

Out-of-pocket healthcare costs up 11% in 2017



Dive Brief:

- Out-of-pocket healthcare costs increased 11% during 2017, according to a [new TransUnion Healthcare report](#) released at HIMSS18.
- Average fourth-quarter 2017 out-of-pocket costs were \$1,813 compared to \$1,630 a year earlier.
- Nearly half of patient out-of-pocket costs were below \$500 per healthcare visit. Another 39% were between \$501 and \$1,000, while the remaining 12% were for more than \$1,000.

Dive Insight:

The results show that out-of-pocket costs aren't usually for one major medical procedure. Instead, they're multiple smaller medical bills that add up over a year.

Digging deeper into individual major procedures, the report found that the highest out-of-pocket cost estimates were orthopaedics (\$1,663), plastic surgery (\$1,566), urology (\$1,415) and neurology (\$1,241).

Jonathan Wiik, principal of healthcare strategy at TransUnion Healthcare, said determining a patient's ability to pay for healthcare is becoming increasingly important for hospitals. Providers need processes and tools to help patients pay for care.

Providers also need to shift bill collections to focus directly with patients, in addition to working with payers. This process can be more expensive in terms of money and labour. Hospitals have [implemented financing plans and financial education](#) to help patients pay their bills. Facilities see this not only as a revenue flow initiative, but one that can improve patient satisfaction. One way hospitals are helping patients is partnering with third-party revenue cycle solutions to help with patient education and billing.

"Hospitals are making patient financial engagement a priority, and focusing on engaging their patients early to optimize collections in order to protect the providers' earned revenue," Wiik said.

Patients often don't have the disposable income to pay for medical care.

A recent JPMorgan Chase Institute report, Paying, found Americans are struggling with out-of-pocket healthcare costs. Also, a recent Health First Financial Patient Survey found more than 40% of respondents were “very concerned” or “concerned” about whether they could pay out-of-pocket medical bills over the next two years. That included 16% who said they were worried about paying a bill less than \$250.

This issue is especially problematic for people with high-deductible health plans. HDHPs now make up more than one-third of health plans. The National Centre for Health Statistics reported that 43% of people under 65 who are insured by a private health insurance plan have an HDHP.

Having more people with HDHPs requires health systems and providers to help patients finance healthcare payments and research cost information. That doesn't happen most of the time. A recent study published in JAMA Internal Medicine found that only 14% of people with an HDHP compared prices for healthcare services.

Beyond HDHPs, the Trump administration's plans to expand short-term catastrophic health plans and association health plans (AHPs) may further increase out-of-pocket costs. Catastrophic health plans don't offer the same protections as a regular Affordable Care Act-compliant health plans and they have higher deductibles than even HDHPs. The Trump administration also wants to expand AHPs and allow those plans to avoid ACA regulations. That could mean plans with higher out-of-pocket costs.