

WHITE PAPER



The Patient Financial Experience Report

 RevSpring™ &  InfoTrends

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Why patient understanding is required to improve outcomes

Patients are paying more out of pocket than ever before, and that share continues to grow. The shift has put enormous pressure on healthcare organizations to balance financial outcomes with patient satisfaction and loyalty. Despite initiatives from the vendor community to simplify billing communications and online payment tools, the majority of patients remain confused by their bills. Many patients struggle to find practical ways to resolve their balances, and healthcare organizations of all sizes continue to report delinquencies and staggering write-offs.

Working with InfoTrends to conduct this study, our hypothesis was this:

- Simple is not enough.
- Just as everyone has a very personal healthcare experience, each patient has different financial needs and preferences that affect how, when, and if they pay their bill.
- Patients expect the same level of personalization and consistency in their financial experience that they generally are given when they receive medical care.

This report was designed to gain a better understanding of patient needs, behaviors, and preferences when it comes to paying for healthcare. The findings reveal that individual differences drive individual preference. Those preferences diverge based on generational factors, financial means, frequency of care, gender and family make-up, technical propensity, and even the type of encounter.



It is easy to lose sight of the fact that patients are individuals when billing hundreds or thousands or hundreds of thousands of patients a month; but data is powerful. We hope the findings in this report give a glimpse into the diverse needs and preferences of your own patient population, and inspire you to reorient your patient engagement strategy from the point of patient understanding.

Executive Summary

American households will receive more than 25 billion bills and statements this year. These communications also contribute to one of Americans' least liked household chores—paying bills. For healthcare providers, patient billing and communications are secondary to the services



offered. That said, they constitute a critical component of the overall patient experience. We recently completed a study to learn how patients feel about their healthcare billing experiences, to better understand their preferences, and to examine different approaches to improving financial outcomes. The following report focuses on highlights from our research to help providers better understand how they can improve on their patient interactions, relative to financial communications and bill pay.

Key Findings

- InfoTrends surveyed 1,000 consumers (patients) in the U.S. who had visited a doctor's office or hospital within the last year.
- These patients cited that the communications they most frequently receive from their providers were appointment reminders, bills, and statements.
- There are gaps between the number of patients who prefer to use electronic channels and the number who are currently using the channel. This suggests that electronic payment channels are either unavailable, not clear, or underutilized.
- Patient preferences and satisfaction ratings are impacted not only by demographics, but by encounter type and frequency, as well.
- Patients are asking for flexible payment plan options, discounts for pre-payment and on time payment, as well as for better payment reminders.
- Patients expect communications and payment options that fit their particular needs.

Recommendations

- Offer patients more options. As new technologies influence consumer behavior, expectations for patient communications are shifting. Healthcare providers should explore adopting new billing and payment channels, along with flexible payment models, to help patients resolve their balance.
- Evaluate customer touch points for consistency in communications. Patients expect consistency in their financial journey. Healthcare providers should strive to improve the consistency of their communications across all channels and throughout the revenue cycle.
- Understand and embrace patient diversity. When it comes to billing and payment preference, this research reveals that one size does not fit all. Consider a data-driven strategy that takes into account historical, behavioral, and preferential factors to build communications strategies to improve outcomes.

Introduction

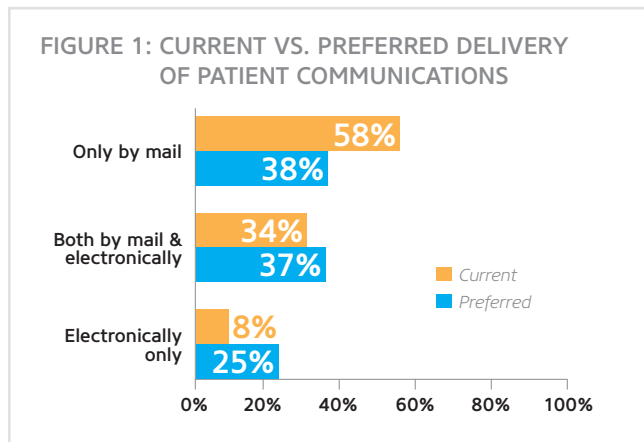
The relationship between providers and patients is intricate and goes well beyond a onetime office visit. In fact, there are countless touch points between a healthcare provider and their patients. These touch points can include a welcome package and explanation of benefits sent to a new patient, the interaction at the front desk at a doctor's office, the bill delivered, telephone communications, electronic communications, and the patient payment experience. Often times, healthcare providers treat all patients the same when it comes to billing and payments. This research reveals that patients

have different needs. Providers must first gain a better understanding of patients and their current experience, in order to tackle the challenge of account delinquencies and patient satisfaction. To better understand the dynamics at play within patient financial communications, InfoTrends surveyed 1,000 consumers (patients) in the U.S. who had visited a doctor's office or hospital within the last year. What follows are some actionable insights for healthcare providers, based on this research.

