



Patient Payment Trends in Healthcare

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As consumers, patients are accustomed to making digital payments in industries like banking and retail. Healthcare, however, continues to lag behind in this regard. The majority of healthcare providers still use paper and manual processes to bill patients, much to the frustration of everyone involved.

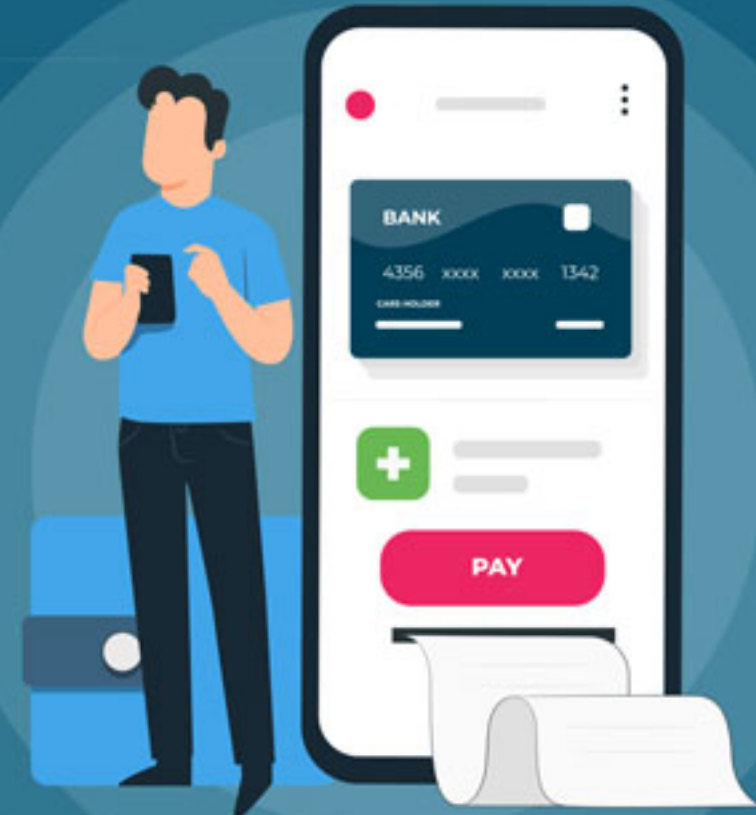
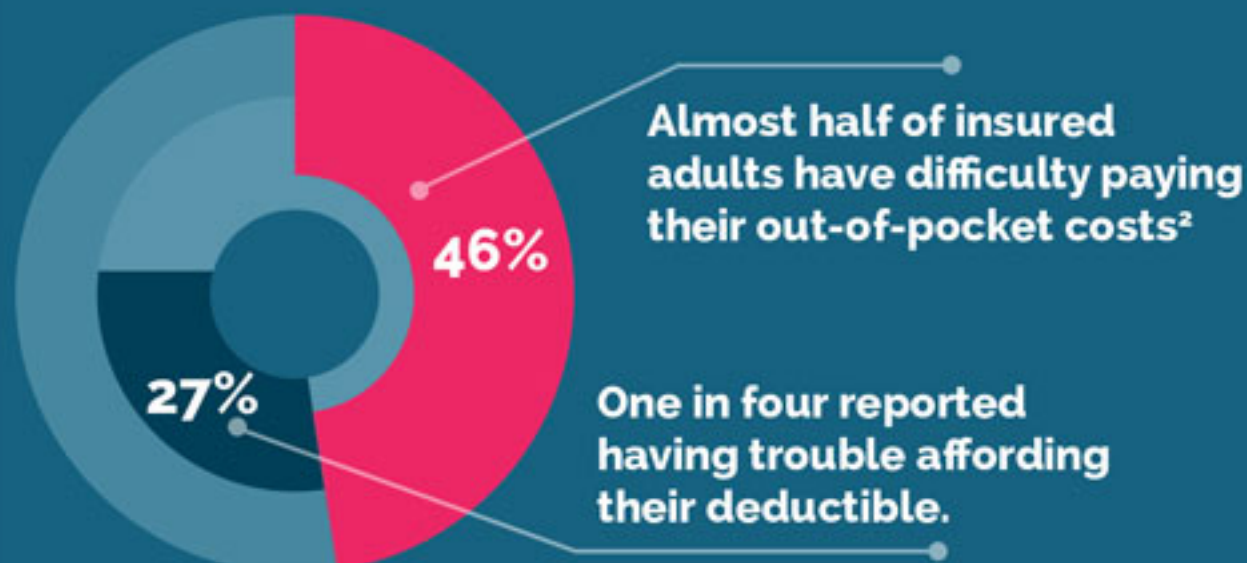
According to a 2021 consumer trends survey, 70% of consumers received a paper medical bill. However, only 9% of consumers wanted to pay that bill with a check¹. A quarter of consumers have ended a medical transaction because they were unable to pay with a debit or credit card. This makes it difficult for providers to collect payments in a timely manner. It can also alienate patients who want a better payment experience.

