

Medical Discount Programs and Cost of Care Transparency

Alan A. Ayers, MBA, MAcc
Chief Executive Officer
Velocity Urgent Care

Objectives

- Explain current trends in insurance reimbursement affecting urgent care operations and revenue.
- Identify consumer behavior and preferences in regards to paying for routine health care as well as the characteristics of the uninsured and underinsured.
- Consider “best-in-class” pricing and payment examples from urgent care and other industries.
- Develop a fair cash pay pricing model that does not jeopardize insurance contracts.
- Assess the pros and cons of medical membership and alternative payment mechanisms in urgent care.

Why Appeal to Self Pay Patients

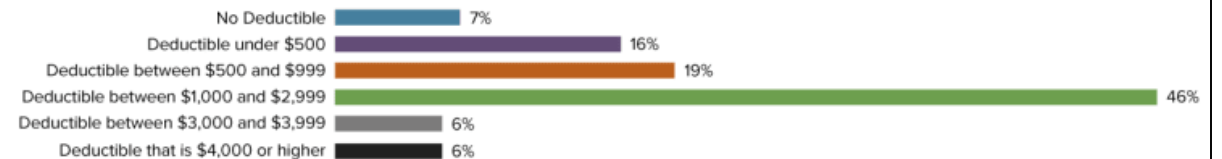
- Proliferation of high-deductible plans and price-savvy consumers.
- Appeal to niche markets (Hispanic, tourists).
- Closed or monopoly insurance networks.
- Insurance reimbursement below operating costs.
- Patients paying cash for privacy or convenience.

Profile of America's Underinsured

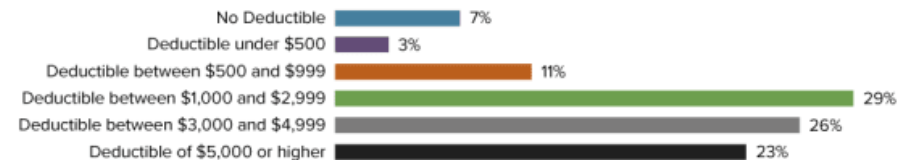
- Uninsured population is ~11% of adults and 5% of children
 - 45% choose to forego coverage due to high costs
 - Includes 11-22 million undocumented immigrants
- Vast majority (65% of adults; 55% of children) have employer-provided health insurance
 - Average premium on an employer paid plan is \$19,616 for families and \$6,896 for individuals
 - Employers cover 70% of the premium on average
 - 80% have a deductible (95% in private sector) averaging \$3,000 for families, \$1,500 for individuals
- 30% of adults are “underinsured”
 - Cannot afford co-pays, co-insurance or deductibles

Average Employee Health Plan Deductibles

Among employees who have **INDIVIDUAL** health care coverage:



Among employees who have **FAMILY** health care coverage:



Source: International Foundation of Employee Benefit Plans Employee Benefits survey, 2018 results.

Advantages to Cash Pay

- Improved cash flow resulting in reduced working capital.
- Savings of \$10-15 per claim in billing, collections and posting costs.
- No accounts receivable carrying costs.
- No bad debt write-offs.
- Streamlined operations, faster service.

Is “Cash Only” Possible?

- Only when serving a “niche” or “captive” market:
 - Hispanic Community
 - Tourists
- Services must be unique, have a strong competitive advantage, or have no competition.
- Otherwise, insurance plans will drive patients to competing practices.