Diversify Your Channels

Only 8% of patients cited that they received their healthcare bills exclusively electronically—as paperless—while 25% cited that this was their desired state.

Another 37% of patients prefer to have electronic access, but also to retain the communication by mail. Not surprisingly, younger patients are more likely to prefer paperless communications than older patients. Generally, the gaps in electronic preference and the current patient experience suggest that these options are either not offered, are not intuitive, or are not clearly promoted—so they are underutilized.



We also wanted to explore the nuances of electronic delivery, as patients might prefer to receive these communications on the web, via email, on a mobile app, or via text message. As for the current state, a majority of patients who receive electronic healthcare bills are being directed to a website to login and view them. While the greater part still prefers to go to a website to log in, patients' preferences are shifting to embrace those communications received by email

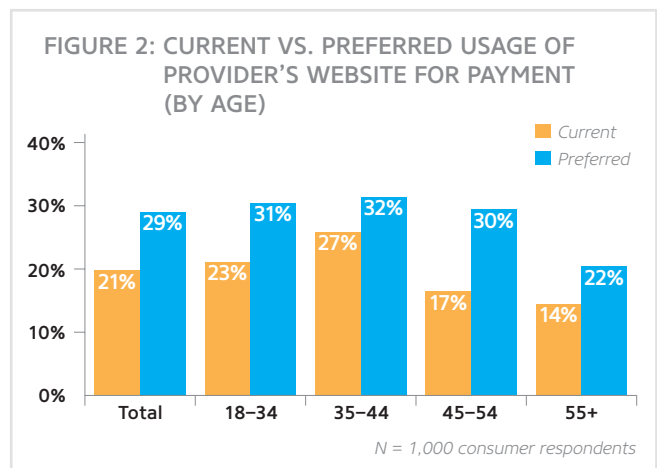
and through mobile apps. In fact, 17% of patients aged 18 to 24 noted that they prefer to access the majority of their healthcare bills through a mobile app, compared to just 5% of patients aged 45 to 54.

Of the patients who primarily use a website with a login to access their healthcare bills, 69% would prefer their access point to be via a patient portal versus a payment portal.

This is especially true for patients who cited six or more visits to a doctor's office or hospital in the last year, which suggests that patients who more frequently require healthcare services prefer a central repository for their medical information. Nevertheless, the place of service affects communication behavior and preference. Patients who receive communication from a hospital are less likely to be currently using a website to access their bills, and 27% would prefer a payment portal over a patient portal to view their history.

Give Patients Payment Options

Similar to how patients are receiving their communications today, there is a gap between how they are currently paying their healthcare bills and how they would prefer to pay them. For instance, 21% of patients said that they are paying their healthcare bills on the provider's website today, while 30% would prefer this payment channel. Some patients currently paying by mail and in office would prefer to pay by other means. As shown in Figure 2, patients prefer to pay via their provider's website, regardless of age. Patients aged 45 to 54 especially prefer to pay through their provider's website.





Focusing on improving the patient experience and increasing accessibility to payment options can also impact how quickly a patient pays. Our survey also explored which payment options patients have been provided in recent visits. A majority of patients have either experienced full payment due at the time of care or payment due in full by a specific date after the visit. Only 31% of patients have been offered the option of a payment plan—an option that could reduce how many of those bills end up with collection agencies.

With patient preference shifting towards online bill pay, it is important for providers to ensure that their online bill pay service is easy for patients to use. When asked about their most recent billing experience, only 23% of patients indicated that they felt the ease of use of the online bill pay service was excellent. Of the patients who indicated they are dissatisfied with their healthcare billing experience, 21% stated the ease of use of the online bill pay service during their most recent billing interaction was poor. The ease of the online bill pay service has a direct impact on a patient's likelihood to pay on time. Patients aged 25 to 34, who have missed a healthcare payment, cited that easier access to an online bill pay service would make them more likely to pay on time in the future.

Here again, place of service impacts preference. Patients who receive hospital communications reveal that they most commonly pay by check (33%), but would prefer to pay electronically (27%) via the provider's website.