Looking closely at patient payment trends, some progress has been made in recent years. But there is more work to be done if healthcare wants to catch up to other industries that have gone digital.



Challenge

Providers have long struggled with collecting payments. With rising healthcare costs, patients are struggling to pay their bills. It's not just the uninsured or underinsured who are having trouble.



Recent federal mandates aim to protect consumers from surprise medical bills and require providers to post their prices online. Unfortunately, there is often a lack of awareness that these measures exist. In 2021, 91% of consumers were unaware that hospitals must disclose their prices³.

Despite price transparency laws, patients are not discussing medical costs with their provider. They also do not know how much they will owe for medical services at the time of the visit. As a result, 87% of consumers said they received a surprise medical bill last year¹.

Not only are consumers unaware of their medical expenses, but providers are still relying on outdated payment methods. In 2021, 75% of providers were still using paper and manual processes for payment collection. Paper-based transactions are time-consuming and less effective than collecting payments electronically. It isn't just large bills that are going unpaid; previous research has found that 68% of patients with medical bills of \$500 or less do not pay the full amount⁴.



Of providers said it takes more than 30 days to collect payment.



Said it takes more than one statement to collect payment.

Patients may also get confused when they receive their explanation of benefits (EOB) from their health insurer prior to receiving their actual bill. After multiple notices that say "this is not a bill," patients may ignore their actual invoice when it is due.

Bad debt write-offs—debt that cannot be recovered or collected from the debtor—occur for a number of reasons. This can be due to underinsurance, high deductibles, or poor payment collection practices. No matter the cause, if a healthcare organization incurs too much bad debt, it can directly decrease their revenue.

Uncollected payments can seriously hurt a healthcare facility's bottom line, and failing to provide a better payment experience can also cause patients to seek care elsewhere. Almost half of consumers said they would consider switching healthcare providers for a better payment experience. Almost half (43%) of healthcare executives said patient leakage costs them at least 10% of their annual revenue, and 1 in 5 said it costs them more than 20%⁵.

So how do providers contend with these challenges? Recent patient payment trends indicate that electronic payment methods can reduce friction in the medical billing process. In an age where consumers are increasingly mobile, traditional methods of collecting payments are no longer effective. Consumers expect a digital experience that allows them to make payments at their convenience.