CLINICA MI PUEBLO

Home Services Locations Contact English

You Don't Have to Go to Tijuana to See a Doctor

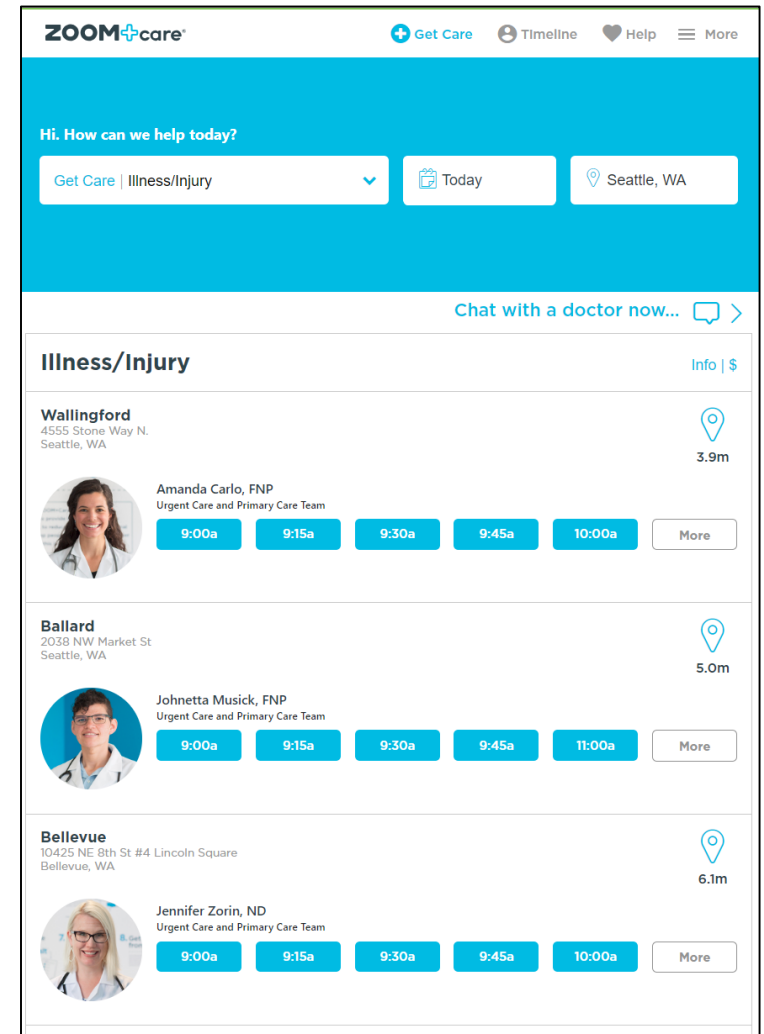
Now you can obtain High Quality Medical Care **LOW COST!** General Consultation Only \$ 35

Affordable Medical Care in Southern California

Find a clinic near you

Zoom+ Care

- 800+ same day appointments
- Credit card required to book.
- Does not accept cash or checks.
- \$99 cancellation fee if no-show.
- Receipt at time of visit is an estimate; final receipt and credit card charge upon charge entry and/or insurance adjudication.
- Does not accept Medicare, Medicaid or Tricare.

