The rising cost of healthcare system complexity

How payers can humanize healthcare to cut complexity— and costs

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While the US healthcare system is all about caring for people, it is not naturally centered around them. Its notorious complexity takes a significant toll on people, impacting their access to care, quality of experience and health outcomes.

The more complex the healthcare system becomes, the greater the negative human impact. And the financial costs.

A [2018 Accenture study](#) estimated that health payers face $4.8 billion in administrative costs each year from Americans with low healthcare system literacy who need more customer service assistance to navigate complexity.[1]

This cost has ballooned to $10 billion annually due to declining healthcare system literacy.[2] Yet this is only the tip of the iceberg.

Medical and administrative costs

Healthcare complexity has an even larger impact on medical costs. We quantified this impact by assessing emergency room (ER) use with eye-opening results. People with low healthcare system literacy use the ER much more than those with a better understanding of the healthcare system.[3]

> This translates to $47 billion in avoidable medical spend for US healthcare each year.

Reversing this trend is not solely an issue of providing the right financial incentives or educating people on care access and options. Larger systemic issues are responsible.

Tackling these issues—and saving billions in unnecessary medical costs—means introducing simplicity into the system with structural changes that make the right choice the easy choice for people.

It's about helping people get the access, experiences and outcomes they expect and deserve by harnessing the power of technology and human ingenuity. Healthcare payers have an imperative to act now. They are well positioned to bend the healthcare system to people by simplifying access to optimal care settings—and by delivering consumer experiences that improve outcomes.

The complexity of the healthcare system is driving people to choose the ER for acute care needs that could be addressed in less expensive care settings.

Low healthcare system literacy is on the rise

Accenture developed a **Healthcare System Literacy Index** to understand the healthcare competency levels of US consumers. People with low healthcare system literacy cannot correctly identify terms related to their health insurance coverage including premium, deductible, copayment, coinsurance and out-of-pocket maximum.

They don't understand the difference between in-network and out-of-network and how to find in-network doctors, are unaware of the benefit differences in their plan if they choose an out-of-network provider, and do not know what a prior authorization is or how to get one.

Figure 1. Low healthcare system literacy has increased—from 52% in 2017 to 61% in 2021.

2017

33% 16% 32% 19%

Low healthcare system literacy

High healthcare system literacy

2021

41% 13% 26% 20%

Low healthcare system literacy

High healthcare system literacy

- No experience
- Novice
- Proficient
- Expert
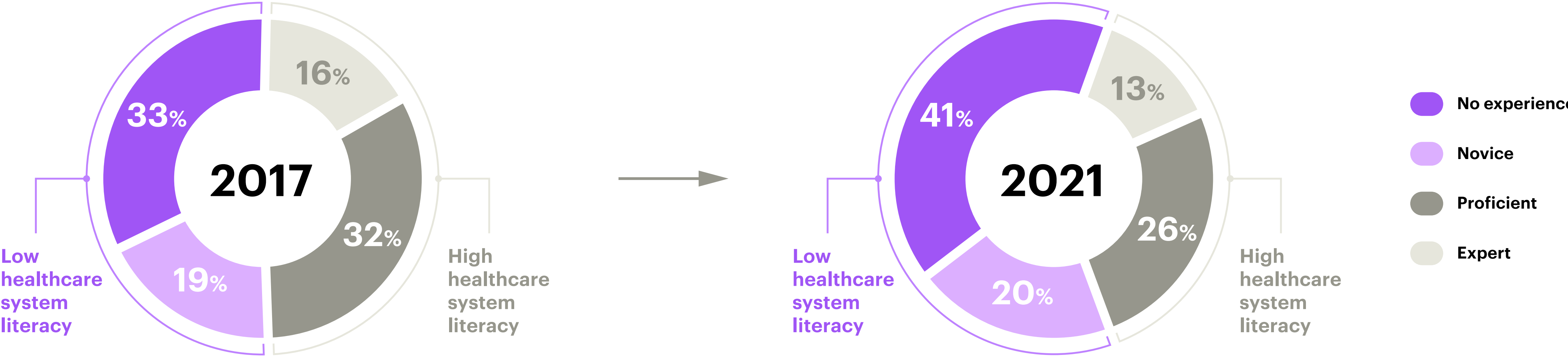
Source: Accenture 2017 and 2021 Consumer Experience Benchmarking Studies