COVID-19 Accelerates Shift Toward Digital Payments

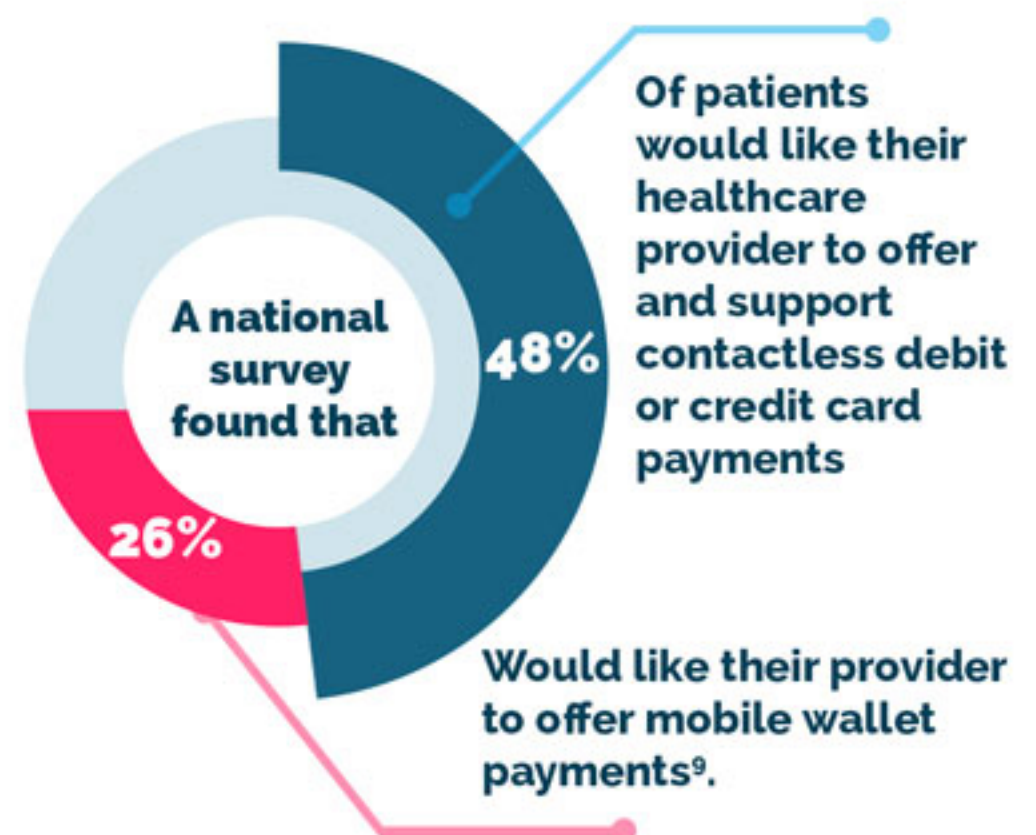
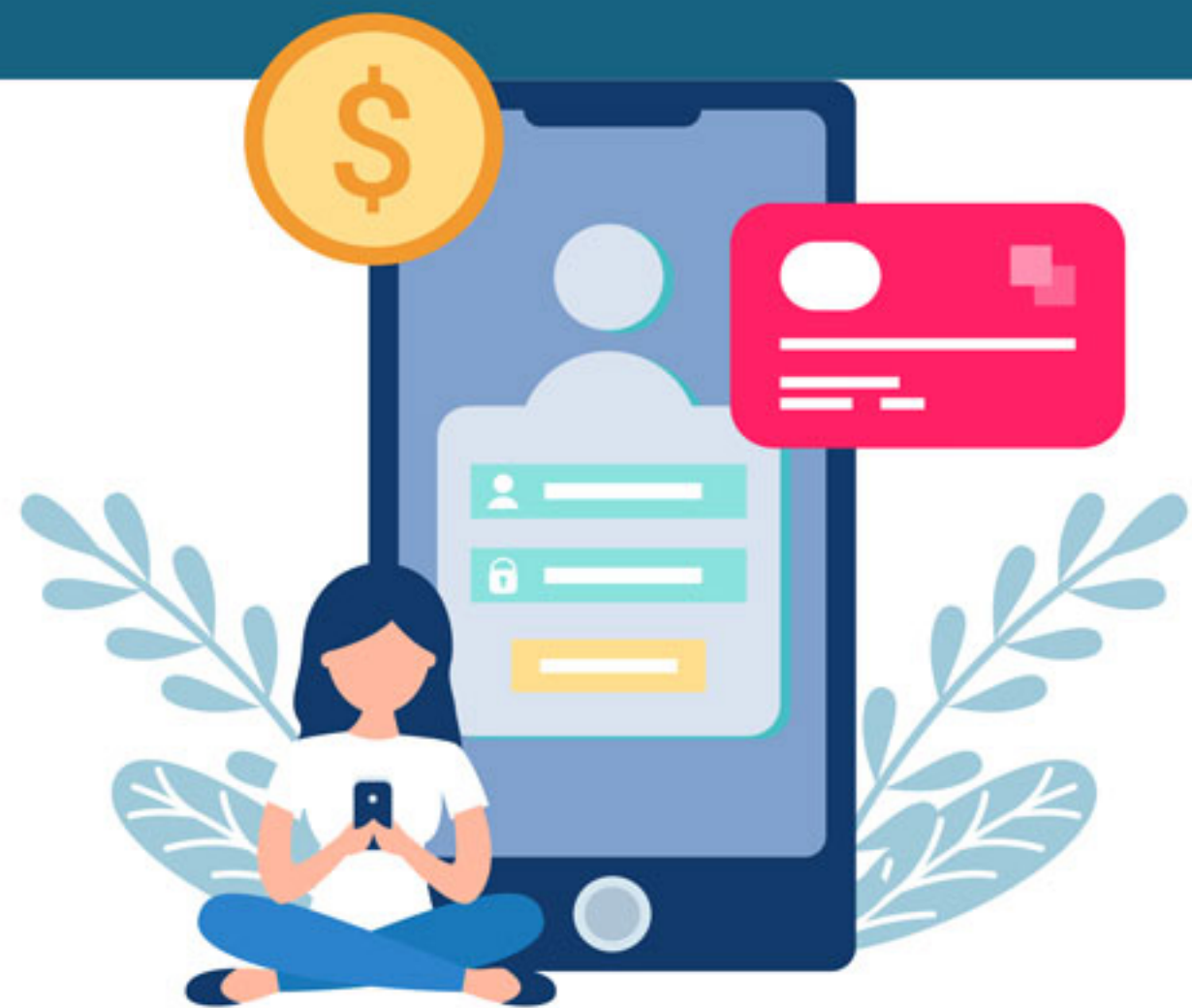
The COVID-19 pandemic caused a seismic shift in how patients accessed healthcare services. While telehealth had already started to see a substantial increase in previous years, adoption skyrocketed in the wake of the pandemic. In areas where the prevalence of the coronavirus was high, the use of telehealth increased from less than 1% of visits to as much as 80%⁶.

