Five Ways to Realize More On-Time Patient Payments
With increasing co-pays and the rise of high-deductible plans, healthcare consumers are shouldering more out-of-pocket costs than ever before. Providers large and small continue to struggle with collecting the money they’re owed. Healthcare remains the most consistently delinquent billing area, with patients making late payments 34 percent of the time. Typically, providers only collect 50 to 70 percent of smaller liabilities from insured patients—and a mere 10 percent from those who are self-pay.

For most healthcare organizations, the pressure is on to strike a careful balance between resolving account balances and maintaining patient satisfaction and loyalty.

**Why Are Patients Slow to Pay Healthcare Bills?**

One common misconception is that people simply lack the financial resources to pay. However, studies show this is not the case. According to McKinsey & Company, *74 percent of insured patients are willing and able to pay annual bills of less than $1,000—and over 90 percent are on board if these liabilities are below $500.*

Rather, the problem appears to lie in the patient experience itself. Healthcare billing is inherently confusing: patients may receive multiple bills for a single visit. Health insurance only adds to the complexity of the billing process. Patients want to know their insurer is paying the correct portion and that they’re not being overcharged.

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**How Patients Feel About Their Healthcare Bills**

- 22% doubt statement accuracy
- 55% are confused by their bills
- 61% are surprised by out-of-pocket costs
So how can providers encourage more timely patient payments? A 2016 InfoTrends report, “The Patient Financial Experience Report,” found that healthcare consumers expressed a desire for an improved, personalized patient experience that offers more flexibility in how and where they pay. With this in mind, we’ve outlined six simple ways you can increase the amount of payments collected in—or even prior to—the first billing cycle by focusing on generational tendencies and patient preferences.

A recent InfoTrends study found that 30 percent of patients who indicated they are dissatisfied with their healthcare billing experience felt that the payment options were inconvenient.*

1. AUTOPAY PAYMENTS
Resonates most with: Patients over 55
The latest trend in patient billing, an AutoPay solution helps you maximize the amount of payments collected in the first billing cycle by automating pre-authorized payments for future balances. Automatic payments typically cover statement balances that are less than or equal to a predetermined dollar amount. This method not only helps improve your cash flow; it provides a valuable convenience for patients.

The best candidates for AutoPay are people who have the financial means to pay—and who are receiving routine services such as dental care or physical therapy. It might also be a welcome option for those who have a tendency to overlook their statements. The InfoTrends study found that 20 percent of patients simply forget to pay their medical bills. This was even more likely among patients age 55 and over.

2. POINT-OF-SERVICE (POS) PAYMENTS
Resonates most with: Patients over 55
Most healthcare providers use a point-of-service payment device for collecting co-payments after services have been rendered. By also accepting payments for current balances, providers can offer one-stop convenience to busy patients. Many people would welcome being able to resolve any outstanding balances on their account while they’re already at the provider’s facility—instead of having to take the time to do it later.

3. PAYMENT PLANS
Resonates most with: Patients age 18 to 34
Approximately 50 percent of patients surveyed by InfoTrends indicated that they missed a healthcare payment because they simply did not have enough money. Patients who have missed a payment in the past responded that they are more likely to pay on time in the future if they are offered flexible payment options. Financing plans can cut down on delinquent payments due to financial constraints, and are most popular with the 18 to 34 age bracket as well as households making less than $75,000 annually.

Financing options benefit providers, too, by allowing them to collect a portion of the money due instead of nothing at all. This option also prevents organizations from losing part of the balance to a third-party collections agency.

78 percent of patients with six or more healthcare visits per year expect a healthcare experience that is personalized.*

4. PROMPT-PAY DISCOUNTS
Resonates most with: Patients age 18 to 44
Since delinquent medical bills do not impact a person’s credit score or incur late fees, consumers tend to place them below utility bills and rent on the priority list. This is where prompt-pay discounts can come in handy. Overall:

- 34 percent of patients who have missed a payment state that they would be more likely to pay on time if they received a discount.
- Consumers with households generating $75,000 per year or more have a greater likelihood of paying on time if they receive a discount.
• 43 percent of patients who were dissatisfied with their billing experience said they were more likely to pay on time if they received a discount for doing so.

A consistent billing and payment experience is important to 85 percent of healthcare consumers. This means that the patient receives similar communication and payment options across all touchpoints.*

5. PAYMENT REMINDERS
Resonates most with: Patients across all age groups, but sample means vary

Life gets busy, and bills get lost in the shuffle. That’s why 30 percent of patients said they would be more likely to pay on time with improved payment reminders, with most preferring email as the reminder method. Among patients who expressed dissatisfaction with their healthcare billing experience, 43 percent were interested in better payment reminders in the form of text messages (30 percent) and letters (19 percent).

The Bottom Line
If there is one key takeaway from the InfoTrends report, it’s that a “one size fits all” approach to patient billing no longer has a place in today’s healthcare landscape. As insurance plans and payment channels diversify, so do patient preferences.

Instead, the key to maximizing on-time payments is developing an in-depth understanding of consumer needs and using those insights to create more tailored billing strategies. Recommendations include:

• Understand and respect patient diversity. Consider a data-driven billing approach that integrates historical, behavioral, and preferential factors to create communications strategies that bring better financial results.

• Offer patients more variety in billing options. Providers should explore novel billing and payment channels, in conjunction with flexible payment models, to help patients resolve their balances in a timely manner.

• Practice consistency across all customer touchpoints. Providers should strive to improve the consistency of communications across all channels, and all throughout the revenue cycle.

A patient-centric approach to billing not only increases the likelihood of timely payments; it can help providers save time and reduce expenses. What’s more, providers have an opportunity to build long-term loyalty by showing patients they want them to have the best healthcare experience possible.

References

RevSpring leads the market in financial communications and payment solutions that inspire patients to pay. Since 1981, the company has built the industry’s most comprehensive and impactful suite of patient engagement, communications and payment solutions backed by behavior analysis, propensity-to-pay scoring, contextual messaging and user experience best practices. Using proprietary data analytics to tailor the engagement workflows to fit individual circumstances and preferences, we improve the financial experience and outcomes for providers and their patients.

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