# The siren song of the emergency room

When asked about care received in the previous year, people with low healthcare system literacy were much more likely to have gone to the ER for services than those with a better understanding of the healthcare system.[4]

In fact, people with low healthcare system literacy—whether or not they have chronic conditions—visit the ER more often (Figure 2):

- Those with a *chronic condition* were **2x more likely** to have received care at the ER in the last year than their high literacy peers.

- Over the same period, *generally healthy* people with low healthcare system literacy were nearly **3x more likely** to have visited the ER than their high literacy peers.

Figure 2. People with low healthcare system literacy use the emergency room more often

Emergency room utilization by:

People with chronic conditions

Generally healthy people

2x more likely

14%

7%

3x more likely

4%

1%

High healthcare system literacy

Low healthcare system literacy
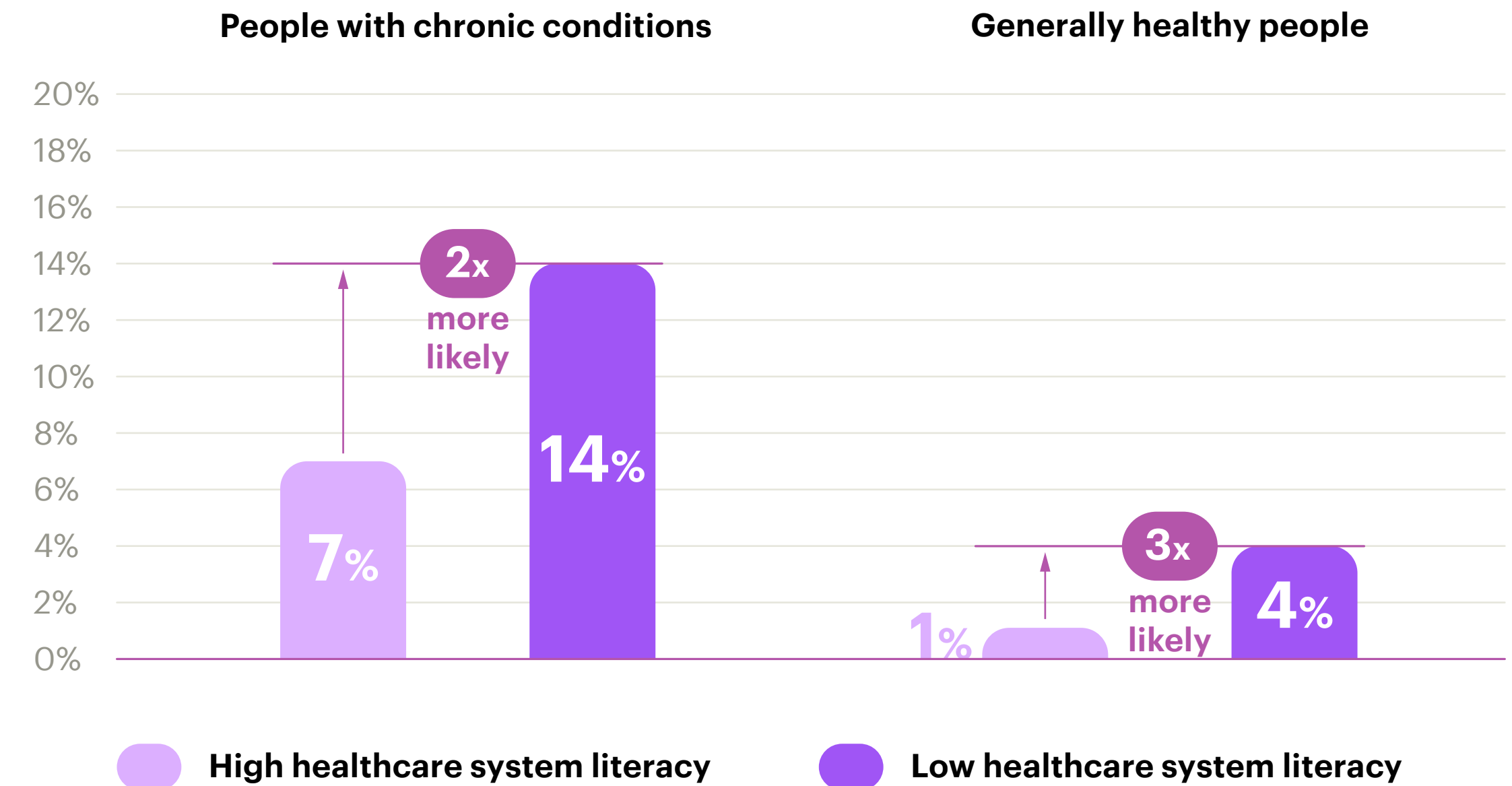
Source: Accenture 2021 Consumer Experience Benchmarking Study

