



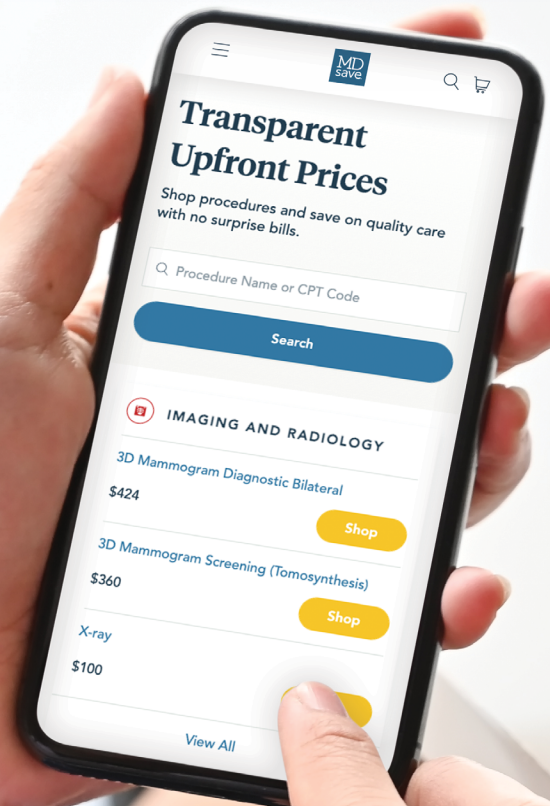
WHITEPAPER

The Power of Patents To Drive Change in Healthcare

Retail Consumerism and the Importance of Protecting Cost Transparency

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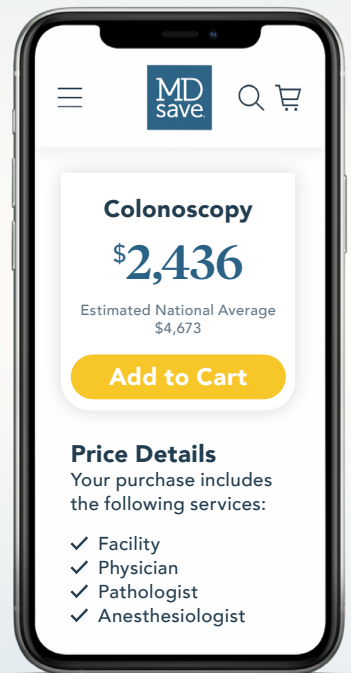


WRITTEN BY

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Purchasing healthcare services in the U.S. is unlike purchasing services in any other industry—and not in a good way. Imagine going to your favorite café and getting separate bills for the coffee, the waiter’s time, use of the table, etc. Now imagine the same scenario, but you don’t know what each item costs until you receive those bills. That’s what consumers face each time they have a healthcare service in the U.S. It is one reason they are so willing to travel and search for the best prices. It is the face of the new healthcare consumer—a **consumer who demands more transparency.**

The advancement of technology is changing healthcare transparency for the benefit of both patients and providers.






OFFERING BUNDLED PRICING

Current technology uses a pricing application that works based on geography and includes a cost-adjustment database with predetermined prices set by providers. The technology uses this information to create a single price for a set of services.



BUNDLED PRICING COLONOSCOPY EXAMPLE

-  **The price is inclusive of all fees**, including the operating room, recovery room, outpatient stay, physician’s fee, anesthesia, and pathology for the specimen examination and diagnosis.
-  The “bundled service” price is **available for consumers to view online** and compare pricing between multiple providers.
-  Once they find the price that fits their budget, they can purchase the service online. **The consumer then receives a redeemable proof of purchase.**



WHY A NEED FOR PATENTS?

As with many innovations, new entrants often take advantage of the advances created by others to develop a viable business model.

Not long after MDsave released its new bundled services solution, several organizations started buying procedures, which they resold to consumers at significantly higher prices. By doing so, they negated the benefit to both providers and consumers by eliminating all aspects of transparency and affordability. As soon as we discovered that this was happening, we applied for patents on all portions of our technology in order to protect its original intention. Patents were awarded for the company's proprietary bundled services technology as well as for its proprietary pricing tool and "talk live" button. Since securing these patents, **purchasing of vouchers for resale has stopped allowing these middlemen to mark up procedures and make a profit from the consumer.**

THE BENEFITS OF PRICE TRANSPARENCY



FOR PROVIDERS

- ✓ Ability to set pricing themselves
- ✓ Improved patient experience
- ✓ Reduces bad debt write-offs
- ✓ Increased upfront payments from self-pay patients
- ✓ Get paid within four days of service instead of 30+ days from payers
- ✓ Bundling partner manages payment distribution



