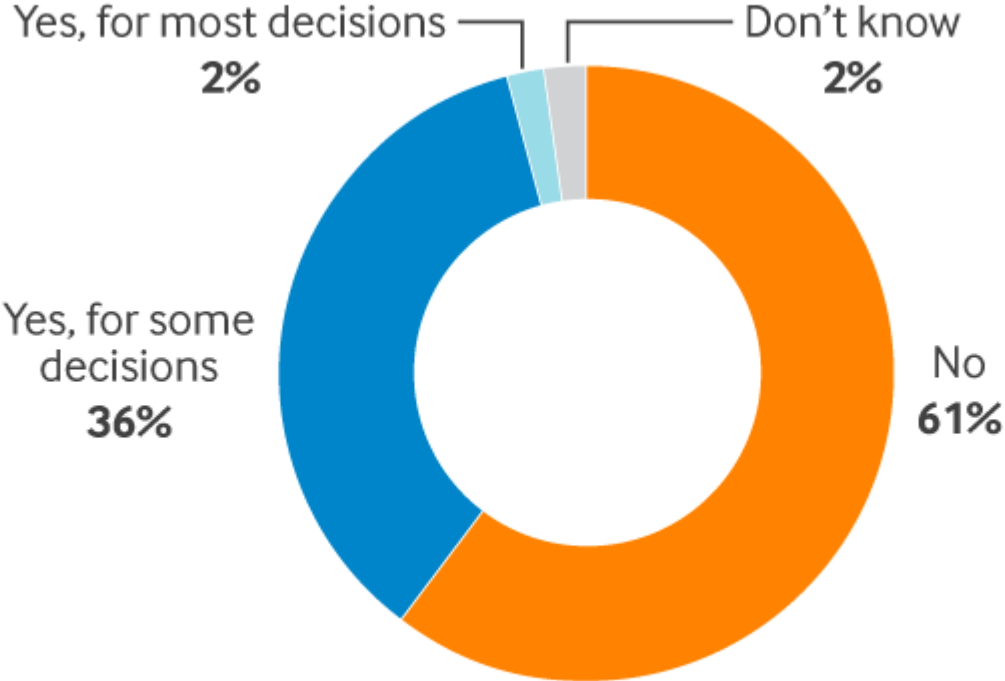


SOURCE: CONNANCE - [https://cdn2.hubspot.net/hubfs/634119/White%20Paper%20-%20The%20Impact%20of%20Consumerism%20on%20Healthcare%20-%20October%202018.pdf?utm\\_medium=email&hsenc=p2ANqtz-9WKW4wka-Uo85oWIKK2e-ZXC-1JyuSOHR1hSrmxS9pNoaabO2rydallhes1JsaddjEu2AxaecXAPhEGx3TspIlaOORizeqSg4Apaekz35LVk&hsmi=65879616&utm\\_content=65879616&utm\\_source=hs\\_automation&hsCtaTracking=d44beb16-a8bc-4161-8638-c9856d6952f5%7Ce19b6329-c971-4ae9-b967-69534fd3c5a2](https://cdn2.hubspot.net/hubfs/634119/White%20Paper%20-%20The%20Impact%20of%20Consumerism%20on%20Healthcare%20-%20October%202018.pdf?utm_medium=email&hsenc=p2ANqtz-9WKW4wka-Uo85oWIKK2e-ZXC-1JyuSOHR1hSrmxS9pNoaabO2rydallhes1JsaddjEu2AxaecXAPhEGx3TspIlaOORizeqSg4Apaekz35LVk&hsmi=65879616&utm_content=65879616&utm_source=hs_automation&hsCtaTracking=d44beb16-a8bc-4161-8638-c9856d6952f5%7Ce19b6329-c971-4ae9-b967-69534fd3c5a2)

<http://fiercehealthpayer.com/story/survey-consumers-dont-trust-insurers-employers-health-source/2014-09-26>

# Most patients do not make decisions based on cost

Do patients have enough information to affect the cost of their own health care–related decisions?



