



Report: Patients' out-of-pocket costs increased up to 14% in 2018

By TARA BANNOW · modernhealthcare.com · 2 min

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Patients' out-of-pocket costs for inpatient services increased by 14% on average between 2017 and 2018, according to a new report from TransUnion Healthcare.

Revenue-cycle management provider TransUnion revealed its findings Tuesday during the Healthcare Financial Management Association's annual conference in Orlando. The company tracks patients' out-of-pocket costs annually across its roughly 1,800 hospital and health system clients.

Last year, patients who received inpatient care saw the biggest hikes in their out-of-pocket costs. Patients' deductibles and co-pays averaged \$4,659 for an inpatient visit in 2018, compared with \$4,086 in 2017.



Patients' out-of-pocket costs averaged \$1,109 for an outpatient visit in 2018, up 12% compared with \$990 in 2017.

In 2018, the average out-of-pocket bill for a trip to the emergency room was \$617, up 7% from \$577 in 2017, TransUnion found.

"This trend is increasing at a pretty alarming rate," said David Wojczynski, TransUnion's executive vice president of healthcare.

While some research focuses on out-of-pocket costs for self-pay and commercially insured patients, TransUnion's included self-pay, commercially insured and Medicare patients, including those with Medicare Advantage plans, said Jonathan Wiik, TransUnion's healthcare strategy principal. Self-pay patients took on most of the increase in out-of-pocket responsibility, he said.

The study also found 59% of patients last year had an average out-of-pocket expense of between \$501 and \$1,000 for a healthcare visit. That was up significantly from 39% in 2017. And the number of patients whose out-of-pocket expenses were \$500 or less decreased from 49% in 2017 to 36% in 2018.



increases because it's the most expensive and has the highest variability, Wiik said. It's also because hospitals tend to give inpatient reimbursement first priority when negotiating price increases with insurers, he said.

The out-of-pocket cost increases on the outpatient side are driven by volume and price increases, Wiik said.

Parallon, HCA Healthcare's revenue-cycle subsidiary, has observed patients' co-pays and deductibles increasing between 6% and 8% annually for at least 7 years, said Eric Ward, Parallon's CEO.

"Our payments are not growing 6 to 8% per year, so it creates an issue for providers," he said. "Insurance companies are shifting the balance to us."

The trend has prompted Parallon to place more emphasis on collecting at point-of-service and on self-service collection so that paying a bill is as convenient as possible, Ward said.

The not-for-profit health system Catholic Health Initiatives, which recently completed its merger to form CommonSpirit Health, started working with payment solutions provider Flywire Health in early 2018 to try to improve their patients'



mobile payments and payment plans.

"The patient portion has gone up, and that's why we want to customize this so that patients have more options to pay in full," Leslie Richard, CHI's national director of revenue cycle, said in an interview.

Currently, online payments comprise 65% of CHI's payments, 40% of which are done from mobile devices.

Next, CHI plans to offer pre-service estimates. The trouble with that is making sure they don't deviate too much from the patients' actual bill. If that happens, the patient experience will suffer, Richards told the audience during a Monday session at the HFMA conference in Orlando.

Asked by an audience member whether CHI will honor its pre-service estimates, Richard said that is yet to be determined.

"At this point, I don't know, honestly," she said.