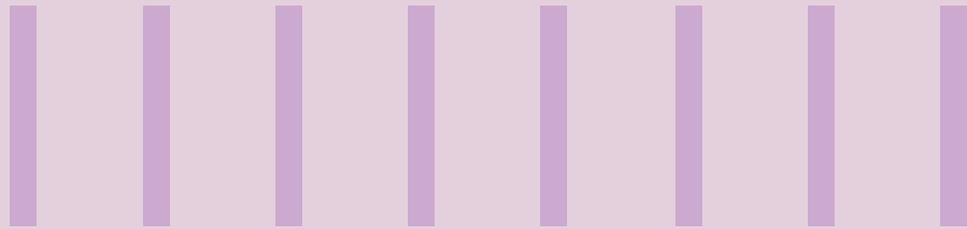




CLEAR AS CRYSTAL: REFOCUSING HEALTHCARE CONSUMER TRANSPARENCY FROM INFORMATION AVAILABILITY TO USABILITY





Research shows that consumers are better advocates of a brand if the association is built on transparency and trust. Yet, the healthcare industry has traditionally lagged in sharing information, both clinical and financial, with consumers. The 2014 Report Card on State Price Transparency Laws reveals the startling fact that 90% of states fail in providing Healthcare Price Transparency. Against this backdrop, it is encouraging to see signs of positive change both in the provision of information by the industry and acceptance by consumers.

A few of the several initiatives launched by government agencies along with the payer and provider community to strengthen the state of healthcare transparency, are the Health Benefit Marketplace (HBM) and the All-Payer Claims Databases (APCDs). The fundamental premise of both is the provision of open, easily comparable, and universally available information. Further, there is a consistent rising trend of consumers purchasing High Deductible Health Plans and accommodating greater out-of-pocket expenses. Consequently, they have more skin in the game and thereby they demand more information, transparency, choices, and control.

Cognizant of these trends, even health plans have started taking small steps towards making information on price, quality of service & outcomes, and process data available to consumers. The Towers Watson survey reveals that currently 60% of employers offer price and quality transparency tools to employees through health plans and specialty vendors. An additional 29% plan to do so in 2015. Further, payers have made a strong entry in this space, such as the partnership between Aetna, UHG, Humana, and the Health Care Cost Institute, to create a payment database that will be available to the public for free.

A small Initiative – Price Transparency Program for MRIs launched between 2010 and 2012 by several Blue Cross and Blue Shield health plans has yielded benefits:

Among Consumers: *It has led to more members using lower-priced providers*

Among Providers: *It has resulted in modest charge reductions by high-priced providers*

Overall Price-Based Selective Usage and Cost Reduction observed in the intervention market:

- *Cost reduced by \$220 or 18.7% per test*
- *More expensive hospital-based MRI usage fell by 15%*
- *Price variation between hospital and non-hospital facilities narrowed by 30% after prices were posted*

But most of these initiatives are aimed at achieving “information availability”. Not enough thought has been applied to “repeated information usability”. Despite more than 95% of health plans offering cost estimator tools, a paltry 2% of consumers are actually putting them to use. The usage of information and tools needs to become a consumer habit. This can only happen when health plans provide easy access to the right data, launch awareness initiatives, and provide incentives, which motivate consumers to make sustained usage of the information.

In this context, health plans should chart a well-planned roadmap that gradually transforms consumers from attracted

to engaged, as they move from merely accessing information to truly putting it to use. The roadmap must be designed based on the answers to the following three key questions:

- **Understand** – What are the consumers’ expectations and consequently, the dimensions of healthcare transparency?
- **Plan** – Where should health plans invest to meet consumers’ expectations of transparent information, namely, the timeliness, usability, and convenience of data shared?
- **Implement** – How should health plans evaluate and prioritize the conflicting opportunity areas?

“Currently, consumers most often do not come to know what a hospital is charging them or their insurance company for a given procedure, like a knee replacement, or how much price difference there is, at different hospitals within the same city.”