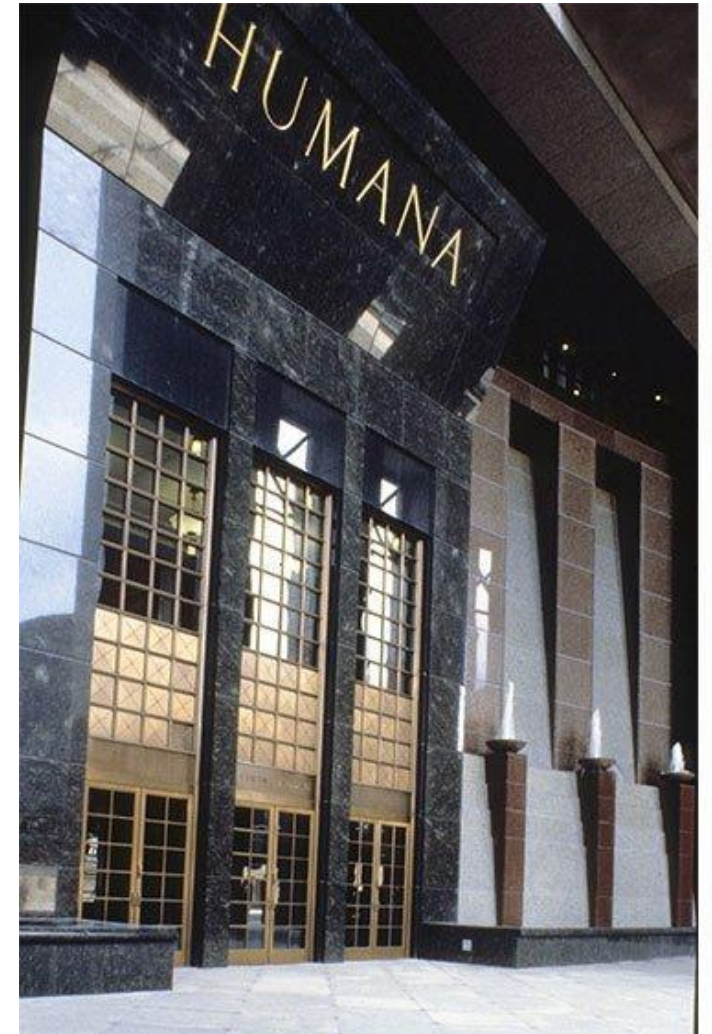


Cash Pay and Medicare

- Medicare's "most favored nations clause" applies to "billed charges" and not "cash collections."
- Medicare allows cash discounts proportional to savings in claims processing.
- Participating and non-participating Medicare providers are required to treat Medicare patients at Medicare rates and submit a claim to Medicare for services.
- Complications surround:
 - Medicare patients desiring to enter into a cash transaction.
 - Providers who have "opted out" of Medicare.

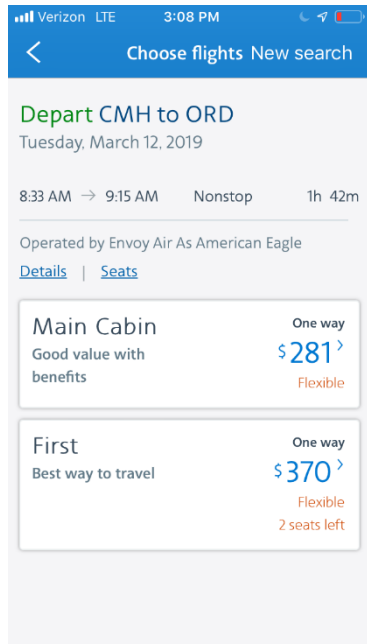
Urgent Care Billing Issues

- Pricing is set to maximize insurance reimbursement
 - Insurance pays lower of “contracted rate” or “billed charges.”
 - Fee schedule is typically 150-300% of Medicare, adjusting 25-75% off as “contractual allowance.”
 - Pricing bears little connection to the “value” of services delivered.
- “Discounts” are provided to billion-dollar insurance corporations yet the patients who can least afford it are charged full-price.



“How much does an urgent care visit cost?”

- “It depends on what the doctor finds...”
- “Visits start at \$125 and go up to \$350...”
- “We don’t know until it goes to billing...”



Verizon LTE 3:08 PM

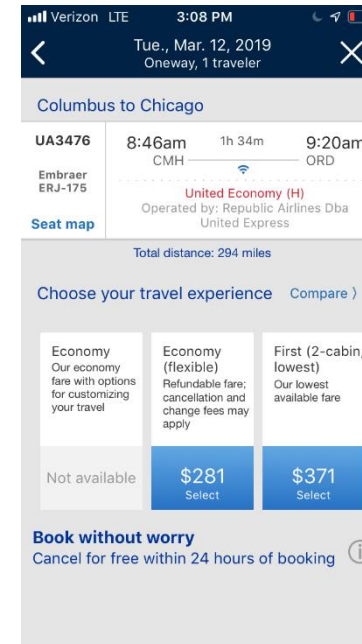
Choose flights New search

Depart CMH to ORD
Tuesday, March 12, 2019

8:33 AM → 9:15 AM Nonstop 1h 42m

Operated by Envoy Air As American Eagle
[Details](#) | [Seats](#)

Main Cabin Good value with benefits	One way \$281 Flexible
First Best way to travel	One way \$370 Flexible 2 seats left



Verizon LTE 3:08 PM

Tue., Mar. 12, 2019
Oneway, 1 traveler

Columbus to Chicago

UA3476 8:46am 1h 34m 9:20am
CMH ORD

Embraer ERJ-175
United Economy (H)
Operated by: Republic Airlines Dba United Express

Seat map

Total distance: 294 miles

Choose your travel experience [Compare](#)

Not available	Economy (flexible) Refundable fare; cancellation and change fees may apply \$281 Select	First (2-cabin, lowest) Our lowest available fare \$371 Select
---------------	--	---

Book without worry
Cancel for free within 24 hours of booking ⓘ

Tactics: %-Off Discount

- Percent discount (10-35%) off insurance fee schedule.
- Calculate charges and apply discount after services are provided.

