

Embracing retail in healthcare — from cost transparency to provider rate restructuring

How Sentara Health Plans used Truven Treatment Cost Calculator to provide personalized information, making shopping for healthcare services easy



The leaders of Sentara Health Plans, an integrated health plan in operation for 32 years and a service of Sentara Healthcare, understood the importance of providing clear and personalized consumer-focused information.

That understanding was being driven by wide variations in care and treatment pricing,¹ reform legislation dictating new mandates on transparency² and a desire to improve the member experience.

The need

Sentara Health Plans wanted to deliver the most accurate out-of-pocket cost estimates possible for its members — in a way that made shopping for healthcare services easy.

The solution

The health plan implemented Truven Treatment Cost Calculator, which mines claims data sets to provide personalized cost transparency, and can handle complex benefits plan and payment structures.

The benefit

Treatment Cost Calculator allows Sentara Health Plans members to search for treatments, physicians or facilities for cost estimates, and the plan expects increased member satisfaction and a competitive advantage as a result.



Goal: A shoppable healthcare experience for members

Sentara Health Plans leadership wanted to act quickly to provide price transparency and a shoppable experience for their members. The plan serves over 480,000 members, including those from commercial, Medicaid and exchange plans, primarily in Virginia.

The main objective was to deliver the most accurate member out-of-pocket cost estimates possible, through an easy-to-use, web-based interface. Restructuring the plan's provider rates was another important objective toward providing its members with simple and accurate estimates.

Foundation: Claims data

Sentara Health Plans chose to implement Treatment Cost Calculator.

The tool's foundation is the mining of large paid claims data sets from Sentara Health Plans, as well as from the proprietary MarketScan® Research Database, one of the largest claims databases in the industry, with data from the claims experience of more than 300 employers with 25 million covered lives. The calculator uses 18 months of claims data to create cost estimates through advanced algorithms, event grouper methodologies and more.

Estimates in the solution are comprehensive. For example, when looking up the cost of a provider office visit, members can review costs of common services often included in a typical visit, such as lab work and immunizations.



Next: Implementation strategy and rate restructuring

As the health plan began to structure its member plans around price transparency and launch the calculator for its members, the organization embraced the Guiding Principles for Transparency developed by the Healthcare Financial Management Association (HFMA)³.

Treatment Cost Calculator helped the health plan check off many of the guiding principles, including ease of use. For instance, the solution shows the overall out-of-pocket estimate, allows consumers to view side-by-side provider comparisons sorted by lowest price, and delivers a near real-time feed for each member's deductibles and health savings account balances.

In addition, Treatment Cost Calculator has the flexibility to accommodate both complex benefits plans and multifaceted payment structures.

To ensure organizational confidence in the calculator's accuracy, the Sentara Health Plans internal medical economics team, made up of data analytics experts, reviewed the tool's algorithms and methodologies and put a selection of the calculator's cost bundles

through an in-house validation process. Rate structuring also began to take a front seat during the tool's implementation. The health plan encouraged network providers to simplify their wide-ranging rate structures for several shoppable services, such as outpatient imaging, other outpatient diagnostic services and outpatient surgeries.

The new structures allowed for the use of case rates. The simplification benefited the providers, too, as consumers may be more likely to move their business to lower-cost providers if there is no perceived difference in quality.

When Sentara Health Plans implemented Treatment Cost Calculator, estimates for 350 services were available. Truven and Sentara Health Plans have since collaborated to expand the list to nearly 440 service estimates, and more are planned in the future.

HFMA GUIDING PRINCIPLES FOR TRANSPARENCY³

- Should empower patients and other care purchasers to make meaningful price comparisons prior to receiving care
- Any form of price transparency should be easy to use and easy to communicate to stakeholders
- Should be paired with other information that defines the value of services for the care purchaser
- Should ultimately provide patients with the information they need to understand the total price of their care and what is included in that price
- Will require the commitment and active participation of all stakeholders

Satisfied health plan, satisfied members

Treatment Cost Calculator now allows Sentara Health Plans members to search for treatments, physicians or hospitals on both desktop and mobile devices, and the health plan has reported that the interface is both intuitive and responsive.

Sentara Health Plans expects that the implementation of Treatment Cost Calculator will increase member satisfaction over time, which stands to improve the plan's competitive position in the marketplace.

The plan is also tracking member utilization in the tool to learn more about its population — such as percentage of members using the solution, types of estimates members are searching for and when, how high-deductible plan members are using the tool compared to others, how estimates compare back to actual claims data, and typical timeframes between an estimate search and an actual claim.

Sentara Health Plans is also phasing quality measures into its Treatment Cost Calculator.

WHAT IS TREATMENT COST CALCULATOR?

Treatment Cost Calculator combines our deep roots in healthcare analytics and proven expertise in healthcare data management to help enable you to achieve compliance with regulatory requirements as well as exceed consumers' expectations.

The result is an easy-to-use online tool that delivers accurate out-of-pocket costs using current accumulators that are personalized to the consumer's benefits, deductible, provider and location, as well accumulation to any service level limits under their plan.



About Truven

Truven by Merative is a portfolio of healthcare data and analytics solutions, backed by 40 years of deep healthcare expertise. We provide trusted insights and proven expertise to help employers, health plans, life sciences organizations, and government agencies drive better health and financial outcomes. With market-leading solutions like Health Insights and MarketScan, Truven serves 7 of the top U.S. health plans, over 40% of the Fortune 500, and the top 20 global pharmaceutical companies.

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About Merative

Merative provides data, analytics, and software for healthcare and government social services. With focused innovation and deep expertise, Merative works with providers, employers, health plans, governments, and life sciences companies to drive real progress. Merative helps clients orient information and insights around the people they serve to improve decision-making and performance.

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NOTES

1. The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured. Zack Cooper (Yale University), Stuart Craig (University of Pennsylvania), Martin Gaynor (Carnegie Mellon University, University of Bristol and NBER), and John Van Reenen (Centre for Economic Performance, LSE and NBER), December 2015. Accessed at http://www.healthcarepricingproject.org/sites/default/files/pricing_variation_manuscript_0.pdf.
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3. Healthcare Financial Management Association, March 10, 2015. Accessed at <http://www.hfma.org/content.aspx?id=28796>.

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