FOR CONSUMERS

- ✓ No post-service billing surprises
- ✓ Know what they owe up front
- ✓ More likely to pay prior to service
- ✓ Are better able to afford the care they need
- ✓ Can make more informed decisions about how to pay
- ✓ Reduced deferment of care due to financial reasons



Patents in Healthcare

Patents in healthcare often get a bad name. “Big pharma” is a perfect example. In an effort to encourage pharmaceutical companies to find new medicines, legislation was created offering 20-year patent protection¹. This was considered sufficient time for the drugmakers to benefit financially from market exclusivity to fully recoup their investment. What happened, however, is that the drug companies sought patents that would essentially block competition from creating generic versions of their drugs once the patent expired. This, in effect, has allowed pharmaceutical companies to set outrageous prices in order to maintain high profits. And it’s the American consumer who ends up paying the price both in terms of their wallets and their health.

30% of adults say they don’t take their medications as prescribed due to cost²

19% say they haven’t gotten a prescription filled due to cost²

12% say they cut their pills in half or skip doses due to costs²

Clearly, the use of patents to artificially inflate and maintain high-cost prescription drugs is not in the best interests of the consumer or, some might say, immoral. It is interesting to observe the juxtaposition of the use of patents to accomplish the opposite for medical procedures. The patents obtained by MDsave were intended to do just the opposite: **Improve price transparency so patients can afford the care they need and so providers can get paid in full.**

Patients save between  **40-60%** when they have the ability to shop for services³

In some cases, uninsured consumers are able to get even lower out-of-pocket costs than the negotiated rates for insured consumers, and patients often don’t need to switch providers.



Office Visit \$95 **Save \$286**



BARIATRICS

Success Story

The Challenge

A 396-bed hospital located in the Midwest, with a service area that included 25 cities in three states, had been offering self-pay pricing that required bariatric patients to pay hospital and physician fees upfront. However, patients would be billed for pathology and anesthesiology after service was rendered. Because of the high pricing, most patients opted to pay over time using a credit card or a combination of cards. When patients pay their healthcare bills with credit, it can impact their credit scores and cause barriers to things like buying a car or getting a mortgage loan. And interest rates can add up over time and make the actual cost of those healthcare procedures even higher in the long term.

How MDsave Helped

The hospital launched its bariatric service line on MDsave.com in July of 2020. As part of its informational patient seminars, the hospital presents the MDsave option to patients paying out of pocket, which includes uninsured patients, patients without bariatric coverage in their insurance plan, or patients who didn't want to wait for insurance-mandated supervised weight-loss periods.

THE RESULTS

The hospital saw significant results in just nine months of partnering with MDsave, achieving more than \$190k from 17 high-value bariatric procedures. All participants received payment for each episode of care within one week of service.

 **>\$190K**
IN GENERATED REVENUE

FROM

 **17** HIGH VALUE PROCEDURES

WITH

\$3-4K AVERAGE PATIENT SAVINGS

 RESULTING FROM ELIMINATING ANCILLARY BILLING

The Journey Forward

The Hospital Price Transparency final rule went into effect on January 1, 2021⁴. The rule requires hospitals to publish their payer-negotiated rates and to provide consumers with an online tool that lets them search for and view the prices of 300 medical services.

While research has shown that providers who embrace pricing transparency can see up to a 63% increase in patient volume within just a year of adoption, **less than 15% of hospitals are actually in compliance** with the rule^{5,6}. And the price for noncompliance is significant.

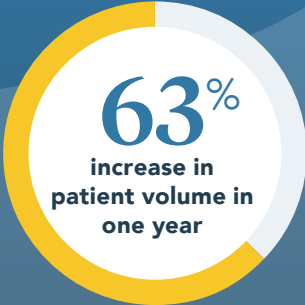


NONCOMPLIANCE FINES CAN BE UP TO \$5,500 PER DAY⁷

The price to consumers, however, could be even greater as they are forced to make difficult decisions on when, where—and if—they're able to afford the care they need.

MDSave's patented technology helps hospitals achieve price transparency compliance while supporting ongoing healthcare consumerism to reduce costs in a meaningful way.

But it only works if the solutions are protected from bad actors who seek to benefit financially, regardless of the impact on consumers. Patents, as it turns out, aren't always a bad thing.



63%
increase in
patient volume in
one year

FOR HOSPITALS THAT
EMBRACE PRICING
TRANSPARENCY^{5,6}



Want to Learn More?

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