



WHITEPAPER

# Improving Health Literacy

How Understanding Costs Improves  
Outcomes and Access to Care

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# The Role of Health Literacy

One of the most significant challenges for all stakeholders is a lack of health literacy among consumers. Healthcare in the U.S. is highly complex and difficult to navigate, especially with regard to health insurance and financial liability. This lack of pricing transparency impedes a patient's ability to get the care they need when they need it.

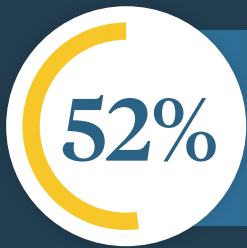


**WHAT IS HEALTH LITERACY?**

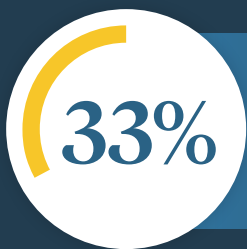


The degree to which individuals have the ability to find, understand, and use information and services to inform health-related decisions and actions for themselves and others.

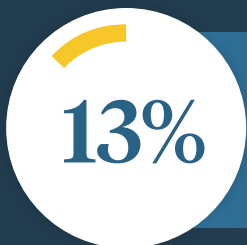
## THE STATE OF HEALTH LITERACY IN THE U.S.



of consumers do not understand how to navigate the healthcare landscape<sup>1</sup>



of consumers are considered low-literacy, lacking any experience with the U.S. healthcare system<sup>1</sup>



of low-literacy consumers contact customer support more often than high-literacy consumers<sup>1</sup>

**\$3.4 BILLION**  
in administrative costs incurred by health payers from these low-literacy consumers<sup>1</sup>





# More than half of Americans are worried that getting sick could lead to bankruptcy.<sup>2</sup>

Rising healthcare costs and declining insurance benefits have made medical bills and debt an increasing problem across the country. Over 40% of Americans face medical debt ranging from \$500 to \$10,000 or more.<sup>3</sup> In the face of such debt, Americans ration and skip necessary care, suffer financial hardship, and even file for bankruptcy.

What happens when individuals have vast amounts of medical debt? One study found that almost half of people with medical debt put off care, and 41% did not fill a prescription due to costs.<sup>4</sup> The result includes exacerbation of existing medical conditions and an increased risk of developing preventable medical conditions.

**The number of Americans who put off medical care due to costs has reached a 22-year high.<sup>5</sup>**

However, people with higher health literacy reported lower medical debt.<sup>6</sup> This suggests that having a better understanding of health issues can help manage medical debt. Improving health literacy, especially among vulnerable populations, may help to reduce the burden of medical debt on individuals and families.



**1 in 3** AMERICANS

have \$500 or less saved for their medical expenses<sup>2</sup>

**28%**

CARRY MEDICAL DEBT<sup>2</sup>

# How to Improve Health Literacy

The best way to enhance health literacy among consumers and ensure they have access to the care they need is through digital health tools that improve price transparency. **Providing detailed information about the costs of procedures in a way that is easy to understand is a great place to start.**

However, it can still be challenging for patients to get a complete price that includes all services for an entire episode of care. For example, for knee-replacement surgery, patients may receive separate bills from the surgeon, anesthesiologist, hospital, lab, physical therapists, and more. A better approach is to offer a pre-determined “episodic” bundled price so patients make a single payment for everything.

