Cost transparency remains a vital aspect of healthcare reform among both providers and payers. Uninsured consumers and those who have employer-sponsored health coverage are continually finding the costs of premiums, deductibles, and general insurance plans too high for their wallets.

In order to meet the needs of consumers and ensure more citizens obtain healthcare coverage, payers, providers, and federal agencies will need to work together to improve cost transparency and enable the everyday customer to choose the most cost-effective and high-quality healthcare services.

The health insurance industry is likely to change significantly over the coming years in order to meet the demands of consumers and advance toward value-based care payment reform.

New models of reimbursement including healthcare bundled payments will continue making an impact over the next year while the CMS Innovation Center is expected to innovate healthcare delivery and mergers may continue to dominate the health payer world.

Marcia Otto, Vice President of Pricing Transparency Applications at Health Advocate, offered her perspective on the future of the health insurance industry and the movement toward greater cost transparency in an interview with HealthPayerIntelligence.com.

With regard to where the health insurance industry will be in the next ten years and what the future has in store for payers, Otto began, “What’s certainly in store for the future is the continued rise of consumer-driven healthcare. More and more people will have high deductible plans and more financial responsibility for their healthcare dollar.”

“Each year, The Kaiser Family Foundation reports the percentage of Americans with employer-sponsored insurance that have high deductible plans. In the 2015 survey, 46 percent have high deductible plans of $1,000 or more, which is up by 10 percent from 2006. Many employers are no longer offering zero deductible HMOs, and PPOs with low $250 annual deductibles are also extremely rare. Most deductibles are now in the thousands, and taking steps to reduce out-of-pocket healthcare expenses is quickly becoming a high priority for many people.”

“No surprisingly, another huge trend is the integration of technology in the healthcare field. There’s an app for everything, and that’s really true! Mobile apps are playing an increasingly large role in how consumers managing their health. I think that will only continue to grow with the introduction of even more advanced devices and apps that track health and wellness data.” Otto explained.

“For example, Health Advocate has created a mobile app to help users get convenient access to our cost and quality information,” she continued.

“Another big issue in healthcare right now is increasing engagement – driving the right member to the right service while improving outcomes and reducing medical spend. If you build it, will people use it? It’s important to consider how we drive utilization of available tools. How do we encourage and motivate them to take action? This might be
achieved through personalized incentives, mobile apps, texts, email, and more. Without engagement, if you build it, will people know how to utilize it?"

“For example, in pricing transparency, which I specialize in, Catalyst for Payment Reform reported that 98 percent of all health plans have an online pricing transparency tool but only 2 percent of health plan members have used them. And there was just an article last week in JAMA showing most people with high deductible plans still weren't comparing cost or looking for different doctors for their care.”

“People still aren’t yet making the decision to do this, and there needs to be a way to motivate them to take action and improve their health by participating in a wellness program or completing health screenings, among other steps. The industry is taking steps to improve engagement in order to see an impact.”

“Health Advocate is the nation’s leading health advocacy and healthcare assistance company. We help our members navigate the healthcare system by offering clinical assistance through nurses and doctors, by educating and explaining benefits, and by resolving complex issues around claims, EOBs, and bills, among other topics. We also help our members understand consumer-driven health plans and obtain cost and quality information. We have many touch-points to get members aware and engaged with their care.”

Otto notes incentives are also an effective means to increase engagement. “We’re definitely seeing incentives being used in the marketplace in a variety of different ways, including reduced premiums for signing up for programs like health coaching, using a pricing transparency tool, or showing progress on measures like blood pressure or BMI. Some of our clients are currently using this strategy to promote engagement.”

“When you look at incentives, the research shows that people like something tangible and more short-term to motivate action. For example, in addition to or instead of reduced premiums, if you use a pricing transparency tool, you may be eligible for a gift card or something more immediate. This demonstrates that the industry is beginning to trend away from just lowering premiums toward giving people immediate rewards for making some important decisions.”

When asked about emerging trends taking place right now to reduce healthcare costs, Marcia Otto responded, “Pricing transparency is continuing to gain traction and grow.”

“There’s a lot of talk in the marketplace about pricing transparency.”

“The goal of pricing transparency is that, as people have higher deductible plans, it’s giving them a tool – and hopefully a tool that is personalized to them with their insurance in mind and knowing what providers they’ll see – to pick the best value doctor or facility. Value is a combination of highest quality and lowest cost providers, which do exist.”

“You can pick someone who is high quality and low cost to help reduce medical spend. With the higher quality, you are also improving the medical outcome with patients.

“There was a study published in Health Affairs showing when patients are given the option to select an MRI provider based on cost, they select a more cost-effective option and reduce the cost by an average of $220 per person. There is proof out there and scientific evidence that you can lower cost by having people use pricing transparency tools.”

We also have a wellness program with wellness coaches to help people with their tobacco cessation. That certainly will reduce healthcare spend.”

“We have coaches to help manage chronic care solutions and more personalized programs to get people who require ongoing care to make better, smarter decisions for their health, which again lowers healthcare spending.”
When asked how health payers can provide more cost transparency for the average consumer, the VP of Pricing Transparency Applications answered, “Most payers today do provide a tool. The problem is no one is using them. That can be for a variety of reasons - lack of awareness, lack of personalized information, or lack of resources to help consumers make the next steps with their care.”

“One of the unique things that Health Advocate does to engage people in the pricing transparency solution is to integrate it with our Advocacy solution. Not only can our Advocates drive utilization by directing members to the tool or running estimates for them, but the Advocate can also help the member understand the information and guide them to take the necessary actions to be a true healthcare consumer.”

“In order to improve utilization, it's critical to enhance member engagement. One-size-fits-all doesn't work for everybody. It needs to be more personalized to help drive people to it. They need to receive the information in a way that is best suited for them.”