If people with low healthcare system literacy used the emergency room at the same rate as their more informed peers, Accenture estimates that the US healthcare system could save $47 billion every year in medical costs.

This cost saving assumes that their excess emergency room visits would shift to less expensive sites, such as primary care physician offices, urgent care centers, retail health clinics and telehealth visits.

This ER use is not a COVID-19-related issue but a long-term problem. Our analysis controls for overall changes in utilization as it focuses only on the difference in ER use between people with low and high healthcare system literacy. In other words, this savings figure is not driven by more people going to the ER because of the pandemic. In fact, the Centers for Disease Control and Prevention reported that ER utilization _decreased_ by 42% in the early pandemic period.[5]

The problem could get worse

The impact of low healthcare system literacy may grow in the coming years, especially given the nature of the COVID-19 virus, which remains a public health threat.

When asked about the likelihood of getting the COVID-19 vaccine, people with the highest level of healthcare system literacy were 25% more likely to be very willing to get it than people with low system literacy.

This trend creates the potential for a "perfect storm" of unvaccinated people who are more vulnerable to the virus. The possibility of this strain on the overall healthcare system in terms of cost and resource drain—as well as the threat to public health—highlights the need to address this challenge now.

People choose the path of least resistance

So why are people with low healthcare system literacy choosing the ER for non-emergency care?

Their preference comes down to the path of least resistance. In a system riddled with puzzling terminology, confusing rules and regulations and opaque processes, people are defaulting to the ER for its accessibility. It's easier than trying to navigate a complex system that refuses to meet them halfway.

After all, everyone wants convenience and experiences that fulfill their needs on both practical and deeply "human" terms. As Figure 3 reveals, people with low healthcare system literacy are:

1.3x
more likely to feel that their insurer did not provide enough information for them to find a new doctor when they needed it.
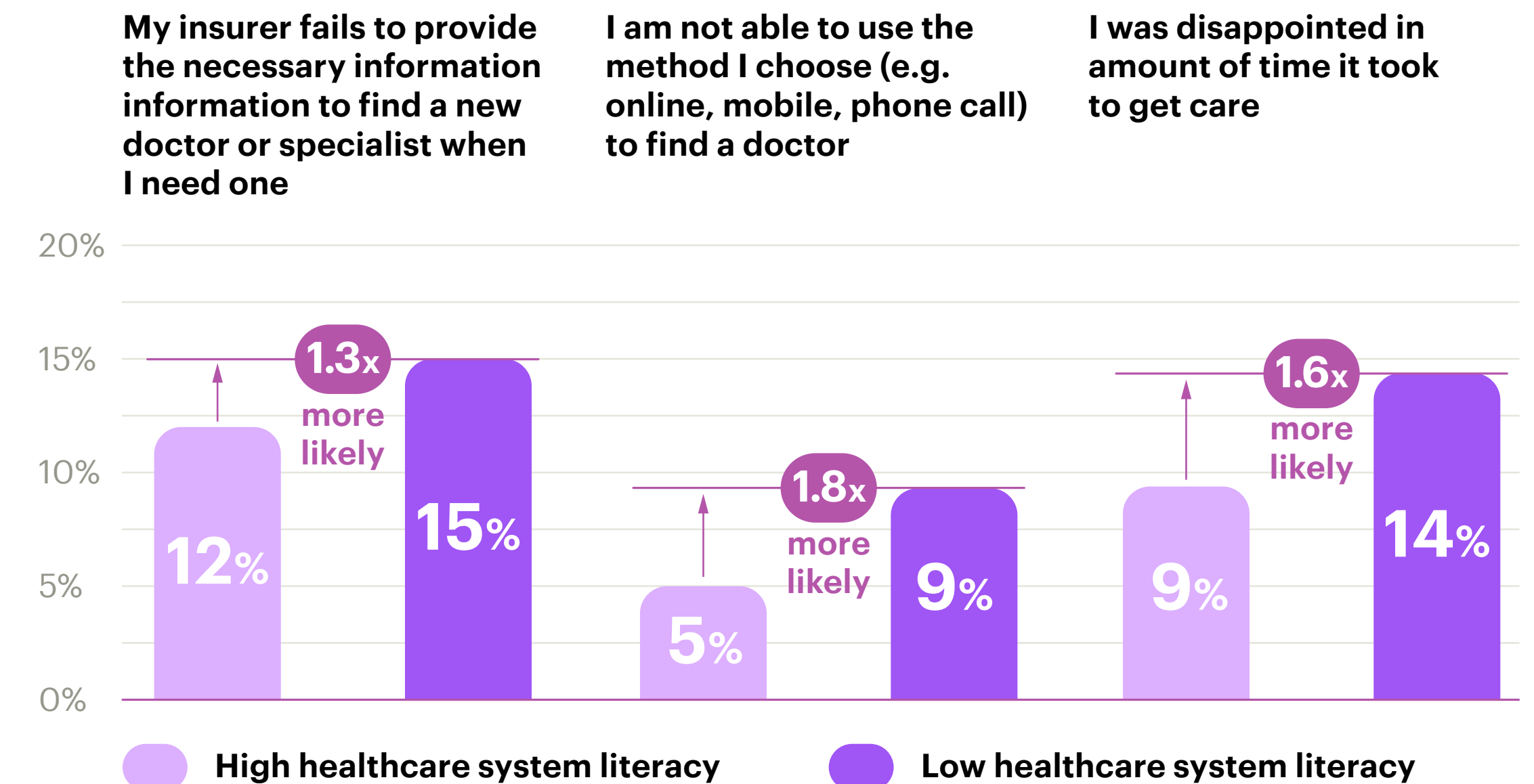
1.8x
more likely to feel that they are unable to use their first-choice method to find a doctor.

1.6x
more likely to be disappointed in the amount of time it took to receive care.

Figure 3. People with low healthcare system literacy are more likely to feel that their needs are not being met by the healthcare system

Source: Accenture 2021 Consumer Experience Benchmarking Study

People with low healthcare system literacy are not choosing the ER for non-emergencies because they lack a traditional education. Many are well educated. Nearly all (98%) hold at least a high school diploma, and 61% have graduated from college, graduate school or technical school.

Given the complexity of the healthcare system, people can hardly be blamed for falling back on what appears to be the most convenient option.

After all, the ER never closes, requires no appointment and is easy to locate. People don't have to try to locate alternative care sites with limited hours and that require appointments and are also tucked in strip malls and office parks.

Humanizing healthcare: From complex to simple experiences

Shifting the burden to people seeking care is a losing proposition and no way to address complexity or improve their experiences. Instead of trying to mold people's behaviors to an inflexible and labyrinthine system, it is time to center the system on people with rigor and empathy.

By recognizing the attributes that draw people to the ER and reinterpreting them across physical and digital experiences, payers can help direct people toward convenient, effective and less-costly care.

Recommendations for payer C-suite leaders

01

Simplify healthcare insurance products with people at the center

People have to wade through a sea of jargon to understand health insurance products. Whether it's high-deductible health plans with health savings accounts (HSAs) or the difference between a copay and coinsurance, products have become so complicated that the basics aren't even basic anymore. This is a liability for people. Without understanding the basic design and function of their health plan, they don't have all the information they need to make informed decisions about how and where to receive care.