With the shift toward virtual visits came an increased desire for online payments. The majority of consumers (93%) used one or more digital payment methods in the past year⁷, with 1 in 3 consumers using digital payment tools for the first time in the past six months. Additionally, nearly three-quarters of consumers said they prefer online payments for medical bills.

One report found that, for the average provider, self-service total payment grew by 31% year-over-year due to the pandemic while staff-assisted payments decreased⁸. Total online payment volume also increased by 9%. Besides relieving some of the administrative burden on healthcare staff, providing patients with self-service options can reduce the time and cost to collect.

While convenience was one of the driving forces behind digital payments in the wake of the pandemic, safety was another major concern.

A quarter of patients paid their medical bills via contactless debit or credit card or mobile wallet because of the coronavirus, and 23% paid via their provider's online patient portal.

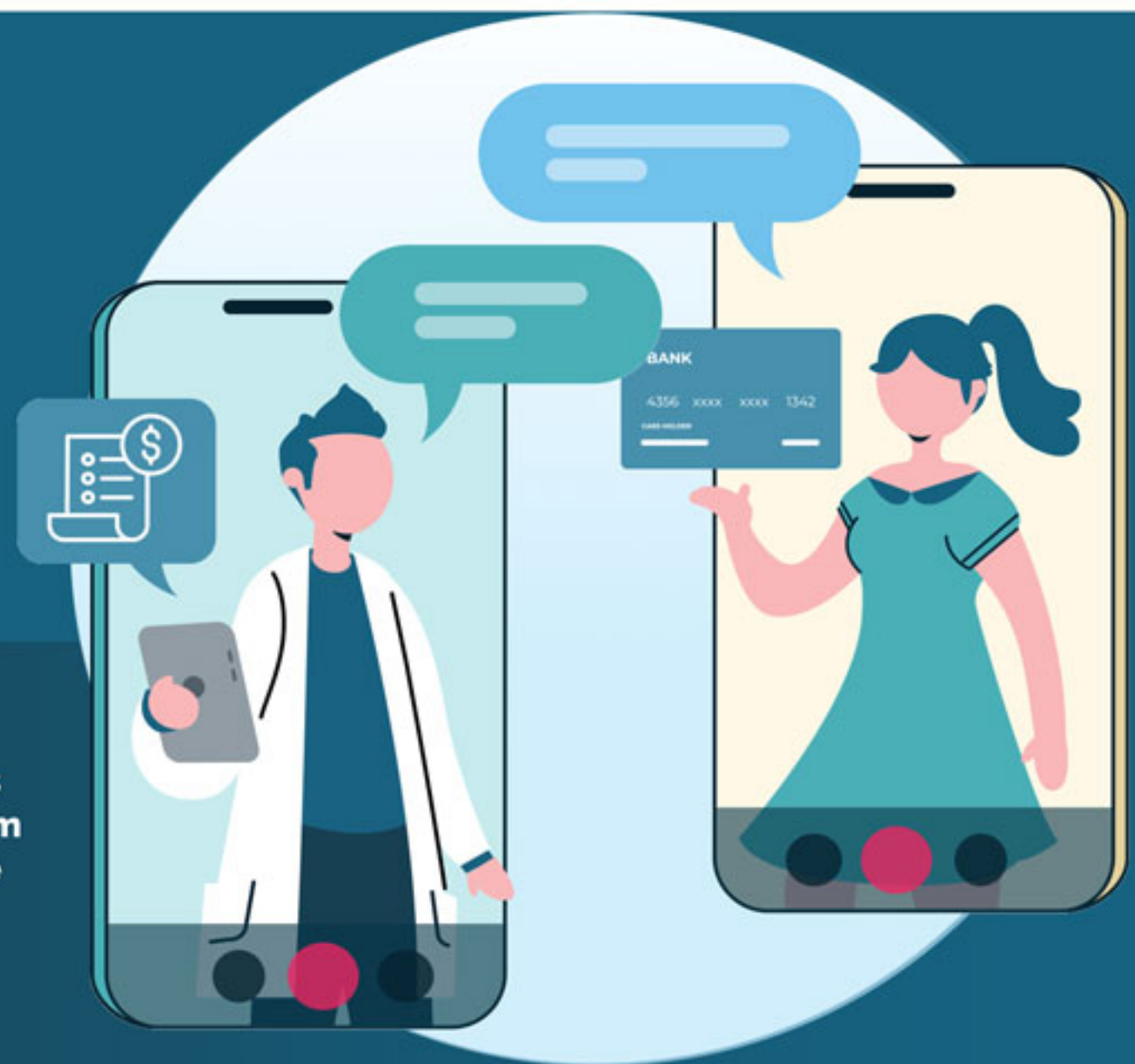


How Billing Affects the Patient Experience

The financial and billing process plays a major role in the patient experience. It can also make or break patient satisfaction and retention.



of healthcare consumers would be dissuaded from returning to a healthcare provider based on the billing experience¹⁰.



Not only is there often a lot of confusion around the medical billing process, but patients aren't particularly pleased with the experience. The survey found 41% of patients were dissatisfied with their medical billing experience, and 9 in 10 patients said it would be "somewhat helpful" to have information about their expected healthcare costs. Only 1 in 3 patients said their healthcare provider offers that information "most of the time" or "always."

The financial experience can affect how likely patients are to refer a healthcare provider to their friends and family. Fifty-seven percent of patients said they would be more likely to recommend a provider if they had a good financial experience¹¹. About a quarter said they would leave a bad online review if they had a poor experience. Nearly every generation uses online reviews to choose a provider, according to a consumer experience report, and 84% of respondents said they would not choose a provider who had fewer than four stars.

Patients don't intend to shirk their financial responsibility. They just don't know what to expect and are frustrated with the lack of transparency and outdated payment methods. Fifty-five percent of patients said they find it stressful to pay their bill, and 53% said they find it stressful to try to understand their coverage and benefits. Almost 80% of patients said they are willing to pay their out-of-pocket cost before or at the time of their visit if they were given a guaranteed price.

How to Improve the Patient Payment Process