– Former Health & Human Services secretary, Kathleen Sibelius



Understand

How clear is clear? The Dimensions of Healthcare Consumer Transparency

Consumers have myriad expectations about the quality and clarity of information. Some of these stem from their experience with other industries, like retail or banking. Therefore, healthcare organizations must contextualize these expectations within the realities of their

industry. Mapping the future transparent state to the current situation would help them realize consumers' expectations and develop the transparency roadmap. Some of these expectations would be specific to an individual or situation. However, there are common threads, which if identified,

can help health plans address the most common needs. Healthcare consumers' transparency needs can be classified as:

- Price
- Quality of service and outcomes
- Process

Price transparency

Consumer expectations	Current state	Future state
 <p>Cost of medical service</p>	Limited information on provider charges on a local basis	Clear data on average provider charges for a particular service, starting from admission to discharge
 <p>Cost of medicines</p>	Retail price of drugs offered at nearby pharmacies available disparately	<ul style="list-style-type: none"> • Comprehensive listing of retail drug costs including generic drug equivalents of brands • Focus on high impact areas, such as specialty pharma
 <p>Health insurance obligation clarification</p>	Out-of-pocket estimates unknown prior to provider visit*	<ul style="list-style-type: none"> • Personalized out-of-pocket estimate prior to provider visit • Comparative benchmark prices listed service-wise as well as region-wise

*72% of consumers, who visited a provider in 2013, were unaware of their payment responsibility during a provider visit

Quality of service and outcomes transparency

Consumer expectations	Current state	Future state
 <p>Patient's experience of the provider & care provided*</p>	<ul style="list-style-type: none"> Limited knowledge through personal experience Limited unverified reviews 	<ul style="list-style-type: none"> Comparative listing of providers based on expert-referral, prior consumer-experience Awareness on consumers' definition of good quality care increases among both the consumer and provider community
 <p>Drug effectiveness & reactions</p>	<ul style="list-style-type: none"> No listing of patients' experience in drug usage Difficulty in identification of generic drug equivalents of branded drugs 	<ul style="list-style-type: none"> Open database to share drug effectiveness and possible reactions from both patients and providers Listing of possible generic drug equivalents
 <p>Provider performance assessment</p>	<p>Transparency at hospital level or physician level available disparately, but not on service level</p>	<p>Comprehensive listing of provider-service combination and success rates (Number of operations and treatments undertaken, etc.,)</p>
 <p>Payer performance assessment</p>	<p>Listing of HEDIS, CAHPS, NCQA, 5-star, and other standard quality rankings</p>	<ul style="list-style-type: none"> Real-time feedback from consumers on rankings Open information self-released by payers on varied parameters (network sufficiency, member health statistics)

*97% of consumers would appreciate cost saving information from their doctor, but are not getting it.

Process transparency

Consumer expectations	Current state	Future state
 <p>Administrative procedural knowledge</p>	<p>Consumers unclear of process resulting in high call center traffic. Example: Unclear Explanation of Benefits (EOB), long wait times for claim status update*</p>	<ul style="list-style-type: none"> Automated tools to share/guide on established procedures Real-time prompts for possible savings Clear & as-expected EOB Real-time claim status update and alerts to validate identity
 <p>Medical procedural knowledge</p>	<p>Very small population segments with only limited generic information**</p>	<ul style="list-style-type: none"> Customized awareness sessions, personalized trackers and alerts. Common symptoms database, regularly updated by members (verified prior) & providers.
 <p>Healthcare insurance knowledge</p>	<p>Healthcare literacy remains poor. Understanding of basic coverage terms is below average***</p>	<p>Increased persistent consumer-payer, consumer-consumer virtual interactions</p>

*51% of patients do not check health records & EOBs for inaccuracies, either because they don't know how or it's too confusing

**50% of patients with a chronic condition do not get diagnosis and treatment information when needed

***More than 60% of Health Insurance Exchange target population unaware of fundamental concepts, including premiums, out-of-pocket spending limits

Plan

How and When to Fulfill Transparency Expectations

Healthcare organizations are yet to offer a wholesome engagement experience to the consumers as compared to Retail or Banking industries. This is primarily due to privacy concerns, regulations, legacy B2B business models designed to serve large groups and focused on improving administrative efficiency, inability to simplify the complex medical and financial information for easy consumer comprehension, and the presence of multiple internal & external information sources limiting health plans' agility in sharing timely data.

This expectation can be met by evolving from basic and discrete information tools to a portfolio of solutions in order to provide consumers with a full "retail experience". This includes informing, educating, clarifying, assisting with shopping or navigating the healthcare system, and engaging consumers on a continuous basis. These solutions can be deployed at specific consumer touchpoints and each has a specific information-sharing role to play. Some solutions, such as the comprehensive listing of providers