Start Receiving More On-Time Payments

Providing patients with payment options is a step in the right direction for improving interactions. That said, there are other factors that contribute to a patient's ability to pay on time. It is important for providers to understand the obstacles that patients encounter, so that they may increase the number of on-time payments. We asked providers how they felt patients prioritize paying for healthcare. The majority assumed patients give healthcare bills a lower priority than other household bills. The patient research, however, actually reveals that the majority of patients give healthcare bills equal priority to other household bills. Nevertheless, when patients have to prioritize their household bills, they will more commonly prioritize paying their utility bills over healthcare bills.

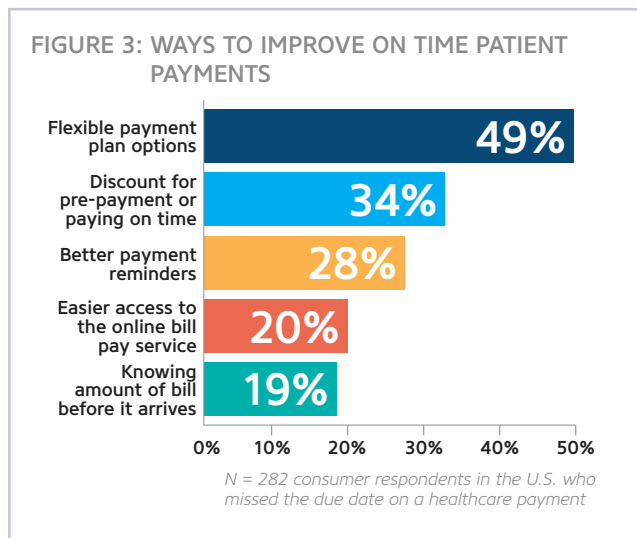
Some patients indicated that, when they are in a situation where they have to prioritize their household bills, they give healthcare bills lower priority—since a late payment does not have a direct impact on their credit score and they do not incur a penalty fee. In addition, the more doctor or hospital visits a patient has over the course of a year, the more likely they are to give lower priority to paying healthcare bills compared to other household bills.

Aside from having to prioritize healthcare bills over other household bills, there are a few primary reasons why patients miss healthcare payments.

About half of the patients that we surveyed indicated that they missed a healthcare payment because they simply did not have enough money. Another 20% simply forgot to pay.

When looking across generations, we learned that patients aged 55 and over are more likely than other generations to have missed the payment because they forgot to pay. In addition, the more visits a patient has per year, the more likely they are to miss a payment. These findings suggest specific opportunities to increase the number of on-time healthcare payments.

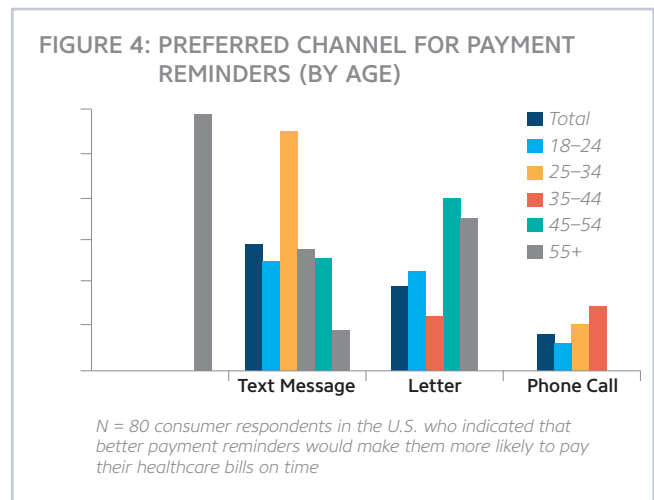
Patients who have missed a healthcare payment indicated they are more likely to pay on time in the future if they are offered flexible payment plan options, a discount for prepayment or paying on time, and better payment reminders.



Giving patients the option of a flexible payment plan will decrease the number of missed payments due to financial constraints. Flexible payment plan options are most attractive to patients aged 18 to 34, as well as patients with a household income under \$75,000 per year. We asked patients to tell us at what amount would they prefer to pay their healthcare bill using a payment plan. There seems to be no specific threshold in regards to preference for payment plans. Interestingly, patient feedback suggests there is an interest in payment plan options for healthcare bills under \$1,000.

Healthcare providers might be missing an opportunity to increase on-time payments through financial incentives. Overall, 34% of patients who

have missed a payment cite that they would be more likely to pay on time if they received a discount. Discounts resonate most with patients between the ages of 18 and 44. In addition, patients with a household income over \$75,000 are more likely to pay on time if they receive a discount. Almost half of patients who are dissatisfied with their healthcare billing experience would be more likely to pay on time if they received a discount. Almost 30% of patients are more likely to pay their healthcare bill on time in the future if they receive better reminders. A majority of these patients would prefer to receive those reminders by email.