**When patients understand prices, they are better able to make more informed decisions about their care.**

## The Impact of Improved Health Literacy

✓ Fewer emergency room visits for patients<sup>7</sup>

✓ Increased utilization of preventative care services<sup>8</sup>

✓ Decrease in overall costs<sup>7</sup>

✓ Lower mortality rate<sup>8</sup>

**32%** REDUCTION IN HOSPITALIZATIONS  
as the result of improved health literacy<sup>7</sup>





# How Episodic Bundling Works

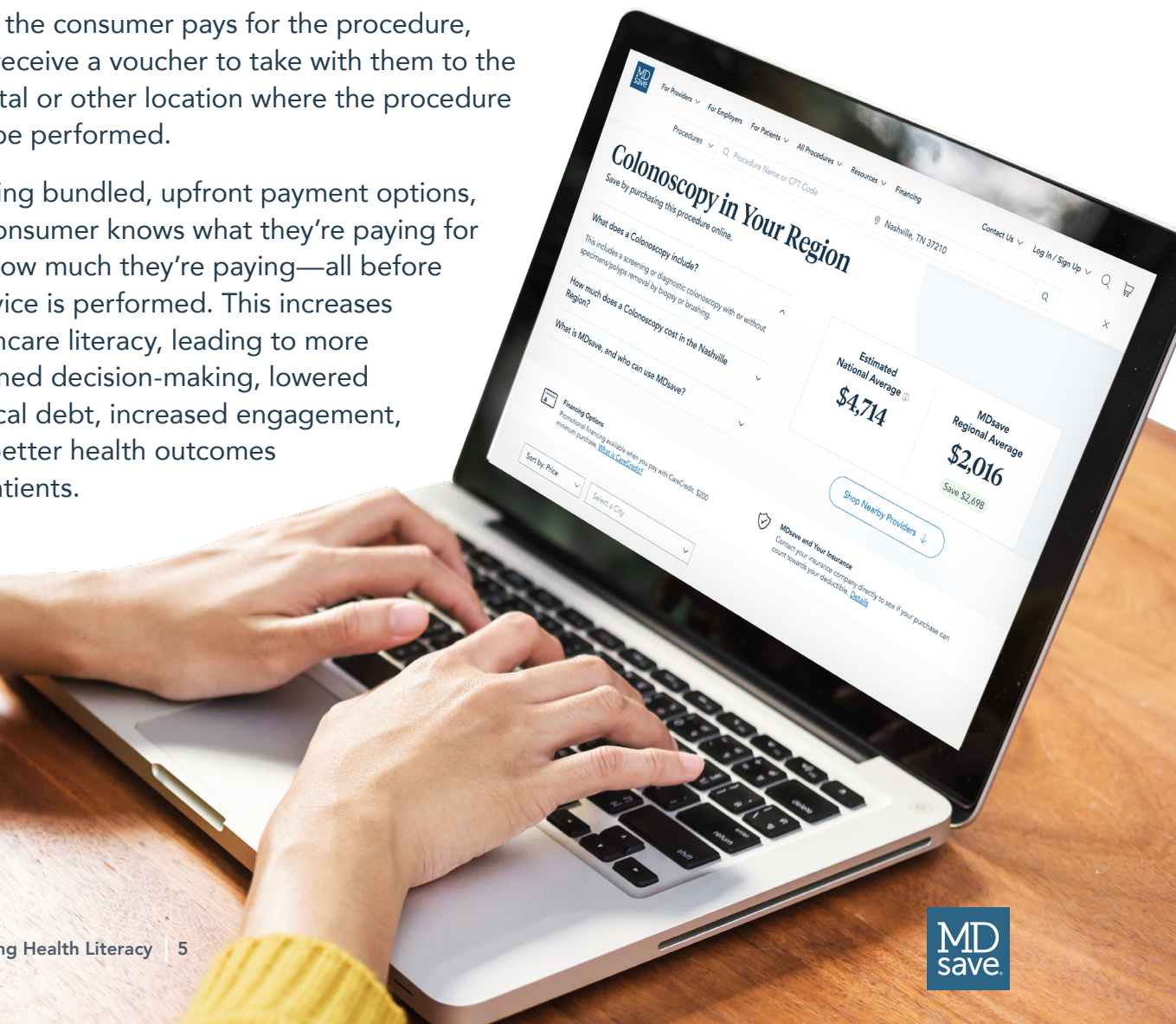
Episodic bundling is powered by technology that cross-references a database of procedure codes, geographic price variations, and regional market influences. From this analysis, a price is created that includes a percentage markup according to best practices and competitor pricing. The technology then identifies and groups all anchor codes relevant to a specific procedure.

Digital health platforms such as mobile applications and websites that provide bundled and accurate health information can enhance accessibility and enable individuals to take an active role in managing their health.

Through a digital marketplace like MDsave, consumers can search for the procedure they need, compare prices, and pay for their procedure with one click.

Once the consumer pays for the procedure, they receive a voucher to take with them to the hospital or other location where the procedure is to be performed.

By using bundled, upfront payment options, the consumer knows what they're paying for and how much they're paying—all before a service is performed. This increases healthcare literacy, leading to more informed decision-making, lowered medical debt, increased engagement, and better health outcomes for patients.



# Success Story

South Baldwin Regional Medical Center (SBRMC), a Community Health Systems facility, is an acute care hospital in Foley, Alabama. With more than 800 employees and a network of medical clinics serving greater coastal Alabama, they offers inpatient, outpatient, emergency, diagnostic, and surgical care, clocking nearly 350,000 patient encounters annually.

SBRMC faced unique challenges when addressing the needs of its cash-pay patient population. The facility recognized the difficulty cash-pay patients had in understanding and paying for medical procedures. However, they needed to significantly decrease the amount of time it took to collect reimbursement for the medical services they provided. Additionally, they struggled to find a successful point-of-service collection strategy. And this gap in revenue cycle collections only added to the hospital's back-office end work while simultaneously depressing their cash-pay revenue.

In April 2019, SBRMC signed a contract with MDsave.