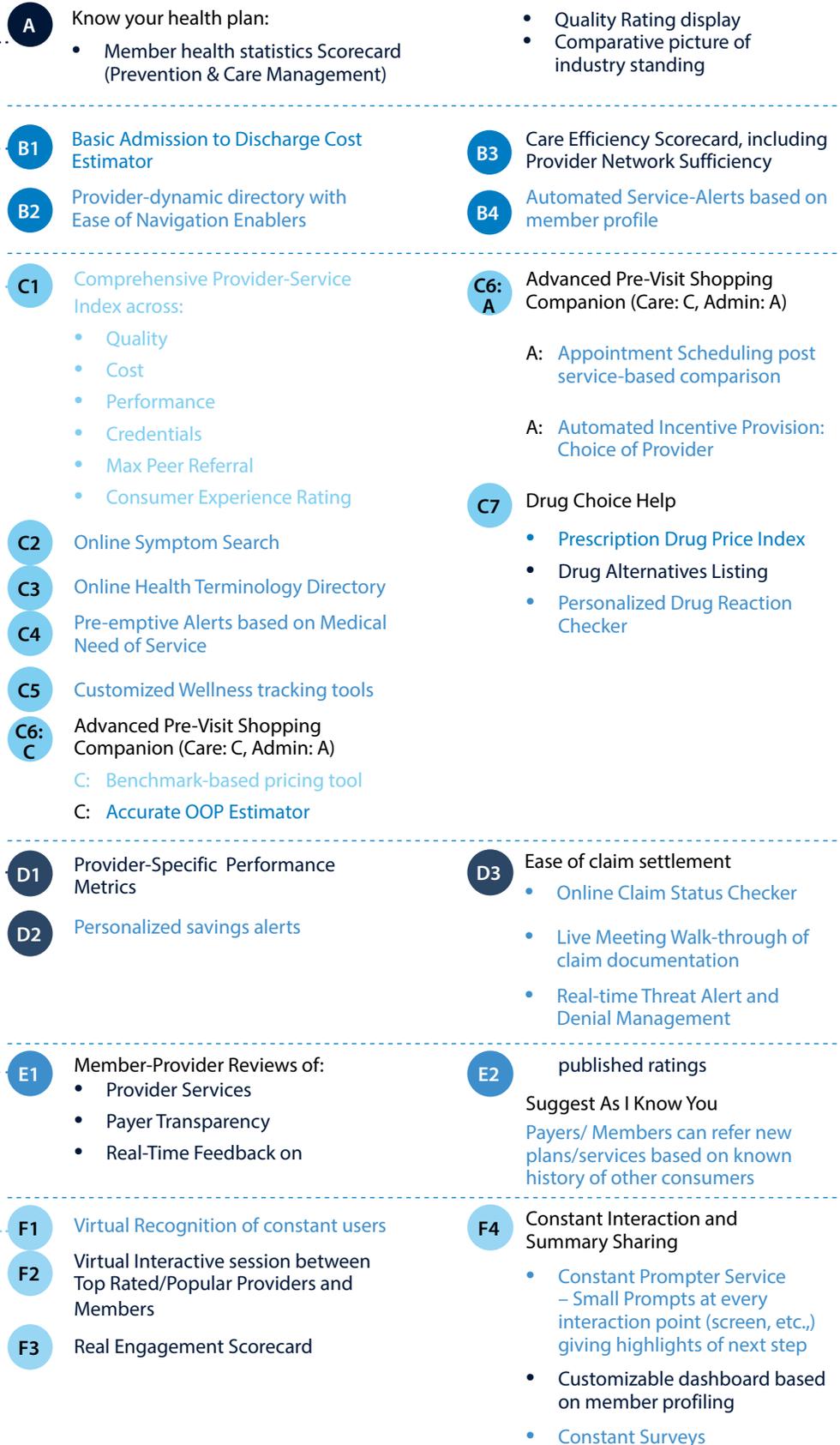
or drugs, can reach their full potential if multiple payers work together with regulatory agencies. This will enable the design of more practical solutions that the consumers can put to real use. The following is a graphical representation of specific areas of opportunity for improving consumer transparency, where unique nimble solutions can be designed to offer information that is readily usable by consumers.

Addressing the consumer's transparency needs – opportunity areas across consumer touchpoints



Legend - Mapping to Dimensions of transparency

- Price transparency
- Quality of service and outcomes transparency
- Both Price and Quality
- Process transparency





Implement

Adopting a Transparency Solution and Prioritizing Investment

A health plan's decision of which areas of consumer transparency opportunity to pursue will depend on its advancement in the consumer engagement journey, digital transformation progress, prioritization of short and long term objectives, and resource constraints. Generally, health plans would tap those opportunity areas that provide optimal solutions and wholesome experience, while complementing their business model. Depending on the investment cycle, some health plans may prefer short term, low-hanging fruit, whereas others may choose broad-based initiatives appealing to a larger section of consumers. However, common ground for evaluation and prioritization of investments in consumer transparency should be based on the solution's "transparency objective" and "complexity of implementation".