This is why it's time for health plans to take a "clean slate" approach to innovating health insurance products in ways that reflect people's needs, not entrenched organizational processes and ways of working. The more intuitive it is and the more clarity, the better. For instance, Bind Health has a unique on-demand health insurance product that allows people to buy more coverage as they need it. By shifting all consumer costs to copays, it also offers full transparency into the amount someone has to pay before getting treated.[6]

02

Commit to transparency in pricing and quality information

The cost of healthcare visits and procedures has traditionally been a black box for people—an unwelcome and often frightening surprise that they get after they have received care when there are no longer options to consider or choices to make.

Health plans can capitalize on new price transparency regulations that can help open up this black box. This is an opportunity to create healthcare "shopping" experiences in which cost and quality information is available to help people make decisions in real time. It's akin to using an Amazon-inspired experience to find a provider that offers an integrated view of benefits coverage and cost information.

03

Lean on providers to cut through complexity together

The reality is that payers are typically challenged in impacting the parts of the healthcare journey that are "controlled" by the provider. This is why it is key for payers to collaborate with provider networks to influence people's decision making and lead them to appropriate sites for their care.

Doing this can mean confirming that communications from providers are also clear and consistent in how they reference pricing and the best use of various care sites. They must involve the use of shared incentives to improve access and reduce cost.

04

Reimagine experiences from a human-centered lens

Changes that payers make to influence people's behaviors— including the these recommendations—should reflect human-centered design principles. This means combining human and digital guidance to design experiences, products and workflows from an "outside-in," "walk in others' shoes" perspective.

Providing human-centered guidance, intuitive workflows and proactively presenting care information is important. However, payers must ensure they don't over-index on surface "fixes" as substitutes for the systemic changes that are necessary to address healthcare system complexity in meaningful and lasting ways.
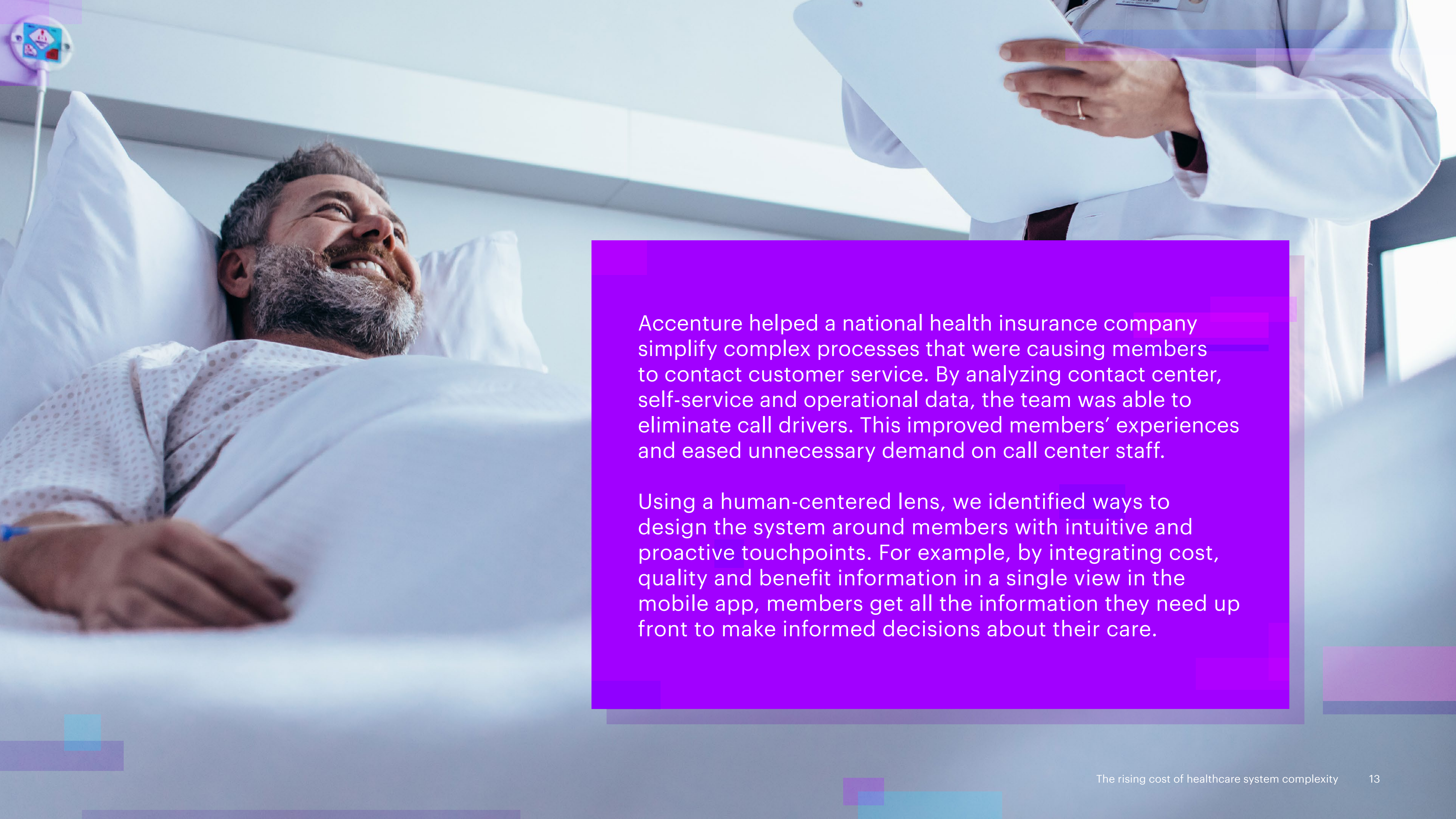
Accenture helped a national health insurance company simplify complex processes that were causing members to contact customer service. By analyzing contact center, self-service and operational data, the team was able to eliminate call drivers. This improved members' experiences and eased unnecessary demand on call center staff.

