NEW REPORT SHOWS HOSPITALS BEAR FINANCIAL TOXICITY BURDEN

By Chidi Ike

September 8, 2022

Financial toxicity is a term that was coined nearly ten years ago to highlight the stress patients with cancer and their families bear due to the high costs associated with cancer care. Surveys indicate that at least a quarter of patients with cancer experience what they describe as financial toxicity.

The past decade has seen a dramatic increase in the cost of healthcare in the United States, with the prices for oncology medications, hospitalizations, diagnostics, tests, and imaging growing, whereas the rise of the U.S. gross domestic product over the same period has been gradual. This creates a scenario where the average American struggles to cover their healthcare expenses. Because insurers may pass an increasing portion of healthcare costs to patients through rising co-pays and by denying coverage for necessary medical treatment, self-pay patient responsibilities are continuing to rise—a transition that now requires hospitals and health systems to bear some of the burden.

A recent report from Crowe found that U.S. hospitals are experiencing an increasingly difficult time collecting out-of-pocket costs from patients once the amount owed reaches the thousands of dollars. Findings from Crowe's analysis have placed the cost threshold at $7,500—anything higher is accompanied by a significant decline in the number of patients who can afford to pay their bill(s). Failing to collect all expected revenue in the face of increasing workforce shortages and staff wages has left hospitals and health systems with tight operational budgets.

Crowe's insight was found via collected data from each patient transaction every day in 2021 from more than 100,000 physicians and 1,600 hospitals. Its study findings have determined that bad debt is a major contributor to decreasing collection rates.

Hospital Write Offs

Patient balances that are deemed uncollectible, following strong efforts by a provider or hospital staff to recoup payment, are often written off and referred to as bad debt. Uninsured or underinsured patients have accounted for most hospitals write offs in the past, however, insured patients—who are paying out of pocket for their healthcare costs (e.g., deductible and/or any amount due after the insurance payment is made)—are now becoming the primary source for payment write offs. According to Crowe's findings, patients who self-pay after insurance coverage represented about 60 percent of bad debt in 2021, an increase from 11 percent in 2018. The overall increase in high-deductible healthcare coverage plans has changed the scope of health insurance, leaving hospitals with the responsibility to help patients afford their treatment-related costs.

Additionally, Crowe found that the number of patient balances more than $7,500 has tripled since 2018, and those more than $14,000 have almost quadrupled (4.4 percent in 2018 to 16.8 percent in 2021). These balance increases are problematic for patients and providers because most patients cannot pay what they owe within the 120-day collection period that most hospitals abide by following the resolution of an insurance balance.

"It's one thing to ask patients for the $75 or even $200 co-pay amounts at the point of service," said Brian Sanderson, principal at the Crowe healthcare services group. "But it's a completely different conversation to guide them through when they are paying thousands of dollars." Sanderson wagers that this is the reason hospital and health system collection rates are rapidly declining. To address these low rates, some hospitals are stratifying their revenue cycle teams into groups based on the overall amount owed (e.g., low-dollar and high-dollar accounts) to better facilitate the payment collection.

Financial and Health Literacy

Another study of 404 participants from 2 ambulatory centers in Arizona and Mississippi found that patients with cancer are increasingly self-reporting that they experience financial hardship. Further, researchers found that high financial literacy may alleviate the negative effects of lower health insurance literacy. Therefore, it is imperative for cancer programs and practices to assist patients with cancer in understanding their insurance coverage and treatment-related costs.

How ACCC Is Helping

The ACCC Financial Advocacy Network recognizes that this gap in healthcare exists and is committed to mitigating financial toxicity for patients with cancer to improve their quality of life. It offers a Financial Advocacy Boot Camp to help healthcare professionals whose role is to assist patients with screening for financial toxicity, optimizing insurance, and finding and accessing financial assistance. The network is also updating its 2018 Financial Advocacy Services Guidelines in an effort to inform cancer programs and practices what services they *must* provide patients to improve the patient experience. Lastly, the Financial Advocacy Playbook is available online to help train those new to their role in financial advocacy and provide additional training and resources for those financial advocates already on the team.

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