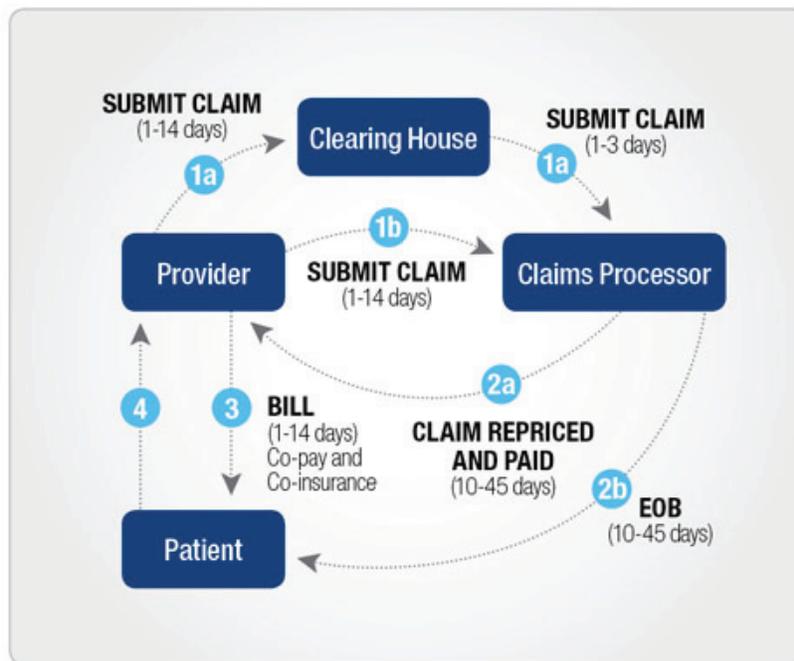


## Innovative Point-of-Service Technology Key to True Healthcare Reform The “Holy Grail” of claims and payment systems has potential to save billions

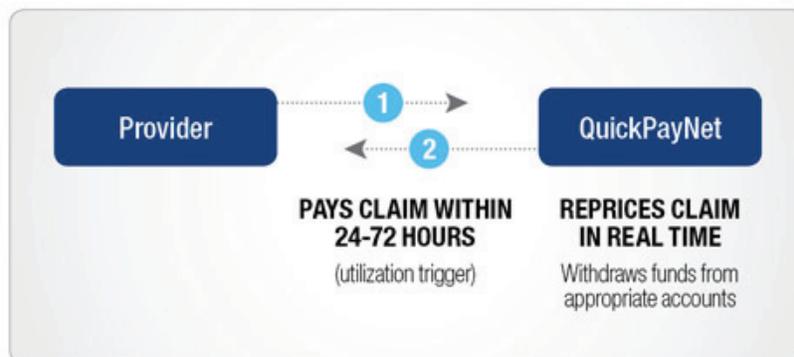
October 2010 - Despite the current focus on healthcare reform, the recession and escalating costs of healthcare continue to plague businesses. Given that employers’ healthcare costs have increased approximately 150 percent over the past decade, and are projected to rise 10 to 25 percent in 2010, it’s not surprising that companies are nervous about the real effect of reform.

While consumer directed health plans with health savings accounts (CDHP + HSA) have made tremendous strides toward reducing costs (\$21 million or more for every 10,000 employees), evidence shows these plans have not gone far enough and that their current implementation is lacking. Thomson Reuters Vice President for Healthcare Analytics Bob Kelley published a white paper entitled “Where Can \$700 Billion in Waste Be Cut Annually from the U.S. Healthcare System?” The paper examined published studies, subject experts’ opinions and findings from Thomson Reuters’ own proprietary healthcare databases to determine that \$700 billion are being wasted.

### CURRENT HEALTHCARE SYSTEM



### SIMPLICITY SYSTEM [Submit Claim Online Instantly](#)



To bring true cost control to the system, healthcare reform must address how services are paid. Without addressing the “middleman”, valueless administration services, wasted paper bills to members and antiquated claims processing that grossly exaggerate costs and create agonizing payment delays, all obscuring transparency, healthcare costs will continue to spiral upward. Costs, rather than controlled, are reallocated, with no real material reduction. Those who pay for healthcare, employers and their employees, consequently continue to bear the increasing cost burden. Consumerism in healthcare cannot thrive without transparency.

Fortunately, there is an innovative technology system that disintermediates the entire claims processing system, driving significant savings and efficiencies for employers, providers and members. The first of its kind, this system partners technology for point-of-service claims processing and payment with the CDHP + HSA model to create a direct and completely paperless alternative that offers instant payment and does away with member bills and fraud. Because this technology-based system fundamentally changes the way claims are processed and paid, it can save employers hundreds of thousands — even millions of dollars annually.

### **How it Works**

The partnering of Internet-based technology with a CDHP + HSA is the basis for enormous cost savings over traditional fully insured plans and other self-funded plans. Using a secure service-as-a-software (SaaS) platform, the state-of-the-art technology minimizes middleman services and directly connects employers, plan administrators, members and care providers, often instantly, with little human intervention.

