

Consumerism and Price Transparency

The New Normal In the Self-Insured Group Health Marketplace

Becker's 20th Annual Ambulatory Surgery Centers Conference
Chicago, Illinois

1

The High Cost of Healthcare

"My husband won't need anesthetic. Just show him the estimate of the charges before the operation"

2

Consumers Have No Idea How Much Healthcare Costs

- "Bitter Pill: Why Medical Bills are Killing Us" – *Time*, March 4, 2013
- "The Cure for the \$1,000 Toothbrush" – *New York Times*, August 13, 2013
- "How Much will Surgery Cost? Good Luck Finding Out" – *NBC News.com*, February 11, 2013
- "Hospital Billing Varies Wildly, Government Data Shows" – *New York Times*, May 8, 2013
- "The Great American Hospital Pricing Scam Exposed-We Now Know Why Healthcare Costs are So Artificially High" – *Forbes*, May 8, 2013.

3

High Costs of Healthcare

I'M SURE YOU'VE GOT QUITE A HEADACHE WATCHING THEM FIGHT OVER HEALTHCARE...

HERE, TAKE TWO ASPRIN.

THAT'LL BE 1200 BUCKS.

4

Price Transparency in the News

- “Price Transparency Gains Ground as Lead Healthcare Issue” -- *Healthcare Finance News*, July 9, 2013
- “Health Care Pricing Transparency at Work” – *Business Finance Magazine*, July 3, 2013
- “Replacing ObamaCare: Price Transparency” – *FreedomWorks.org*, April 13, 2012
- “Healthcare Pricing Transparency Gains Momentum” – *Forbes*, June 9, 2013
- “Employers Push Health Transparency” – *San Francisco Business Times*, January 18, 2013.

5

Dramatic Decreases in Costs

- Tonsillectomy, Charleston, SC: \$21,000 (hospital) vs. \$2,800 (ASC)
- Hip Replacement, Houston, TX: \$83,000 (acute-care hospital) vs. \$17,000 (surgical hospital)
- MRI, Washington, DC: \$2,160 (outpatient clinic) vs. \$400 (doctor's office)
- Carpal Tunnel, Oklahoma City, OK: \$7,450 (hospital) vs. \$2,750 (ASC)
- Colonoscopy, New York, NY: \$8,500 (hospital) vs. \$740 (clinic)
- Spinal Fusion, Los Angeles, CA: \$192,000 (hospital) vs. \$18,600 (ASC)
- Open Rotator Cuff, Dallas, TX: 24,300 (hospital) vs. \$6,760 (ASC)

6

What's Driving this Movement to Consumerism & Price Transparency?

A multitude of factors are involved:

- Sky-high hospital charges, combined with...
- ...Virtually meaningless PPO discounts
- A veil of secrecy between the BUCA carriers, the hospitals and the PPO networks
- Never-ending rising healthcare premium costs
- ObamaCare
- The growth in employers self-funding their benefit plans
- Patients have virtually no price sensitivity; as such, demand is uncontained by cost.

7

Taking Action...

Now, Plan Administrators, Employers and the Employees are demanding to know the costs up front and are motivated to “Shop for Surgery”

Benefit Plan Design Incentives are giving the patients every reason to explore their options and find the best choices of provider, based on quality, costs to the plan, and out-of-pocket costs to the employee, but with less concern for physical location of the facility.

8

Benefit Plan Incentives

- Reduced and eliminated co-insurance and deductibles
- “Premier,” “Super” or “Tier 1” network providers.
- Reference-point pricing (e.g., CalPERS)
- Non-PPO plans using a Medicare-plus or cost-plus approach
- Actual cash payments to patients to reward them for using lower-cost, quality providers
- Various other hard and soft perks to using “Narrow Network,” “Super Network,” or “Micro Network” providers.

9

A “Perfect Storm” for Direct-to-Employer Contracting

- Payers simply want to know “What’s the price?”
- More than 60% of all group health employers are now self-insured – a 28% shift in the last few years
- Specialty carve-out networks will help to achieve these goals
- For example, many employers and employees have **NO IDEA** about the great alternative to hospitals that ASCs afford them
- Why don’t more providers try to build direct employer relationships?
- Self-insured employers have great flexibility in their benefit plans
- Alternatives to and elimination of broad-based PPO networks
- Creative benefit designs.

10

Consumers can now “Shop” for Medical Procedures

- More consumers are engaged in “Shopping for Surgery” than ever before
- YouTube, Google and Craig’s List are the three most-visited sites for surgery information
- Consumers are becoming savvier shoppers and use the Internet for almost all of their information gathering
- Self-funded employers and their administrators (TPAs) use “concierges,” “navigators,” “advocates” or “health guides.”

11

High Costs of Healthcare



“Your health insurance has limited surgical coverage, but you’d be amazed at what I can do with nail clippers and duct tape.”