A. Transparency objective

Usually enterprises share business information with the consumer with a specific objective which is best served when the information is provided to the consumer at the time he needs it the most and through the most appropriate touchpoint. For example, a consumer with health insurance cover would need out-of-

pocket related process information only at the delivery of care stage. Mapping the solution's true purpose to the touchpoint will ensure that the consumer receives just the right information at the right time.

A solution's objective may be categorized as follows:

- Providing basic "good to know" information to consumers
- Providing operational information for peace of mind
- Providing critical information to consumers for making decisions on their healthcare
- Enhancing knowledge to facilitate informed shopping
- Personalizing information to build loyalty

B. Complexity of implementation

The complexity of implementing a transparency solution largely depends on the following three parameters:

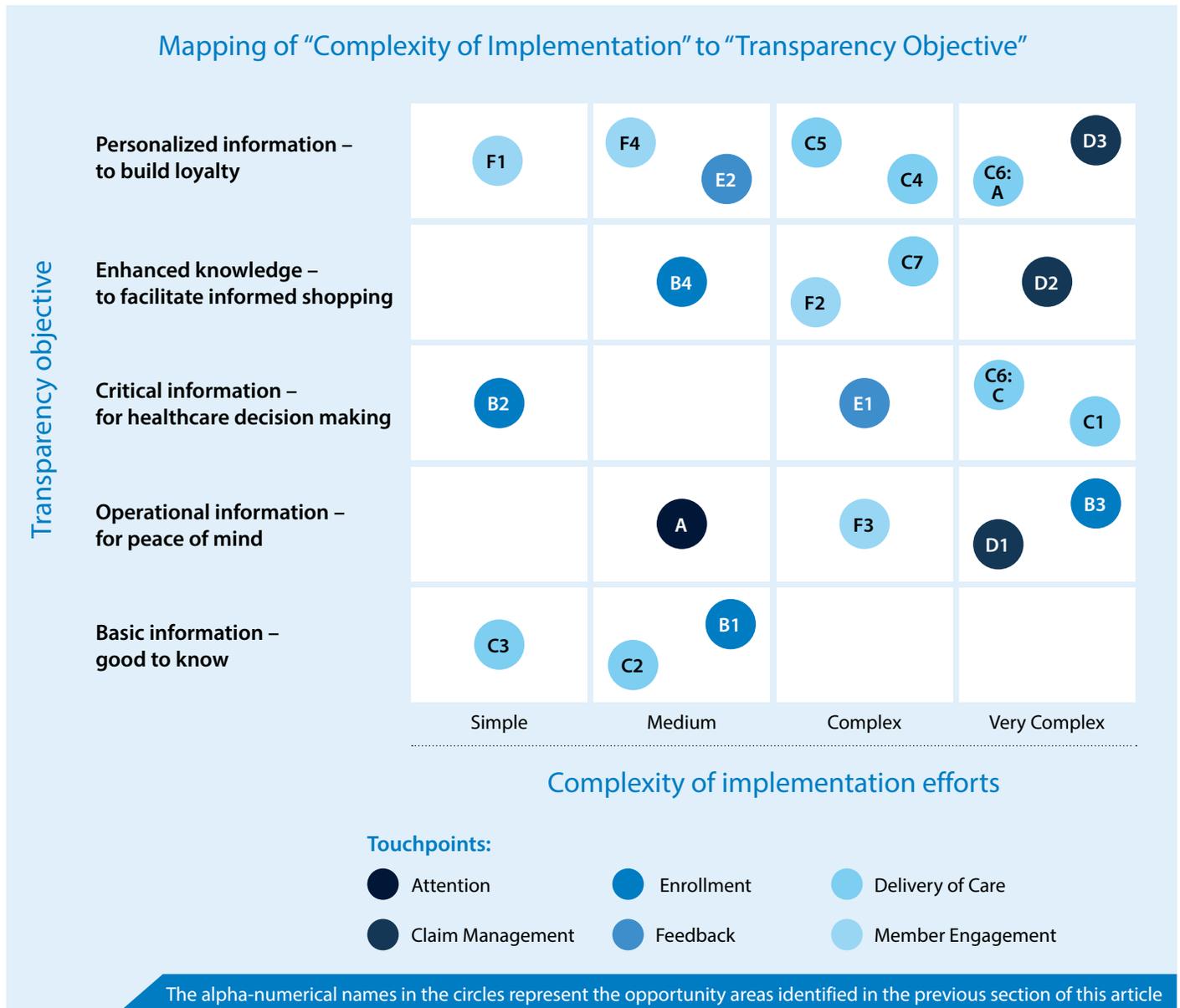
- Build versus buy decision based on the level of customization needed
- Complexity of data gathering, sharing of information and maintenance

