

Estimate of the Situation

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Exiting the Matrix

Everything has changed.

Utilization patterns are no longer predictable. Neither is reimbursement. Hospitals and physicians across the country are struggling to identify the “new normal”.

What does this mean? At the level of the obvious, it means that hospitals and physicians must adapt if they are to survive. It also means that hospitals and physicians are going to have to rethink long-held and cherished assumptions.

As has been famously said, “First, we must call things by their right names”. Failure to do so can lead to disaster. For example, it is almost universally believed that the cost of health care is out of control and that responsibility for this rests with providers. Politicians claim to believe it. Many business owners do believe it. So do not a few health care executives and physicians.

Now consider this too often ignored fact:
Health care and insurance are not the same things.

The Third Party Payer System accounts for a huge proportion of total care costs and is the primary driver of health care cost increases.

If you doubt it, consider for a moment the amount of financial and human resources your institution is spending at the moment for the sole purpose of protecting the financial interests of Third Party Payers, both private and governmental. What do you estimate to be the total cost incurred by your hospital in any given year as a result of participating in the third party payer system? What is the effect of that participation on your charge structure and ultimately on the financial condition of your patients?

Alternatively, how would you go about meeting the real health care and financial needs of your patients if you didn't have to spend every waking moment reacting to the self-interested mandates of Third Parties? Just think about it.

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