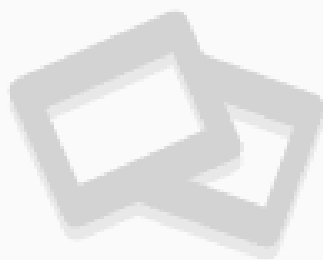


## **Consumer-Driven Health Plans Require Effective Price Transparency Tools**





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Today, more and more consumers are enrolling in high-deductible health plans (HDHP), also known as Consumer-Driven Health Plans (CDHP). According to the Institute on HealthCare Consumerism, “More than one in five Americans with private insurance is enrolled in a high-deductible health plan, [with an average] deductible over \$1,000.” For many Americans, HDHP enrollment allows consumers to reduce premiums and avoid over-insurance, and is a viable alternative to the traditional HMO and PPO healthcare plans.

The spike in CDHPs is understandable; these plans have the potential to save money for both consumers and employers. But there are concerns around the efficacy of these high-deductible plans—for example, lack of consumer understanding of how the plan works and avoidance of medical treatment—that can lead to financial hardships for many consumers. Consumer knowledge and price transparency are needed to assist consumers in making wise decisions regarding utilizing healthcare services with their CDHP.

Setting up helpful price transparency tools is an important step to educating consumers. In the competitive healthcare marketplace, insurers and providers who provide consumers with easily accessible and understandable price information will attract and retain more customers.

It is recommended to keep these goals in mind when implementing price transparency tools:

For Insurers:

☒ **Improve the comprehensiveness of digital tools**

Tools should provide cost estimates for the majority of, if not all, common procedures. Location-based cost comparisons for same-service procedures should be available to compare costs across various care delivery settings and inform consumers of their choices. Prescription cost comparisons also provide the information needed to aid consumers in making value-based choices. Including provider quality ratings are also recommended, as most consumers factor in quality of care when making decisions, and costs are often associated with quality. [Quality comparison information](#) should be relevant, and follow a standardized and universal reporting method so consumers trust and understand their options in quality value-based care.

☒ **Customize the information to the consumer**

Consumers will have questions regarding health care costs during enrollment and at each stage of care. Pricing information will be more accurate and useful to the consumer if it is tailored specifically to them. Cost-of-service specific to geographical location is necessary for providing the most accurate information to the consumer.

Consumers' out-of-pocket cost for services will also vary depending on their plan design and where they are in meeting their deductible and out-of-pocket maximums. Creating tools that help consumers understand and monitor their deductibles and out-of-pocket expenses, and ensuring cost estimates for services account for this information will allow for cost-transparency and assist in consumer-driven healthcare planning. As consumers' health care costs change throughout the year based on utilization, customizable price transparency tools are helpful to keep consumers informed of costs throughout various stages of care.

☒ **Make digital tools as prominent, accessible, and user-friendly as possible**

Again, it's all about the consumer experience. In today's digital age, easy access and user friendliness are important to ensuring price transparency tools are meeting consumer needs for on demand information. Consideration for making price transparency tools accessible and functional via mobile devices is also key to providing a positive consumer experience.

For Providers:

There are several ways for providers to inform consumers of potential costs before point of care:

☒ **Provide cost estimates with appointment reminders**

Current processes that involve providing telephone call reminders of upcoming appointments can be an opportunity to provide the consumer with an estimate of what they might expect to pay for their visit. If appointment reminders are pushed out electronically, consider including cost estimates as part of the electronic communications.

☒ **Provide price sheets at check-in**

Consider providing consumers with a price sheet at check-in for their appointment that includes an estimate of potential costs for the services they are seeking. In anticipation of additional cost-related questions that may come up during the visit, consider also including costs for any additional common services that may arise based on the nature of the visit.

☒ **Make financial resources more readily available**

Additional resources, such as a financial counselor who can speak with consumers before, during, and after their appointment to discuss financial questions and options for reducing costs may be helpful.

Consumers are more likely to pay a bill when they are cognizant of all the charges and don't face unexpected fees under Consumer-Driven Health Plans. This reduces the turnaround for payments and number of accounts that go into collection.

**Elyse Ruiz** is a Freed Consultant with experience in health benefits consulting and brokerage services, healthcare project management, and vendor relationship management. She has previously worked with Fortune 500 companies and health plans to develop, design, and implement strategies for employee health benefit programs.