Current patient payment trends lean toward patients wanting to be able to pay their bills digitally. Studies have shown that 60% of consumers expect their healthcare experience to mirror their retail experience¹². Patients want their experience to be fast and convenient, but they also want it to be transparent.

Providing patients with information about their financial responsibility upfront can increase the likelihood that they will pay their bills.

Healthcare organizations should prioritize presenting patients with their expenses as simply as possible while making it easier for patients to pay using their preferred method.

Patient engagement platforms like Mend enable healthcare providers to digitize the check-in and billing experience for in-person and virtual visits. With Mend, patients can store credit cards on file to be charged automatically after adjudication, or patients can receive a digital invoice that

can be paid electronically from any device. Providing patients with their bills immediately after the visit and allowing them to pay using the method of their choice reduces the risk of uncollected payments.

Mend also allows healthcare organizations to determine their payment gateway and if/when they want to collect copays. Copays are automatically synced with patient appointments in the EHR or PM system, and the patient receives an SMS or email appointment notification to check in digitally. When the patient opens the check-in link, they can make their payment according to the organization's workflow design. The organization can also set a timeframe for the copay or require a copay before the patient can join their virtual visit.



Conclusion

Patient satisfaction is not limited to the doctor's visit; it also extends to the billing process. That's why it is crucial for healthcare organizations to be aware of and act on patient payment trends. By following the lead of industries like banking and retail, healthcare can provide patients with a seamless digital experience that reduces the time to collect payments and improves retention.



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About Mend

Mend is an enterprise-grade patient engagement and telehealth platform designed to help healthcare organizations profitably scale their practice and care for more patients. Founded in 2014, Mend is on a mission to revolutionize healthcare delivery so that every patient can receive extraordinary care. Mend makes it easy for healthcare providers to securely and efficiently communicate with their patients and colleagues, without concerns of violating HIPAA compliance or misplacing patient information. Mend provides integrated in-office and virtual care experiences for over 100 specialties with more than 5 million patients.

Mend's comprehensive platform works hand-in-hand with all major EHR and PMS software to facilitate more than 400,000 telehealth visits per month, increase patient satisfaction by up to 23%, reduce no-show rates as low as 4%, radically improve staff productivity, and help providers drive more revenue through better patient attendance.