Using a human-centered lens, we identified ways to design the system around members with intuitive and proactive touchpoints. For example, by integrating cost, quality and benefit information in a single view in the mobile app, members get all the information they need up front to make informed decisions about their care.

Complexity is an entrenched problem in healthcare that impacts payers, providers and people. Solving it will take fundamental transformation, not simply financial incentives or design bandages.

But if health payer organizations use simplicity and humanized healthcare as their touchstones for making change that improves care, they can finally start cutting through complexity—and cutting costs.

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References

1. Accenture, "The Hidden Cost of Healthcare System Complexity," https://www.accenture.com/us-en/insights/health/hidden-cost-healthcare-system-complexity

2. We analyzed payer customer service use among people with low and high healthcare system literacy to understand utilization differences and the resulting administrative cost burden to the system.

3. Our analysis controls for medical necessity and acuity.

4. Our analysis controls for the baseline health status and conditions of people in both groups. This means that patterns in site utilization reflect differences in healthcare system literacy, not differences in how sick people are.

5. Kathleen P. Hartnett, PhD et. al., "Impact of the COVID-19 Pandemic on Emergency Department Visits—United States, January 1, 2019—May 30, 2020, June 12, 2020 at https://www.cdc.gov/mmwr/volumes/69/wr/mm6923e1.htm

6. https://www.yourbind.com

Methodology

Controlling for health acuity, the analysis estimated the total number of annual "excess" visits to the emergency room (ER) by low healthcare system literacy Americans. This excess was defined as the difference between their current utilization and their utilization if they went to the ER at the same rate as patients with high healthcare system literacy. Next, the analysis calculated the "care cost differential" if these excess visits were diverted to lower cost sites such as a primary care physician, urgent care clinic, retail health clinic or a telehealth visit.

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About the study

Accenture's 2021 Consumer Experience Benchmarking Study surveyed more than 12,000 consumers to understand how their insurance companies perform across nine key healthcare consumer touchpoints. The research was conducted online in February through March 2021. Respondent data was aggregated and normalized by payer and coverage type.

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