Pros

Cash discounts more closely resembled insurance adjustments.

Prices are easy to calculate off charge ticket.

Consistent margin—payment aligns with services provided.

Cons

Lack of price transparency—cannot quote price until after visit when all charges are entered.

No advertising advantage—10 to 35% off of *what?*

Providers code to bill rather than code to services—often results in downcoding.

%-Off Discount, cont'd.

Charge	Explanation	Cost w/ 30% discount*
Office Visits: All visits will have an associated office visit charge. The level of visit will be determined by the provider and is based on the diagnosis and complexity of care required to treat the condition or illness. We are unable to determine your level of care until you've been examined by a provider and an appropriate treatment plan is determined.		
Level 4 Office Visit (New Patient)	2 of the following: <ul style="list-style-type: none"> history examination high complexity 	\$194.00
Level 4 Office Visit (Established Patient)	2 of the following: <ul style="list-style-type: none"> history examination high complexity 	\$168.00
Level 3 Office Visit (New Patient)	2 of the following: <ul style="list-style-type: none"> history examination moderate complexity 	\$126.00
Level 3 Office Visit (Established Patient)	2 of the following: <ul style="list-style-type: none"> history examination moderate complexity 	\$125.00
Testing: The following tests may be ordered and are charged in addition to the office visit.		
Pregnancy	Pregnancy testing	\$12.00
Mononucleosis	Rapid mono testing	\$10.00
Urinalysis	Urinalysis performed in clinic	\$5.00
Streptococcus	Rapid strep testing	\$21.00
Influenza	Rapid flu testing	\$21.00
Glucose	Blood glucose level	\$5.00
EKG	Electrocardiogram: 12 leads, interpretation and report	\$33.00
Radiology: The following x-rays may be ordered and are charged in addition to the office visit.		
Ankle	X-ray ankle: Two views	\$35.00
Wrist	X-ray wrist: Three views	\$45.00
Knee	X-ray knee: Three views	\$45.00
Shoulder	X-ray shoulder: Two views	\$38.00
Lower back	X-ray back: Two or three views	\$45.00
Chest	X-ray chest: Two views	\$37.00
Hand	X-ray hand: Three views	\$39.00

Foot	X-ray foot: Three views	\$38.00
Elbow	X-ray elbow: Three views	\$41.00
Procedures: The following procedures may be ordered and are charged in addition to the office visit.		
Laceration simple repair (less than 2.5 cm)	<ul style="list-style-type: none"> scalp, neck, axillae, external genitalia, trunk, hands, feet face, ears, eyelids, nose, lips, and/or mucous membranes 	\$112.00 \$134.00
Laceration simple repair (2.6 to 7.5 cm)	<ul style="list-style-type: none"> s/n/a/g/t/h/f f/e/e/n/l/mm 	\$133.00 \$147.00
Breathing Treatment <i>*Multiple breathing treatments may be necessary</i>	Inhalation treatment for acute airway obstruction Supplies Medications, price per dose. <i>*dosage varies by patient</i>	\$21.00 \$4.00 \$2.00
Durable Medical Equipment		
Crutches		\$25.00
Arm sling		\$10.00
Ace wrap		\$3.00
Finger splint		\$10.00
Post op shoe		\$20.00
Ankle brace		\$35.00
Pneumatic walker		\$50.00

****PLEASE NOTE**** All labs will be billed separately by Quest Diagnostics. We are unable to estimate costs for labs.

Tactics: Flat Price per Visit

- Posted flat price (or tiered flat price) per visit.
- Adjust “billed” charges to cash price
- Strategy of many retail host model clinics.

Pros	Cons
Resembles insurance global fees—prices include all services.	Pricing does not align with charge ticket—adjustments will vary by patients.
Pricing transparency—easy for consumers to understand.	Calculated based on average charges—like any global fee the center will lose money on some visits.
Emphasizes urgent care value proposition of access and affordability.	Requires ongoing analysis of utilization and reimbursement by charge tier.

