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The Next Frontier in Reducing Costs of Care: Patient Affordability

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Reshma Gupta, MD, MSHPM, Jordan Harmon, MHA & Patrick H. Conway, MD, MSc

Costs of Care
Blue Cross Blue Shield of North Carolina

In the past decade, policy changes led by public and private sectors have accelerated improvements in value-based care under new reimbursement models. The primary focus has been to improve quality, reduce total costs of care, and impact treatment appropriateness. But meaningful impact on patient affordability, particularly out-of-pocket costs, has been minimal. For patients, the lack of access to affordable care renders high quality and efficiency meaningless and potentially leads to financial toxicity. There are many promising solutions to this problem, one of which includes a proposed measurement tool to assist patients, clinicians, health care organizations, and payers in better understanding a patient's share of the cost of care and ability to handle that cost: a patient health care affordability scale.

The need for true patient cost information is increasing. Consider that the percentage of U.S. adults ages 18 to 64 with high-deductible health plans has increased from 26.3% in 2011 to 39.3% in 2016, and the average plan deductible exceeds a typical family's available savings. In 2016, 34% of adults ages 19 to 64 (63 million) reported having a problem accessing care due to cost-related concerns. Not only are patients unable to afford care, but often they do not seek necessary treatment because of these costs.

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A 2018 Gallup poll found that nearly 30% of Americans delay care due to costs — up from 24% in 2004. This means financially vulnerable patients have limited ability to access care when that care would be financially debilitating. Indeed, there are few health care systems and payers identifying, altering processes, or creating incentives (intrinsic and financial) to positively impact patient financial harm. And while a 2003 study revealed that most patients (63%) reported a desire to discuss out-of-pocket costs with their physician, and most physicians (79%) said they believed patients wanted to discuss such costs, only 35% of physicians and 15% of patients reported discussing out-of-pocket costs.

Recently, the Centers for Medicare and Medicaid Services (CMS), implemented a requirement for hospitals to post standard charges online. While this is a move toward transparency, patients cannot act as consumers with this information alone. Many hospitals post the information using clinical terms and abbreviations that few patients can comprehend. Further, standard charges do not reflect actual financial liability, nor do they steward patients to those providers or systems that are most affordable (and provide the most value). Health care systems are well-positioned to lead the path toward developing affordability capabilities. An area of particular importance is the development of a way to help guide patients in need of care that is ***both*** necessary ***and*** expensive. This is undoubtedly the next frontier in value: patient affordability.

A True Measure of Patient Affordability

Improving affordability can distinguish health care systems from peers in an increasingly competitive landscape, and health care systems can begin to develop internal capabilities today to better prepare for the future. First and foremost is the need to establish a true measure of patient affordability. Currently, however, there is no standard patient affordability scale to provide insight to patients and consumers.

Developing a new "health care patient affordability scale" would improve this paradigm and could include four major components:

- out-of-pocket cost and payment transparency
- clinicians trained to better address patient affordability concerns
- clinical and financial pathways to address affordability
- care delivery by lower-cost, high-quality sites of care and care teams

Health systems can incorporate these key elements into their care delivery protocols.

Out-of-pocket cost transparency measurement is a new field of research that requires instant adjudication to deliver financial impact in real time using patient-specific insurance coverage and deductibles for covered services. Instant adjudication will require health system leaders and payers to partner to derive more realistic, timely out-of-pocket cost estimates and improved local data management systems to incorporate both accurate local direct cost data and greater payer price transparency. Health care systems must then respond in real time to address patient financial concerns, which may require linked or embedded software in the electronic medical record that elucidates these financial impacts and new clinical workflows and staffing to guide patients toward financial care plans. They must also refer patients to lower-cost care sites, providers or practitioners, pharmaceuticals, and diagnostic testing.

Key Components for Health Care Systems to Address Patient Affordability

This table outlines ways to address patient affordability by using meaningful, actionable out-of-pocket cost and payment transparency; training clinicians to better address patient affordability concerns; developing clinical and financial pathways to address affordability; and delivering care by lower-cost, high-quality sites of care and care teams.

