

A new study reveals dramatic inconsistencies between what consumers want and what providers are offering when it comes to the healthcare financial experience.

BRIDGING THE GAP

The Growing Disconnect Between
Patient Expectations and the
Healthcare Financial Experience

avadynehealth
The Patient Financial Experience CompanySM

Over half (52%) of consumers are less than satisfied with their financial experience at their hospital. Almost all providers believe patient financial experience is very important - but just 47% are satisfied with where they are currently. The widening gap between expectations and experience results in pervasive dissatisfaction, and often, late or unpaid bills soon follow. The revenue loss does not stop there. When dissatisfied consumers seek out competitors for future healthcare services, it means more lost revenue for financially-stressed hospitals. To protect revenue - now and in the future - hospitals must bridge the expectation gap. Providers must differentiate their patient financial experience from others in the marketplace.

Avadyne Health's report, *Bridging The Gap: The Growing Disconnect Between Patient Expectations and the Healthcare Financial Experience*, reveals that over half (52%) of consumers are less than satisfied with their financial experience at the hospital. The report identifies specifics on what patients want—and aren't getting—from health care providers, financially speaking.

Patient dissatisfaction with financial experience stems in large part from higher liability with high-deductible health plans that are now the norm. Patients' out-of-pocket costs continue to increase. Consumers paying more for their health care bring much higher expectations to the table. Patients are getting price transparency and personalized experiences in the retail, hotel and airline industries. Understandably, they want the same from health care, but are instead getting a fragmented, confusing consumer experience.



Patient liability is expected to continue to grow due to high-deductible health plans, with bad debt potentially rising commensurately.

Bridging The Gap: The Growing Disconnect Between Patient Expectations and the Healthcare Financial Experience sheds new light on the critical gaps between what today's patients want and what providers are delivering. This new data on the current state of patient expectations and provider perceptions can help hospitals reverse the alarming trend of increased bad debt due to unpaid bills.

The survey was administered to 500 healthcare consumers who received hospital-based services in the previous 12 months and experienced out-of-pocket expenses after insurance coverage. For a third of patients, these expenses were over \$500.

The largest group of responders were between the ages of 53 and 71 years old. Nearly all (90%) of respondents identified themselves as the primary healthcare decision-maker for themselves and/or their household.

The study also captured the viewpoint of 100 hospitals, with a fairly even split in hospitals with net patient revenue of \$300 million, \$300 million to \$1



ANALYSIS OF THE STUDY FINDINGS REVEALED:

- Patients want accurate pre-service estimates, help understanding their coverage and consolidated bills.
- Providers are focusing on improving portals and payment plan options but patients place more value on getting earlier, accurate information about out-of-pocket costs.
- Many patients delay paying hospital bills as long as possible, even those who routinely pay other bills on time (due, in part, to lack of trust in the amount being collected.)
- The ability to score the patient financial experience allows hospitals to differentiate themselves in a competitive marketplace.

billion and greater than \$1 billion. Nearly all (92%) of provider respondents were classified as either executive management or leaders of revenue cycle management within their organizations.

Avadyne's study can be used as a blueprint by health care providers who are seeking to bridge the gap between what patients want and the financial experience they're actually getting. The data can be used to support strategic planning to build a holistic, positive patient financial experience.



WHAT CONSUMERS WANT:

Most consumers are dissatisfied with their healthcare financial experience. Providers have been primarily focused on facilitating early payments by investing in their online portals and offering varied payment plans, but this is not “the sweet spot” of patient satisfaction. Consumers want:

- A more **consistent, informative** financial experience throughout the entire process—from pre-service to bad debt collection;
- More **guidance and assistance** in understanding what to pay;
- Information delivered proactively and **earlier** in the process.

HOSPITAL BILLS GO UNPAID

Traditionally, hospitals and providers received almost all their reimbursement from insurers, and almost none from patients. That dynamic has shifted dramatically. Uncompensated care reached \$38.3 billion in 2016, up from \$35.7 billion in 2015, according to the American Hospital Association's Annual Survey of Hospitals¹. A significant portion of this is from unpaid patient bills.