Flat Price per Visit, cont'd.

Payment Options

Mercy Urgent Care offers medical services at a fraction of the cost of an emergency room visit. We have a variety of payment options. Which one is right for you?

Insurance

We accept most major insurances, including Medicaid and Medicare.

Self Pay

Tiered pricing if not filing insurance

TIER 1 \$149 Basic Visit	TIER 2 \$189 Intermediate Visit <small>Includes Instant Lab Tests, X-ray, EKG, Injection, Nebulizer Treatment, or other service.</small>	TIER 3 \$249 Advanced Visit <small>Intermediate Visit plus a procedure.</small>	TIER 4 \$299 Advanced Visit Plus <small>Intermediate Visit plus screening lab tests which are not included in other tiers.</small>
---	--	---	--

Compassionate Care

As part of our mission, Mercy Urgent Care provides financial assistance to patients who qualify. Please ask for a Compassionate Care Application.

Supplies such as crutches, braces, and immobilizers are not included but will be sold at a discounted rate.


Need to come back?

Return visits within 72 hours of your initial visit, for the same illness/incident, are at a discounted rate.

Questions?

Just ask at the front desk and a Patient Service Specialist will be happy to assist you.





Locations ▾ About Pricing ▾ Services ▾ FAQs Blog Careers 🔍

Velocity Urgent Care'sSM Affordable Self-pay Pricing

For patients without insurance, Velocity Urgent Care treats a variety of injuries and illnesses at set prices. Starting at \$125, we get you in, seen quickly, and on your way with no surprises. Each self-pay pricing tier includes a review of your medical history, vital signs, a medical examination, and take-home instructions.

[FIND A LOCATION NEAR ME](#)

Tier 1: Clinical Visit with Instant Lab Test – \$125

Bladder Infection Diarrhea Ear Infection Flu, Cold, Fever or Fatigue Insect Bites or Stings Joint Pain Minor Allergic Reaction Minor Burns Nail Infection or Fungus Nausea	Pink Eye or Sty Pregnancy Test Rash or Poison Ivy Scrapes or Abrasions Sinus Infection Strep or Sore Throat Skin Infection Swollen Glands Tonsillitis Upper Respiratory Infection
---	--

Tier 2: Clinical Visit with Services – \$195

Asthma Blood Draw Bronchitis Burn with Tissue Removal Earwax Removal EKG Head Contusion	Injection Administration Lower Respiratory Illness Nebulizer or Breathing Treatment Neurological Exam Sprain or Strain X-Ray
---	---

Tier 3: Clinical Visit with Procedure – \$250

Foreign Object Removal Fracture of Finger, Toe, or Rib Hemorrhoid Excision	Ingrown Toenail Excision Internal Exam Simple Abscess Incision and Drainage Single Layer Sutures (Stitches)
--	--

Posted Menu Board



SERVICES MENU

The Little Clinic is not equipped to provide emergency treatment for life threatening conditions.

We treat the whole family ages 12 months and up.