Components	Subcomponents
Use Meaningful, Actionable Out-of-Pocket Cost and Payment Transparency (i.e., functional with point-of-care decision-making)	• Arrange patient-facing data by payer, sites of care, and clinicians, which may involve creating strong relationships with payer entities • Establish a clear strategy to deliver transparent data to clinicians and staff about process and outcome measures to maintain accountability. Can include using unblinded, frequent data transparency for coaching purposes.
Train Clinicians to Better Address Patient Affordability Concerns	• Train clinicians and staff to use financial tools and have cost conversations • Establish accountability at all levels of care • Develop resources and general strategies to address affordability concerns
Develop Clinical and Financial Pathways to Address Affordability	• Implement universal screening • Support care pathway development • Institute high-risk committees to address needs of patients (particularly those who lack needed resources and agency)
Deliver Care Through Lower-Cost, High-Quality Sites of Care and Care Teams	• Medical care • Pharmaceutical care • Diagnostic testing

Source: The Authors

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The affordability scale then can be used to benchmark institutions (e.g., based on patient complexity or type of medical center) within the region and across regions. Assessing all hospital systems on the same criteria could allow governing bodies and private organizations to provide greater insight to consumers. Benchmarks can be published, similarly to the current CMS Hospital Compare site, in order for patients to better find care that meets their needs in receiving affordable, high-quality care. Ultimately, this will assist patients in making the most informed choice on where to seek care if they are at high financial risk.

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This patient affordability scale would be a new tool that could complement other proposed indices in development that focus on insurance costs and household income (e.g., the Affordability Index) or those that focus only on out-of-pocket costs (e.g., Agency for Healthcare Research and Quality's Medical Expenditure Panel Survey, Bureau of Labor Statistics Consumer Expenditure Survey, or the Milliman Medical Index). While these indices can similarly be used to compare within and across regions, they have limited scope in a few key areas that the new proposed tool can fill.

First, these indices were not framed with the purpose to affect patient point-of-care interactions and decision-making. Patients can benefit from having a scale that helps them to make care decisions based on ***affordability*** through communication with care teams for a clear understanding of the billing process, and how situations are addressed when care is necessary and expensive. Additionally, the existing tools have limited scope of health system use (e.g., they exclude financial burden for Medicaid, Medicare, or uninsured patients and nonfinancial costs to patients) and emphasize only financial cost at an aggregate.

Overcoming Challenges to Develop and Implement Necessary Components to Improve Patient Affordability

The components of the scale are vital to improve affordability, and some institutions have begun to implement examples of these components.

First, health systems can address the challenge of limited financial transparency for patients by providing actionable out-of-pocket cost data to patients with improved payment information and data management. Out-of-pocket transparency will not solve the affordability issue alone; however, institutional price comparisons, including payer plan specifics, are vital to conversations about treatment options for patients. For health systems to overcome this challenge, they will require further advances in the field such as developing strong relationships with payer entities and potentially further policies supporting these efforts.

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As previously mentioned, CMS has prioritized public access to institutional price information and comparisons. However, further clarification on actual costs and billing specifics for the individual patient are needed to effectively mitigate the challenge. Further policies by local health systems and the national or state governments could be created to encourage that patient out-of-pocket cost data is not only monitored, but that it is also managed by health systems for each patient. Meaningful out-of-pocket cost and payment transparency data must be actionable so that patients can use information with individual decisions.

The University of Utah created the Pricing Transparency Tool that, with patient inputs about their health plan deductible or copayments, provides estimates of out-of-pocket costs for common procedures. On the payer side, Blue Cross North Carolina posts quality and cost information online for consumers. They are expanding partnerships with providers and benefit design companies that use behavioral economics to help inform patients at the point-of-care. For example, when customers select a high-value service at a lower-cost care site, they are eligible for cash reimbursements. This engages patients in decision-making for affordable care and shares the savings with the patient. Similarly, payers are beginning to develop value-based insurance designs that exclude copays to encourage high-value care such as preventive screening.

To achieve a full benefit of out-of-pocket cost transparency, organizations must confront the challenge of engaging clinicians at the front lines of patient care to choose lower-cost alternatives. Some groups, such as CVS, however, have addressed this challenge by emphasizing electronic health record–based features that provide clinicians access to member-specific pharmacy benefit and formulary information at the point-of-prescribing. Their early data found that 40% of clinicians switched to lower-cost alternatives.

Second, health systems must train clinicians to deliver more affordable care. Engaging clinicians and staff who discuss costs, access data at the point-of-care, and incorporate it into care plans is critical to patient affordability. For example, care teams can proactively guide patients on what to expect in their care by discussing both the potential clinical and financial impacts of choosing surgery or a nonsurgical intervention prior to, during, and after care is delivered. With this information, care teams can use shared decision-making approaches to help patients make choices that are personal, appropriate, effective, and affordable.

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Costs of Care Inc., an international NGO, curates patient and clinician insights to provide quality care at lower costs. It has developed initial guides, educational modules, and provider training focused on cost conversations and implementing infrastructural and educational changes to improve affordability. In addition, it has collected more than 500 patient stories outlining the financial impact to patients from care decisions. Themes of these stories revolve around high medical bills and the impact they have on patients, typically going into debt, which in turn can limit access to food, housing, and other social determinants of health.