- Involvement of third parties such as providers, other health plans, and consumers

The complexity of implementation may be graded along five levels, from simple to very complex. To elaborate, very complex implementation entails highly customized solutions, with high implementation and maintenance costs, and needs real-time dynamic data updates, requiring stakeholders to commit time, resources, and ideas in order to succeed. On the other hand, simple implementation involves solutions with industry-standard functionality and minimal customization, supported primarily by static data that is updated periodically. For these reasons, a simple implementation makes it easier to get the stakeholders on-board and costs less than a complex one.

Mapping complexity of implementation to the solution's transparency objective

The combination of the considerations of "transparency objective" and "implementation complexity" will help health plans analyze and prioritize the transparency focus areas as depicted in the graphic below, and chart out a roadmap for making relevant information available and usable to a large number of consumers.



It is evident from the graphic that the path to transparency is not simple. Most of the focus areas, which make information usable to consumers, are complex to implement. This can be observed from the mapping in the graphic wherein 60% of the opportunity areas fall under complex or very complex implementation categories. Similarly, most of the unaddressed transparency needs are in the top three brackets of transparency objectives, which are supposed to provide critical care information, enhance consumer experience and ultimately build loyalty. Additionally, delivery of care (the yellow circles) and enrollment and claim (the blue circles) are the health functions with the maximum white spaces in consumer transparency implementation. By targeting these gaps early, health plans can succeed at providing a wholesome consumer experience.

The bottom line in the near future: the healthcare industry would rapidly accept transparency as a state of being. This state will call for bringing together multiple stakeholders, pooling in data, time, and effort, and ultimately engage the consumers. To ensure health plans play an important role, they should start now, prioritize their investments, and address the existing information gaps, to evolve from the current state of information availability to a target state of information usability.

Looking ahead

To succeed, a health plan's consumer transparency initiative should be based on three fundamental strategies:

1. Consumer-centric

- The transparency decisions should be aligned to consumer expectations and experience but not heavily influenced by "complexity of implementation".
- Transparency cannot be achieved through a big-bang approach, rather, should be aligned to consumer clusters and in some cases, to individual consumers. This will help in creating personal appeal.
- Consumers' expectations are drawn from what they experience with other industries. Cross-industry learning can keep the health plans abreast of evolving needs.
- The true value of transparency initiatives can only be realized if the consumers use the applications. To achieve this, specific awareness sessions should be undertaken targeted at particular clusters, tweaked based on population-specific content and mode of access.

2. Organization-wide effort

- Transparency needs more strategic focus and regular investment commitment, and should be part of quarterly plans and boardroom conversations. It requires the strong backing of external stakeholders to create a holistic plan
- Transparency cannot be left to functional teams. Special task force teams including the heads of IT, marketing, and consumer experience, should run the show in conjunction with the functional SMEs.
- Transparency opens the floodgates of information, bringing in the need for tighter and sharper privacy policies.

3. Agile:

- Consumer transparency needs to keep evolving. Facilitating a continuous feedback mechanism and innovation environment can ensure that health plans constantly take the right effort and stay ahead of their competitors.
- Using a combination of in-house resources, third party vendor solutions, and strategic consulting partnerships, will help health plans create a scalable and flexible transparency solution portfolio.

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About the authors



Deepak Agarwal is a Senior Consultant with the Healthcare Consulting Practice at Infosys Public Services. He has 6+ years of experience working for different Provider & Payer clients (U.S.A. & India) – advising them on IT modernization, Process Re-engineering, Digital transformation for Consumer engagement, new Care delivery models in tune with ACO and PCMH, and Enterprise Risk analytics & management. He brings niche expertise on compliance strategies for healthcare reforms especially for ACA and ICD-10.

He can be reached at deepak_agarwal111@infosys.com



Madhuri Murthy is a Senior Associate Consultant with the Healthcare Consulting Practice at Infosys Public Services. Her key areas of expertise lie in analysing the trends and market potential of upcoming technologies, delivering research & consulting support and Points of View, contributing to business development. She has also gained experience in QNXT and ICD-10 compliance related work.

She can be reached at Madhuri_Murthy@infosys.com

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For more information, contact askus@infosys.com



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