Use of the system is simple. For example, once a plan member receives medical care, the provider files a payment claim directly via the Internet. The claim is immediately adjudicated against the plan and is clinically edited and repriced – all at the point of service. The technology-based system eliminates the traditional patient billing chain that adds months, even years, to the average reimbursement cycle. Administration costs are significantly reduced as the time and money spent on time-consuming paper billing processes and multiple billing notices are disintermediated. Debit cards are also eliminated, which removes the inherent risk of fraud and the cost of administering the cards. Debit cards represent a variety of hidden costs. For care providers, debit cards double collection costs, lengthen the collection cycle, and carry a typical 2% plus 30-cent fee per transaction. For members, debit cards eat up HSA contributions through monthly checking/debit account fees, require administrative paperwork, and create credit risks when a member’s HSA lacks sufficient funds to cover a claim. For employers, debit cards create additional workload on human resources managers to address the questions and problems associated with such a complex system.

They allow employer wealth saved and transferred tax free to employees to be used for services other than medical expenses. Every employer should be seriously concerned about the use of debit cards. There are other systems referred to as “paperless,” but there is no comparison in their ability to eliminate costs. These so-called “paperless” systems are nothing more than electronic data exchanges through clearinghouses that pass information back and forth between care providers, insurance carriers and patients. They do nothing new to eliminate the cost of the “middleman” from healthcare. Essentially, they put a new face on an old structure and never address the root cause of escalating costs – bloated paper-driven bill payment and adjudication administration that is passed along to the consumer as part of a cost-plus payment system. Only by reducing the “plus” costs that add dollars without value or benefit to the consumer can real cost control be realized.

### **Built-in Transparency and Simplicity**

One of the other benefits of an Internet-based point-of-service system is that it can be fully transparent for the member and the provider. Because payment is authorized at the time of service, there’s no more guessing on the part of the member and no more frustrating payment delay for doctors.

The member can know immediately what they are being charged, and the doctor can know what they will be paid and when. They are no longer forced into accepting as little as 55 to 65 percent of their original charge after months and months of back-and-forth paperwork for what is essentially a self-pay patient 80 percent of the time when dealing with a CDHP plan.

The technology-based system allows for payment to be handled like a simple electronic banking transaction.

### **Everyone Benefits**

Employers, providers and members all benefit from using Internet-based point-of-service claims processing and payment technology.

The technology-based system saves employers money and eliminates the debit card waste, fraud and member frustrations that burden their human resources personnel. Depending on the number of employees, employers can realize double-digit percentage savings. Most can save more than 15 percent, year over year, which translates to millions of dollars in savings

that can be reinvested in wages, hiring and other company assets.

For the care provider, the addition of point-of-service claims processing and payment means the cost of doing business goes down significantly. They save time and money by eliminating all of the back-and-forth processing of paper-based transactions, credit risks and collections hassles that drive up costs and delay payment for months.

The technology-based system enables guaranteed same-as-cash payment within 72 hours. If the provider accepts 100 percent payment of the adjusted plan-allowed amount at the time of service, payment is instant. To receive payment, the doctor's office simply enters the member patient's charge using the Internet-based system.

Members benefit by diverting non-taxed dollars to their HSA accounts to be used for healthcare services as needed. With the proper CDHP + HSA health coverage, members also save money because they pay no deductible on major healthcare screenings. This makes them more likely to seek preventative care.

It's also been shown that because members are managing their own healthcare spending, they become better consumers. According to a McKinsey & Co. study, 25 percent of those with CDHP+HSA plans change to healthier lifestyles as a result of managing how their healthcare dollars are spent. To the extent they stay healthy, members can get wealthy because the plan enables them to build significant savings. Employees with this type of plan are much more likely to ask about cost and avoid unnecessary healthcare services. They get more regular exams and are more likely to comply with treatment recommendations. Members rethink their options and make better decisions when it is their own money.

By combining CDHP + HSA with the industry's first Internet-based point-of-service processing and payment system, there is potential to revolutionize healthcare as we know it. True healthcare reform must focus on cost control, and this innovative technology-based system proves it can be done. Employers, providers and members can realize the thousands and even millions of dollars in savings they deserve with this unique approach to eliminating redundancy, waste and the spiraling costs of our healthcare system.

## About the Author



Gregory J. Hummer, M.D., has spent the last 18 years developing and perfecting Simplicity Health Plans to solve the vexing complexities, out-of-control costs, burdens and inefficiencies that are associated with healthcare coverage in America today.

Dr. Hummer is chairman and CEO of Simplicity Health Plans. His career includes 16 years as a Cleveland trauma surgeon, founder of a national group of emergency care centers called MED Center, and a three-year stint at NASA Lewis Research Center as director of medical screening.

Dr. Hummer's healthcare solution incorporates technology that provides efficient paperless claims processing and point-of-service payment with a CDHP + HSA package. Simplicity Health Plans is the first and only plan that provides instant and completely paperless claims processing and point-of-service payment transparency.

To learn more about Simplicity Health Plans, call Dr. Hummer for a consultation, 216-543-3031.