



Price transparency: Reducing friction for health care consumers

Price transparency is a critical part of providing an exceptional patient experience. Delivering consistency and convenience from point-of-care access to payment and empowering patients with critical information supports informed care choices that can result in better outcomes.

Rise of the consumer

One of the most significant trends in health care is aligning resources and investments to support a more consumer-centric care model. Empowered by technology, consumers are becoming better informed and more engaged in their care. They are increasingly able to make, in consultation with their families, physicians and others, the decisions that they believe are right for them.

Generally, this is a positive trend. Better informed consumers can take more control of their health care decisions. It also puts responsibility on their doctors and health systems to not just provide them with relevant information, but to make sure that it is higher quality, more usable, and easily and readily accessible.

Health care decisions can be difficult to make due to the many variables and inputs involved. Determining the best course of care requires consideration of cost, convenience and value. Costs for similar services can vary widely, even in the same geographic area, and sometimes with little clear rationale.

According to a Harris Poll¹

- Nearly 70% of consumers would consider switching to another provider that offers more appealing services.
- More than 4 in 5 Americans (81%) believe the ability to schedule health care appointments online would make the scheduling process much easier.
- Seventy-nine percent of consumers want the ability to use technology when managing their health care experience.

1. Americans would consider switching healthcare providers for more "appealing" services: Tegria-Harris Poll, February 16, 2022. Accessed February 2023. [theharrispoll.com/briefs/covid-19-tracker-wave-103/](https://www.theharrispoll.com/briefs/covid-19-tracker-wave-103/)

Like many issues, price transparency concepts can seem easier in theory than when putting them into practice. Dynamics around the patient-provider-payer relationship don't always lend themselves to a clear understanding of who is paying what to whom for a specific procedure.

At the same time, other industries are making it easier and more efficient for consumers to interact with them. Financial services, retail and even airlines are creating seamless customer experiences and providing transparency around costs.

But providing true price transparency in today's fragmented health care environment is difficult.² Jeff Gorke of Forbes identifies some of the challenges.



Industry knowledge. Even when cost information is available, it can be misleading without further understanding of industry underpinnings, like contractual agreements between providers and payers. For example, hospital A charges \$5,000 for a procedure, while hospital B charges \$3,000 for the same procedure. Easy choice, right? On the surface, yes. Until it's determined that the contracted allowable amounts that the patient's insurance company agrees to pay are actually less at hospital B – and thus, the lower-cost option for the patient.



The unexpected. Whether it's an office visit to an internist or an extended hospital stay, changes and additions to treatment protocols can impact the overall cost of a visit.



Health insurance coverage. Consumers have different plan coverage from different insurers – with very different out-of-pocket costs, including deductible and copay amounts.



Cost of care. Consumer packaged goods are commodity goods with costs that are clearly labeled and communicated (and often much lower overall), making it easy to understand the product you are getting for a consistent price. But health care is not a commodity item, so it can be much more difficult to accurately convey and confidently determine prices and overall value.

12%

Only 12% of respondents said their organizations were currently best in class at developing a consumer-focused pricing strategy, although 51% said they considered it a high priority. This leaves providers with a considerable opportunity for improvement.³

– Kaufman Hall
**2021 State of Consumerism
in Healthcare Survey**

As the high-deductible health coverage trend continues to grow, greater financial exposure and more out-of-pocket expenses for consumers continue to increase the financial and emotional stakes of health care decisions.

The patient experience begins long before arriving at a hospital or care facility – it begins when shopping for care options and costs. It's important for patients to understand all their responsibilities and the role of their health plan, for the original visit plus post-visit care.

An evolving regulatory environment

The Hospital Price Transparency rule created by CMS requires all hospitals operating within the United States to make public a list of their standard charges for items and services via the internet in a machine-readable format. In addition,

2. Gorke J. Why healthcare price 'transparency' is a myth, and what consumers can do about it. *Forbes*. January 23, 2019. Accessed February 2023. forbes.com/sites/jeffgorke/2019/01/23/why-healthcare-price-transparency-is-a-myth-and-what-consumers-can-do-about-it/?sh=3b6060697c3f.

3. 2021 State of Consumerism in Healthcare: Regaining Momentum. Kaufman Hall. April 12, 2022. Accessed February 2023. kaufmanhall.com/insights/article/integrating-consumer-practical-approach-healthcare-organizations.

the No Surprises Act prevents surprise billing of patients and protects patients who receive services from an out-of-network provider at an in-network facility. The rules are intended to “empower consumers to shop and enable them to compare costs between specific providers before receiving care.” The rules also provide a common framework for what is an overdue step forward for providers and payers to provide more meaningful price information to consumers.

The Kaufman Hall State of Consumerism in Healthcare survey reports that, “Health care continues to play catch-up in an online, convenience-obsessed, and increasingly customer-focused world.”⁴ Specifically, the report discusses “the threat of disintermediation,” which has been a notable trend in financial services for years. It is incumbent on the health care industry to reduce the friction that has traditionally existed in the patient experience. The report states that, “Just over half of hospitals and health systems have developed consumer-centric missions and strategies ... to be successful, organizations must adopt a comprehensive, consumer-driven orientation and culture, system-wide.”

The end-to-end patient experience

While price transparency is important, it is a means, not an end. The true goal is a more efficient and effective end-to-end patient experience. That experience should include the ability to shop for care and understand costs upfront, combined with simple self-service digital tools that allow for scheduling, appointment and payment reminders, easily understood statements and convenient payment options.

True price transparency requires accurate, real-time information that empowers consumers and results in more efficient care. Optum has developed patient estimation capabilities that do just that.

Optum derives price estimates based on several factors that ensure accuracy:

- Service eligibility
- Real-time payer eligibility
- Provider fee schedule and contractual charge amount

Real-time eligibility information, not archived data, is the key to delivering practical results that inform patients while increasing point-of-service collections and reducing receivables. In addition, an application programming interface enables interoperability between disparate platforms.

As the leading provider of revenue cycle management technology and services, Optum is uniquely positioned to partner with health care providers to enable and empower them to deliver a superior experience to their patients. Whether it’s applying services that centralize patient access and scheduling, or leveraging consumer-centric digital strategies, we work with our partners to deliver a next-generation approach. A better patient experience that includes price transparency results in more satisfied and loyal patients, stronger and healthier communities, and a better health care system for everyone.

35%

More than a third of Americans (35%) said they would be deterred from pursuing necessary care if they were unaware of prices for the services ahead of time. In addition, respondents said not knowing health care prices would keep them from seeking care for a dependent (18.3%) or a parent or guardian (20%).⁵

To learn more about how Optum can help you deliver price transparency and a better patient experience, visit optum.com.

4. 2019 State of Consumerism in Healthcare: The Bar is Rising. Kaufman Hall. May 31, 2019. Accessed February 2023. [kaufmanhall.com/insights/research-report/2019-state-consumerism-healthcare-bar-rising](https://www.kaufmanhall.com/insights/research-report/2019-state-consumerism-healthcare-bar-rising).

5. YouGov survey commissioned by AKASA. The survey reflects responses from 2,026 individuals gathered between March 9 and March 14, 2022. [revcycleintelligence.com/news/consumers-are-unaware-of-available-financial-assistance-for-medical-bills](https://www.revcycleintelligence.com/news/consumers-are-unaware-of-available-financial-assistance-for-medical-bills).



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