Conversations about cost can help patients understand the importance of necessary care (i.e., prevention, diagnostic, and treatment), which they might otherwise try to avoid based on cost alone; likewise, care team members can also give guidance on low-value care options that can be avoided. Academic medical centers can begin creating a pipeline of clinicians and staff that meet competencies and have skills to hold cost conversations, detect financial risk toxicity among patients, and integrate patient affordability needs into care plans. For example, last year the Dell Medical School–led Choosing Wisely STARS (Students and Trainees Advocating for Resource Stewardship) program coached 50 medical students across the nation to lead stewardship and affordability improvements. These efforts are critical to raising awareness about affordability and providing actionable tools for use in clinical practice. Clinical and educational leaders must prioritize affordability as part of value transformation and support similar initiatives to reduce unintended financial impacts.

Third, health systems will need to develop clinical and financial pathways to improve patient affordability for patients (particularly those who lack needed resources and agency). While knowledge and awareness of financial risk will help clinician-patient decision-making, ultimately, there remains an additional challenge to build systems capable of reducing this risk like any other medical or social barrier to care. Health care systems must develop affordability pathways that include affordability screening, committees, and individualized care plans for patients.

Universally, screening for financial distress in all populations is important to manage affordability because all socioeconomic classes can be at financial risk. For example, Kaiser Permanente Southern California integrated a financial screening tool that identifies community services to help patients with financial planning and social determinants of health. When a patient screens positive, care teams will follow care pathways to address the patient's specific needs using Health Leads, a Boston-based organization, to find community resources to address social determinants of health (through, for example, financial counseling, assistance with transportation issues, or addressing food insecurity). This allows providers to act immediately to ensure patients receive access to care.

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For complex situations where patients require expensive care that they cannot afford, health care systems can employ expert committees, which include both financial and clinical experts to guide solutions. For example, the committee can identify when patients may be eligible for internal or external programs that may cover costs for patients. They can incorporate patients into committees to further their understanding of financial risks and discuss potential solutions based on the affordability scale domains. The committee also can work to determine if the institution can forgive some expenses or work with payers in advocacy of patients. Similar committees, such as tumor boards or discharge committees, have improved complex clinical management and patient discharges when the solution is initially unclear.

Finally, health care systems can address the challenge of system-wide adoption and implementation by focusing on individual care teams and sites of care. Organizations can guide their patients toward more affordable care by developing networks that include care sites with heightened awareness about patient affordability. Network development may include creating systems to identify clinicians and staff (i.e., locally or remotely) trained to deliver more affordable care and creating new relationships or contracts with them. For example, Costs of Care has partnered with San Francisco–based Amino, a health care start-up that has added a unique badge to clinician profiles trained to hold "cost conversations" and highlight those who have extra training in this area. Similarly, CareMore Health has used unique tools to help identify, quantify, and reduce low-value care that clinicians deliver and where their patients could receive higher-value health care.

The Next Frontier

While cost control and efficiency have been key motivators in the high-value care movement, patient affordability has received little focus from policymakers and health systems thus far. Not only will this affordability be necessary, but it will be critical for survival in the future landscape that will incorporate more patient choice and shared decision-making, and remains the next frontier in health care value.

While this new field will undergo iterative development in the future, waiting for the perfect tool places patients at continued risks to financial harm, and the nation must begin developing improvement models. Providers that embrace and utilize a patient affordability plan and the proposed scale — which encompasses point-of-care access to actionable patient-specific affordability information, care delivered by clinicians trained and responsive to patient affordability, and a system-wide commitment to pathways to address social determinants and affordability across socioeconomic classes — will be better positioned to address financial toxicity for the patients they serve.

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Reshma Gupta, MD, MSHPM
Interim Chief Value Director, Olive View-UCLA Medical Center; Assistant Professor, Division of General Internal Medicine and Health Services Research, University of California, Los Angeles; Director of Evaluation and Outreach, Teaching Value in Healthcare Learning Network, Costs of Care

Jordan Harmon, MHA
Vice President of Strategy, CityMD; Director of Advocacy, Costs of Care; Former Managing Director, Center for the Advancement of Value in Musculoskeletal Care, Hospital for Special Surgery

Patrick H. Conway, MD, MSc
Blue Cross and Blue Shield of North Carolina

Patrick Conway, MD, MSc, is President and CEO of Blue Cross and Blue Shield of North Carolina. He was formerly the Acting Principal Deputy Administrator and Deputy Administrator for Innovation and Quality and Chief