The partnership began due to a corporate program that all Community Health Systems facilities received. SBRMC saw MDsave as an opportunity to improve their overall collections process for their cash-pay patients. Since then, MDsave has supported the medical center's patient-facing staff to improve the customer service experience and empower them to leverage MDsave as a tool for transparently priced, bundled healthcare. The SBRMC facility, its staff, and patients have all benefited.

As a result, MDsave has enabled SBRMC to more than double its point-of-service revenue, dramatically increase revenue from cash-pay patients, and also increase patient satisfaction as cash-pay patients have an easy and transparent way to access and finance necessary medical procedures.

**Patients appreciate MDsave's easy billing process, and providers see a benefit in more timely revenue:**

- ✔ AFFORDABLE RATES
- ✔ DIRECT PURCHASING
- ✔ NO SURPRISE BILLS

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**MDsave has become a word that all cash-pay patients hear at South Baldwin Regional Medical Center. All physicians who are aware of the program utilize it and think it's a great tool.**

— Nicole Rivera, Director of Revenue Cycle

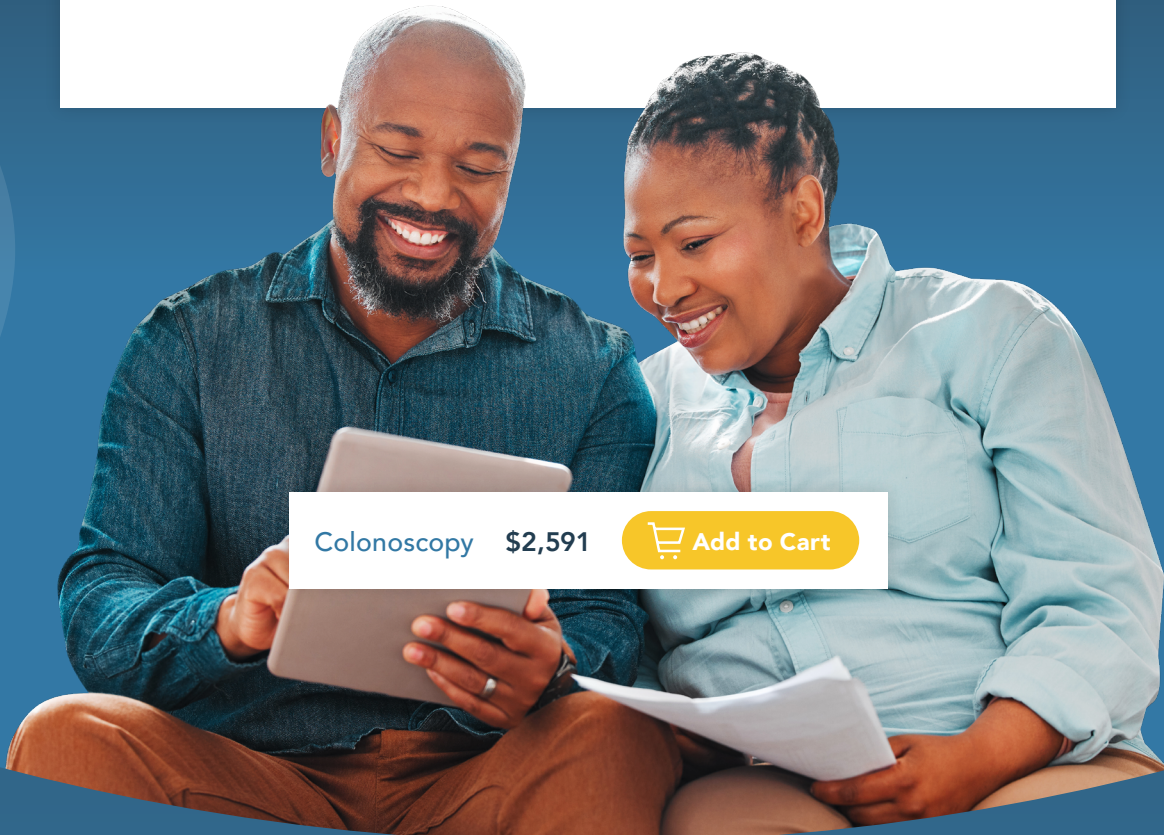


# The Journey to Health Literacy

Ever since high-deductible health plans came onto the scene, consumers have struggled to pay for the care they need. Although the plans were created to better spread risk among stakeholders, these plans have put tremendous pressure on consumers. Price transparency tools like digital marketplaces can help improve health literacy so patients have the information they need to make better decisions about their care.

**MDSave makes healthcare better for everyone by making it easier for people to make informed decisions about their healthcare.**

By making it easy for people to compare costs, make informed decisions, and choose the best option for their budget, we can improve healthcare literacy, reduce medical debt, and make healthcare experiences and patient satisfaction better.



Colonoscopy \$2,591

 Add to Cart

# Want to Learn More?

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## CONTACT US

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