<p>▶ Illnesses <i>Additional fees may apply if further testing is needed for diagnosis.</i></p> <table border="0"> <tr> <td>Allergies</td> <td>Flu</td> <td>STI & Treatment</td> </tr> <tr> <td>Bronchitis</td> <td>Pink Eye & Styes</td> <td>Swimmer's Ear</td> </tr> <tr> <td>Common Cold</td> <td>Sinus Infection</td> <td>Urinary Infection</td> </tr> <tr> <td>Corneal Abrasion</td> <td>Sore Throat</td> <td>And More!</td> </tr> <tr> <td>Ear Infection</td> <td>Sprains & Strains</td> <td></td> </tr> </table>	Allergies	Flu	STI & Treatment	Bronchitis	Pink Eye & Styes	Swimmer's Ear	Common Cold	Sinus Infection	Urinary Infection	Corneal Abrasion	Sore Throat	And More!	Ear Infection	Sprains & Strains		<p>PROMPT PAY PRICE \$89-\$129</p>	<p>▶ Other Services <i>Includes evaluation & consultation of problem</i></p> <table border="0"> <tr> <td>Ear Wax Removal</td> <td>Pregnancy Test</td> </tr> <tr> <td>Minor Cuts</td> <td>Suture Removal</td> </tr> <tr> <td>Nebulizer Treatment</td> <td>Wart Treatment</td> </tr> </table>	Ear Wax Removal	Pregnancy Test	Minor Cuts	Suture Removal	Nebulizer Treatment	Wart Treatment	<p>PROMPT PAY PRICE \$89-\$185</p>				
Allergies	Flu	STI & Treatment																										
Bronchitis	Pink Eye & Styes	Swimmer's Ear																										
Common Cold	Sinus Infection	Urinary Infection																										
Corneal Abrasion	Sore Throat	And More!																										
Ear Infection	Sprains & Strains																											
Ear Wax Removal	Pregnancy Test																											
Minor Cuts	Suture Removal																											
Nebulizer Treatment	Wart Treatment																											
<p>▶ Skin Conditions</p> <table border="0"> <tr> <td>Acne</td> <td>Hives & Rashes</td> <td>Ring Worm</td> </tr> <tr> <td>Athlete's Foot</td> <td>Insect Bites & Stings</td> <td>Skin Infections</td> </tr> <tr> <td>Cold Sores</td> <td>Poison Ivy, Oak & Sumac</td> <td>Sunburn</td> </tr> <tr> <td>Eczema</td> <td></td> <td>And More!</td> </tr> <tr> <td>Head Lice</td> <td></td> <td></td> </tr> </table>	Acne	Hives & Rashes	Ring Worm	Athlete's Foot	Insect Bites & Stings	Skin Infections	Cold Sores	Poison Ivy, Oak & Sumac	Sunburn	Eczema		And More!	Head Lice			<p>PROMPT PAY PRICE \$89-\$129</p>	<p>▶ Ongoing Health Management</p> <table border="0"> <tr> <td>Anxiety</td> <td>High Cholesterol</td> </tr> <tr> <td>Asthma</td> <td>Hypertension</td> </tr> <tr> <td>Depression</td> <td>Arthritis</td> </tr> <tr> <td>Diabetes</td> <td>Osteoporosis</td> </tr> <tr> <td>COPD</td> <td>Thyroid Disorders</td> </tr> </table>	Anxiety	High Cholesterol	Asthma	Hypertension	Depression	Arthritis	Diabetes	Osteoporosis	COPD	Thyroid Disorders	<p>PROMPT PAY PRICE \$89-\$129</p>
Acne	Hives & Rashes	Ring Worm																										
Athlete's Foot	Insect Bites & Stings	Skin Infections																										
Cold Sores	Poison Ivy, Oak & Sumac	Sunburn																										
Eczema		And More!																										
Head Lice																												
Anxiety	High Cholesterol																											
Asthma	Hypertension																											
Depression	Arthritis																											
Diabetes	Osteoporosis																											
COPD	Thyroid Disorders																											

The prices listed on this menu are our prompt pay prices due at time of service. Payments accepted include cash, debit or credit card. We also accept most insurance plans and pricing can vary depending on your insurance carrier. We recommend you contact your insurance company prior to your visit to verify coverage for service(s). Your payment responsibility may vary based on your insurance coverage. We do NOT prescribe controlled substances.

Introducing Our NEW App
 Navigating nutrition is easier than ever!

- See your purchase history and the nutrition scores for your favorite items.
- View your overall household nutrition score and track your progress.
- Scan items to find nutrition facts and recommended alternatives.
- Add better-for-you options to your online order with personalized recommendations.

Download our OptUP app today!

Available on Google Play and the App Store.

Tactics: Membership Program

- Flat price or a percentage discount requires patient to purchase a “membership.”
- Must be a “discount program” with no actuarial risk (i.e. not a regulated “insurance product”).

Pros

Cons

Cash discounts are offset by membership fee revenue, resulting in higher average revenue per visit.

Reliable monthly cash flow from membership dues.

Loyalty effect resulting in increased visit frequency.

High utilization patients could undermine margins.

Complexity in administration (credit card expirations, bank charge-backs, staff sales incentives).