12



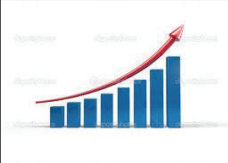
Social Media: Best Friend or Worst Enemy?

- Trends in Consumerism include rapid growth in the use of Social Media, especially by patients
- Far higher rates of patient involvement in their healthcare decisions: no more relying just on what the doctor says
- Exploring all the options in their healthcare, including quality, procedure types and financial costs
- Overall, a far more interactive approach to healthcare than has ever been seen before.

14

Just a Fad?

- Facebook: 1.11 billion users (No, the “b” is not a typo)
- Twitter: 500 million users
- LinkedIn: 225 million users
- YouTube: 1 billion users
- Instagram: 100 million users
 - Growing rapidly; owned by Facebook
- Pinterest: 48.7 million users
 - 1/5 of women Internet users in the U.S. are on Pinterest
- Tumblr: 216.3 million users
 - Recently acquired by Yahoo! for \$1.1 billion.




Source: Craig Smith, expandedramblings.com
Photo: Depositphotos.com

15

Increase in Digital Sharing

- An estimated 500 million photos are uploaded to the Internet and shared every day
- 100 hours of video are uploaded each MINUTE on YouTube
- Amount of digital information created and shared online has grown 9x in the past 5 years.

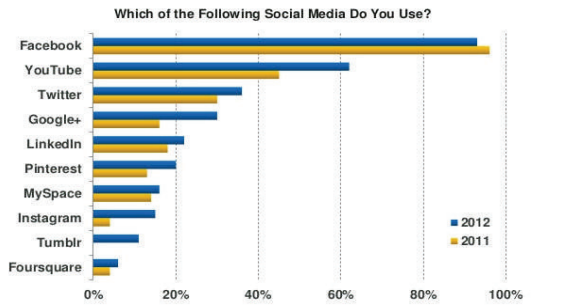


Data: Kleiner Perkins 2013 Internet Trends
Photo: thesba.com

16

Most Popular Sites/Apps

Social Media – Facebook Leads, YouTube + Twitter + Google+ + Pinterest + Instagram + Tumblr Rising Fast



Graph from Kleiner Perkins: 2013 Internet Trends

17

Social Media “Likes” Healthcare

PricewaterhouseCoopers Study Confirms that Social Media is a Powerful and Growing Aspect of Healthcare Interaction:

- Consumers are finding the information they want and need through social media sites
- Younger users are more active and more consumers would use social media if the forums were interactive
- Consumers' use of social media dwarfs that of industry organizations at this time
- Patients are using social media to become better educated on their healthcare
- Increased access to information creates increased expectations for transparency and *influences treatment and provider decisions*.

Source: PwC Health Research Institute, April 2012

18

Shift to Mobile

- 68% of Facebook's 1.1 Billion users access the site from a mobile device
 - 15% of all Internet traffic comes from mobile devices
 - Rapidly increasing
 - 1.5 Billion people have a smart phone
- Only 21% of the population
- People can access social media anytime, anywhere
 - Becoming almost impossible for employers to monitor employees' social media use at work.



Photo: nplechforgood.com

19

Healthcare & Social Media

Consumer concerns of sharing health information through social media:

Online population ages 18-24:

- 80% willing to share health information through social media
- 90% would engage in health activities or trust information

Online population ages 45-64:

- 45% willing to share health information through social media
- 56% would engage in health activities or trust information.



Source: PwC HRI Social Media Consumer Survey, 2012

Photo: ierablog.org

20

“Social Society”



“I don't know which doctor to choose. One has more friends on Facebook, but the other one just retweeted my message”

Photo: www.scoop.it

21

Social Media Benefits

Benefits for Healthcare Professionals:

- Provide medical education & health tips for a mass audience
- Enhance professional reputation
 - Marketing opportunities
- Wider audience for publications
- Clinical collaboration with other professionals.



Photo: webseanalytics.com

Photo: www.scoop.it

22

Social Media Benefits

For Healthcare Organizations

- Marketing and PR opportunities
- Easy to connect with patients and receive feedback
 - Can see and respond to patient concerns in real time
- Enhanced customer service opportunities
 - Online Q&A, appointment reminders, referrals, etc.
- Create an online community
 - Support groups, education, preventive care

Example:

Children's Hospital of Philadelphia Social Media Community

<http://www.chop.edu/about/social-media-at-chop.html>

23

Social Media Benefits

For Patients:

- Greater access to medical information (e.g., WebMD and medical blogs)
- Easy access to health-related consumer reviews
- Online support groups
- Easy access to medical professionals (e.g., a physician answering questions on Reddit)

24

“Social Consumers”

“If you want to connect with people and be part of their community, you need to go where the community is.”

- Ed Bennett, Web Operations Manager at University of Maryland Medical Center

25

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26



Thank You

27