The Cost-Estimation Department: A Step Towards Cost-Transparency in Radiology

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“Health care prices are opaque, and patients and clinicians are equally in the dark about them.”
Costing in Radiology and Health Care: Rationale, Relativity, Rudiments, and Realities

- The interchangeability that authors might use for the terms *cost, charge, price*, and *fee* can be a source for confusion.
- The linear organization of a typical industry value chain does not reveal the complex cross-linking relationships that exist in the imaging industry value chain.
- The cost of imaging is not a single value and is defined foremost by the perspective of the person or entity bearing the cost.
Patients are encourage to shop around for imaging, but:

“Comparing prices for health-care services can be time-consuming and frustrating”

“The system is a mess”

“I got a phone call from a woman who asked if I’d consider switching to a private imaging center nearby that charged about $400 for an MRI — about half as much as the academic center cost”

“Now that prices are coming out of the shadows, people want to know—is that $6,000 MRI so much better than a $300 one with the same billing code two blocks away?”
The problem (I): High-Deductible Health Insurance

- Between 2006 and 2015, the average annual out-of-pocket costs per patient rose almost 230%, which unequally impacts patients covered with high-deductible health insurance plans (HDHP)

- In 2015, a majority (52%) of employers offered a minimum of one HDHP to employees (41% of employees chose HDHPs)

- The rapid growth of these (HDHP) plans is partly driven by the belief that cost-sharing obligations will encourage enrollees to shop for health care, switch to lower cost providers and save money
The Solution: Emphasize Quality?

• Radiology has been a major focus of early efforts to enhance consumer price transparency
• If consumers pay more attention to price than to quality, providers will be forced to compete primarily on price to attract patients
• Radiology value transparency in its current form might stimulate primarily price-based competition, erode provider profit margins, and disincentivize quality
The Intervention: The Cost-Estimation Department

- In December 2016, our hospital created “The Patient Cost Estimation Department” (PCE)
- The Patient Cost Estimation Department provides families with accurate out-of-pocket cost estimate based on their deductibles, coinsurances and copayments

Patient Cost Estimation
The Intervention: The Team

• 4 full time costs specialist: all with background in benefits management within our institution
• Supervisory and managerial support
The Intervention: Availability, and Recruitment

• How do patients find the PCE?
  • Through radiology department schedulers:
    • Provide information about the PCE and phone/email at the time of outpatient scheduling
    • Can directly transfer the call, if requested
  • Email available in the hospital website
  • Link (electronic form) in the patient’s private EMR portal (mychop.chop.edu/mychart)
  • Email/phone from referring physicians office

• Patients scheduled for fluoroscopy and cardiac MR receive an courtesy to explain and offer CPE services
The Intervention: Workflow

Department workflow:
- **Scheduled patients**
  - Patient is scheduled for an appointment
  - Based on the appointment, the Patient Cost Estimation Department begins estimation process
  - The out of pocket costs are determined using the Price Estimation Tool
  - The family is contacted and their out of pocket costs are explained
  - Services are rendered

Shopping patients:
- "Shopping" patient calls the Patient Cost Estimation Department for a quote on a service
- Based on a historical lookup, a quote for services are provided
- The out of pocket costs are determined using the Epic Price Estimation Tool
- The family is transferred to the appropriate department to schedule the service if desired
- Services are rendered
The Outcome: Initial Cost Estimates in Radiology

First year of services:
- 878 radiology cost estimates
- Average 4 estimates per day
  - Fluoroscopy (n=390)
  - Cardiac MR (n=273)
  - CT (n=105)
Outcome: The Road Ahead

• Improved patient/family experience
  • Currently collecting data (short post visit survey)

• Averted financially motivated “Patient/Family Complaints and Grievances”
  • Resulting averted revenue losses related to waiving of charges
Conclusion

Providing accurate estimates of out of pocket costs to patients is a proactive response to increasing demand for price transparency that results in lower number of billing related complains and decreases revenue losses related to those complains.
Thanks!

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