Membership churn—patients join to get a discount on today’s visit and then cancel.

Membership Program, cont'd.

Healthy Savings Plans in Texas

Residents of Texas are eligible to receive \$68 sick visits at CareNow and 10% to 60% discounts on a variety of other healthcare services when you use the CareNow® Healthy Savings Card™. This card does not serve as an insurance card and cannot be used with insurance, it is simply a **discount card that can be used for CareNow®** medical, other doctor, specialist and hospital visits, plus dental, pharmacy, hearing and vision services.



[Sign Up For Your Healthy Savings Card](#)

With your CareNow® Healthy Savings Card™ **available only in Texas**, you receive the following discounts for yourself, a spouse and all legal dependents:

- \$20/month fee
- \$68 sick visit* at CareNow®
- 35%-40% On services such as lab, x-ray, suture care and supplies
- \$15 School or [sports physical](#)
- Discounted flu shots
- 15%-50% savings on dental
- 10%-60% savings on vision, hearing and pharmacy prescriptions
- 10%-40% savings on other doctor, specialist and hospital visits

To purchase a CareNow® Healthy Savings Card™, [fill out our application online](#) or at your nearest [CareNow® location in Texas](#).

For more information or questions regarding these benefits, please call (800) 800-7616 or email info@newbenefits.com.



- \$20 per month fee
- \$20 one-time registration fee
- \$68 sick visits at CareNow (\$108 first visit)
- 35-40% discount on ancillary services
- Additional benefits attached to the card

Membership Program, cont'd.

STITCHES
ACUTE CARE CENTER

HOME CLINICS SERVICES OUTREACH MEMBERSHIPS YOUR VISIT

StitchesCare Membership Program

putting the care back into health care

[learn more about memberships](#)

Membership Type	Price	Additional Info
Individual	\$79/month	With six month membership price. young adult age 18-26 pay only \$31/m
Individual and Child	\$95/month	With six month membership price. \$23/month for each additional child
Individual and Partner	\$143/month	With six month membership price. \$23/month for each additional child.
Family of Four	\$159/month	With six month membership price. \$23/month for each additional child.

By selecting the purchase button below, you agree that you have read and understood the Stitches Acute Care Membership terms and conditions.

[Month-to-Month Membership](#)

6 MONTH MEMBERSHIP

- \$99 initiation fee (\$199 families/couples)
- Monthly ACH or credit card charge
- Unlimited urgent care visits
- Ancillary services at clinic's cost
- 20% discount on membership if >6 months
- \$31/month for members age 18-25
- 1-month cancellation notice required



Membership Program, cont'd.

- Patient motivation is a discount on today's visit.
- Issue is frequency of use—"average" urgent care patient visits 1.7x/yr.
- Sales opportunity to local employers with high deductible plans.
- May be developed internally or externally, with vendor assistance.
- "Add-on benefits" such as pharmacy discounts or PPO network access support sales and reduce churn.

Operational Considerations

- Train staff as to what types of services constitute what charges—develop conversion tables or job aids as appropriate.
- E/M coding should be independent of charges—code to documentation, not to achieve a price.
- Consider exclusions for lab, vaccines, medications, x-ray over-read and ancillary services.
- Collect some cash (or authorize credit card) in advance of the visit (prevents walk-offs).
- Patient receipt should show “billed charges” and discount off fee schedule to prevent insurance windfall on out-of-network claim.

Maximizing Front Office Collections

- Insurance verified through Real Time Eligibility
- If insurance cannot be verified, the visit is treated as “uninsured.”
 - Collect self-pay and forego use of insurance.
 - Bill insurance but require \$250 credit card pre-authorization or \$100 cash at time of service
- Collect any deductible at time of service
 - Issues are accurately collecting fees and insurance processing.
 - \$250 credit card pre-authorization or \$100 cash at time of service.
- Applies to private, managed Medicare and Medicaid plans
- Medicare 20% co-insurance
- Exceptions to deposit requirements:
 - Straight Medicaid
 - Tricare



For More Information...

Alan A. Ayers, MBA, MAcc

Williamsburg, Virginia

aayers@practicevelocity.com

www.alanayersurgentcare.com