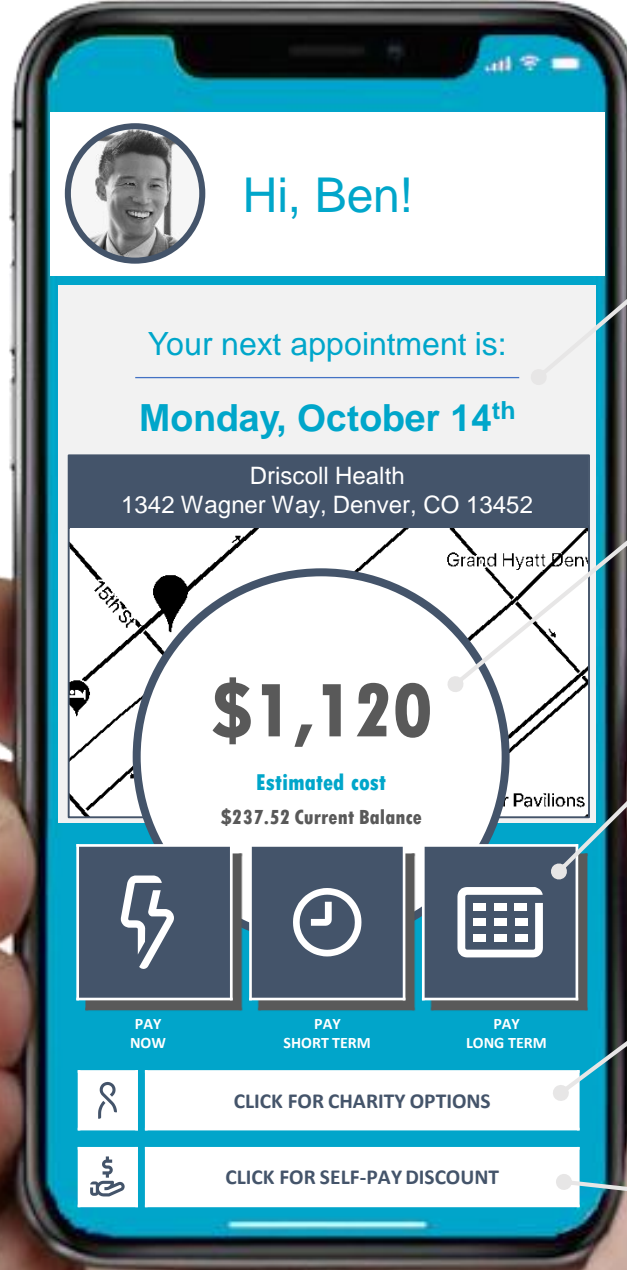
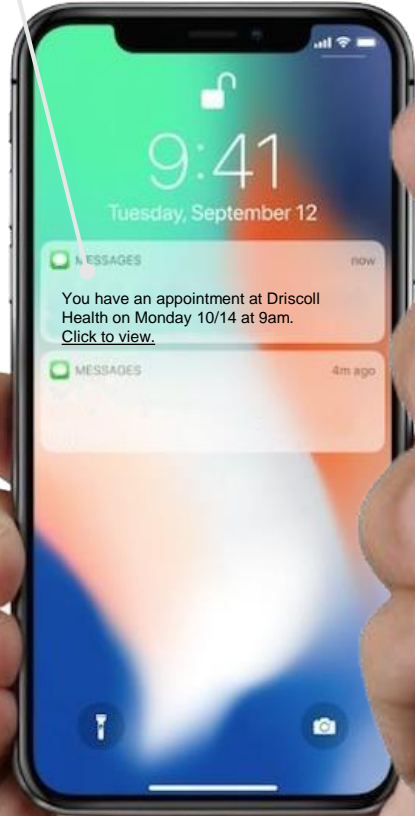
Base: 840

NEJM Catalyst (catalyst.nejm.org) © Massachusetts Medical Society

<https://catalyst.nejm.org/doi/full/10.1056/CAT.19.0003>



Personalized communications based on patient-preferred method



Automated message serves as an appointment reminder and advance notice of expected cost