Better payment reminders resonate with almost half (43%) of patients who indicated dissatisfaction with their healthcare billing experience—and have missed a healthcare payment. Almost 30% of these patients would prefer a text message reminder, and 19% would prefer a letter to remind them.

Take your Patient Experience to the Next Level

Thus far, we have discussed several ways to improve patient interaction. There are a few more ways in which providers can go above and beyond for their patients. First, it is important to look at patient's current satisfaction level with their healthcare billing experience. We found that only 32% of patients are very satisfied with their experience, suggesting room for improvement. The number of visits that a patient has per year influences satisfaction levels, with only 27% of patients who have had six or more visits within the last year being very satisfied, compared to 34% of patients who have had three to five visits in the last year.

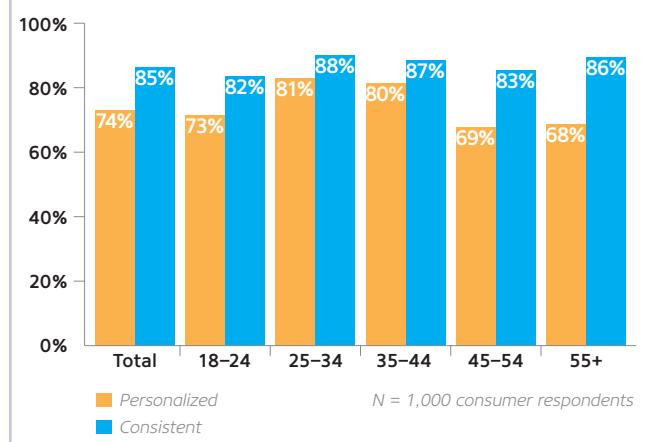


A majority of patients feel that paying their healthcare bill is an easy process with reasonable due dates. That said, 23% of patients feel that it is stressful to manage their finances when it comes to paying healthcare bills. Furthermore, 17% of patients indicated that the process is stressful for them when they cannot pay by the due date on the bill. Patients aged 18 to 24 are most likely to feel it is stressful to know they cannot pay on time. Overall, 12% of patients feel the payment options are not convenient. Specifically, 30% of patients who indicated they are dissatisfied with their healthcare billing experience feel that the payment options are not convenient.

The stumbling blocks that patients experience when paying their healthcare bills suggest there are ways in which providers can improve the patient experience. Instead of simply sending a bill at a later point following the service, providers can distribute an estimate of the patient's bill at the time of service. Almost 70% of patients indicated that they would be more likely to pay their healthcare bill, after they receive the first bill, if they had an estimate of the costs. Patients aged 18 to 34 are most likely to pay on time if they receive an estimate at the time of their service. It is common for hospital bills to be more expensive compared to simple doctor's visits, which may require that patients prepare their finances. Therefore, patients who receive hospital communications would significantly benefit from estimates received on the day of service.

A majority of patients cite that a personalized healthcare billing experience is important to them. A personalized healthcare billing experience means that patients are provided communications and payment options that fit their particular needs. A more personalized experience can lead to higher patient engagement and can improve satisfaction. Although important, the personalized healthcare billing experience is least important to patients over the age of 45. In addition, patients with more visits to a doctor's office or hospital over the course of a year are more likely to find a personalized healthcare payment experience to be important, versus patients with fewer visits.

FIGURE 5: PERSONALIZED AND CONSISTENT PAYMENT EXPERIENCE (BY AGE)



Consistency in the healthcare billing and payment process is even more important than personalization. Overall, a consistent healthcare billing and payment experience is important to 85% of the patient population. A consistent healthcare billing and payment experience means that the patient receives similar communications and payment options, regardless of the point of interaction. The importance of a consistent experience does not vary significantly by age. However, a consistent experience is significantly more important to patients with a healthcare expense account as 55% indicated it is very important compared to 46% of patients without a healthcare expense account.

InfoTrends' Opinion

This research helped provide a patient perspective for healthcare providers to adjust their communications strategies. Patient expectations can

vary. They are impacted not only by their individual background, but also by their interactions with providers. They expect consistency when it comes to their healthcare billing and payment process, regardless of the point of interaction. Healthcare providers who offer patients flexible payment plans, discounts for paying early or on time, and better payment reminders, can also expect to see a decrease in missed payments. The research also showed that patients are more likely to pay on time if they receive an estimate of their bill at the time of service. Ultimately, healthcare providers have an opportunity to fine-tune their approaches to patient interactions, communications, and payment to improve patient experience. Message continuity, personalization, and true omni-channel strategies are at the core of customer experience management. It will be critical for healthcare leaders to embrace these strategies as they seek to improve the patient experience now and in the future.

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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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