Accurate & reliable estimate powered by TransUnion Patient Payment Estimation

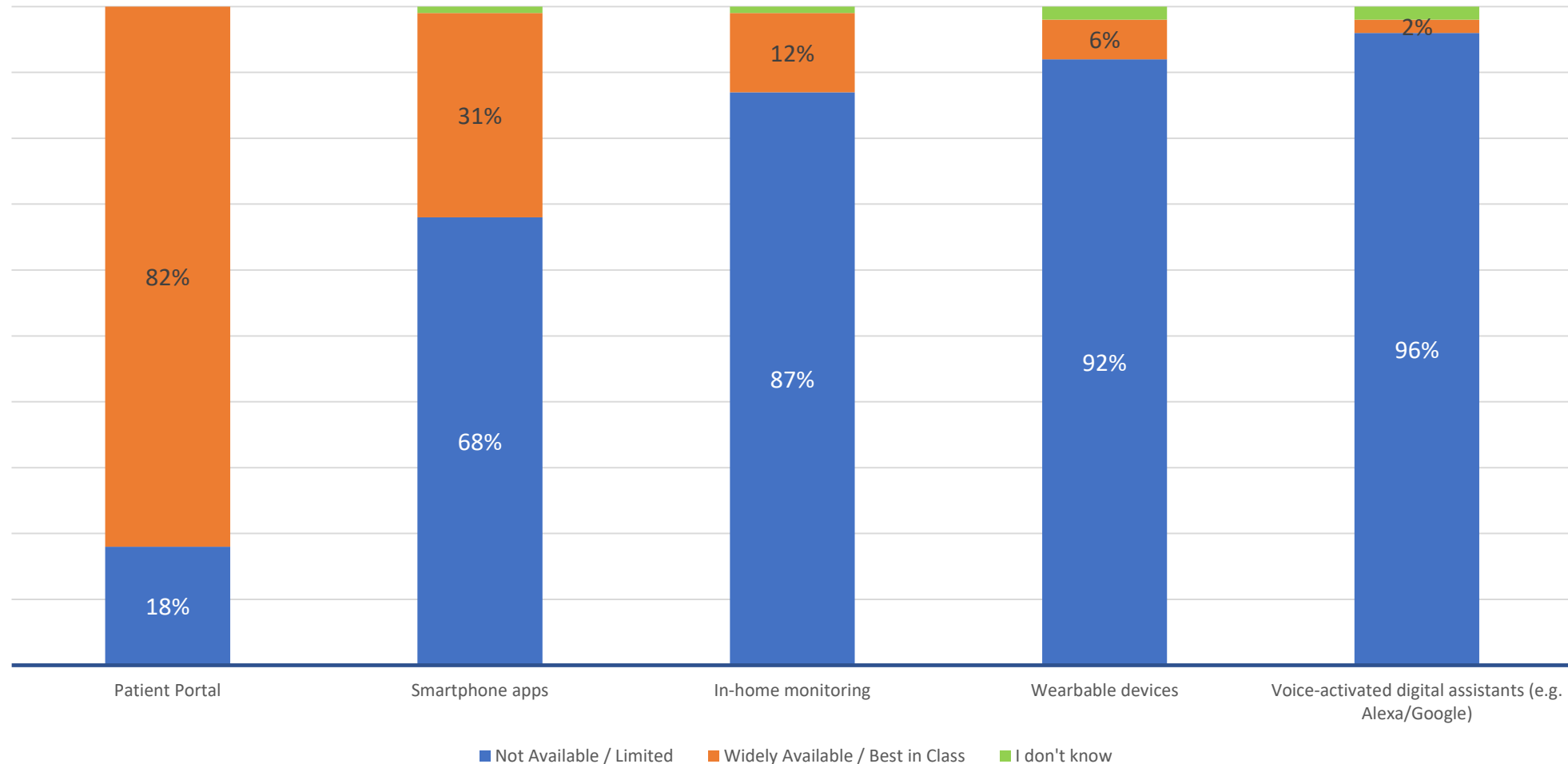
Customized payment options via Payment Partner based on TransUnion Propensity to Pay and other consumer behavioral data

Streamlined charity assistance using TransUnion Financial Assistance Screening application

Self-pay discount is offered to patients identified with HDHPs based on TransUnion Insurance Eligibility data

# Other than portals, providers are lagging in providing effective digital tools to the healthcare consumer

Question: Indicate to what extent your organization offers the following digital tools to engage customers.



If we as healthcare leaders do not aggressively transform healthcare, the government will do it for us



“

Each of us in the industry has a choice: We can lead, we can follow, or we can get out of the way.....Take action. Don't be complacent; be BOLD. I dare you. Your patients, our industry, and our future will ultimately thank you for your actions.

”

- Jonathan Wiik, MHA, MBA

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***QUESTIONS?***

***THANK YOU!***

**Jonathan G. Wiik, MHA, MBA**

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