Initially, hospitals saw less bad debt from uninsured patients, due to 20 million additional insured Americans under Obamacare. An unintended consequence was the rise in high-deductible plans, causing patient portions to become more significant. This is a financial stressor, both for patients who bear the burden of the costs and for hospitals who must absorb the lost revenue when bills go unpaid.

Unpaid bills often stem from patients' poor satisfaction with financial experience. This represents just a portion of lost revenue for hospitals and healthcare systems. When patients choose another hospital, significant additional revenue is lost—estimated at over \$1 million over a person's lifetime. It has become painfully apparent that more than just an unpaid copay or deductible is at stake. To compete in this environment, hospitals must adopt a new mindset when it comes to patient collections.

Patients enter their health care journey already financially stressed. Almost half of Americans (45%) polled by the Kaiser Family Foundation said they would have difficulty paying an unexpected \$500 medical bill². Consider that the average deductible this year for the least expensive of the Exchange health plans is \$6,000 for an individual. While the majority of individuals with private insurance

had less than \$500 in out-of-pocket expenses in 2015, nearly a quarter spent \$1,000 or more on health care services, according to an October 2017 analysis from Kaiser Family Foundation (More than 1 in 10 workers spent over \$2,000)³. Over two-thirds of patients aren't paying their entire hospital bills and that number could increase to 95% by 2020, according to a study from TransUnion Healthcare⁴. The company attributed the increase to higher liability and higher deductible plans.

One in five working-age Americans with insurance encountered problems paying medical bills in the past year, often leading to serious financial challenges and changes in employment and lifestyle, according to a Kaiser Family Foundation/New York Times survey⁵. Among the uninsured, 53% reported problems paying medical bills. Of the group facing problems paying medical bills, almost identical percentages of the insured (44%) and uninsured (45%) said the bills had a major impact on their families. About a third (31%) had bills totaling at least \$5,000. For 13% of patients, their bills totaled at least \$10,000. Average healthcare costs for U.S. employees (including premiums and out-of-pocket costs) are projected to be \$5,248 in 2018, according to Aon⁶.

As patients take on more responsibility, hospitals face commensurate increases in bad debt. Already-thin profit margins make it difficult—or impossible—for some hospitals to continue operations. Nationwide, about 80 rural hospitals have closed since 2010, according to the Chartis Center for Rural Health—and another 673 hospitals are in danger of shutting their doors⁷.

IDENTIFYING THE GAPS: THE HEALTHCARE CONSUMER PERSPECTIVE



1 out of 2

patients rate the continuity of their hospital financial experience as less than satisfactory



2 out of 3

patients say estimates are necessary across all age groups but especially with Millennials and Baby Boomers



1 out of 2

patients want a concierge to walk them through the financial experience



2 out of 3

patients said an online payment portal would reduce and have no change on their patient satisfaction

Avadyne's survey was designed to investigate all aspects of the Patient Financial Experience—from the initial conversations with hospital personnel, to the tools available to make payments, to the overall feeling patients had after the episode was complete. Here's the key findings on what consumers expect from their healthcare financial experience:

1. HEALTHCARE CONSUMERS WANT CONTINUITY.

The disjointed and cumbersome financial experience that exists at most hospitals today is no longer acceptable to consumers. Most respondents (60%, across all age groups) say that they expect continuity with the people, processes, billing and payment tools from hospitals. Over half (55%) are less than satisfied with what has been offered so far. Siloed processes very quickly lead to a lack of trust from patients—and accounts that cannot be financially cleared prior to service.



Multiple providers generating multiple individual statements are confusing to consumers. Varying practices for collections and price estimates used across different touchpoints along the patient's healthcare journey engenders lack of trust.

Providers using multiple vendors for patient collections further communicates inconsistency. Survey respondents report using an average of 4.1 different service providers (or 6.2 vendors for \$1B + organizations) for patient collections. By working with fewer vendors, providers can create a more seamless financial experience for their patients from pre-service to post-service.

2. HEALTHCARE CONSUMERS WANT MORE HELP THROUGHOUT THE PAYMENT PROCESS.

Over 50% of respondents say they want help and guidance with understanding their out-of-pocket expenses. Over 51% of patients feel a dedicated support person to walk them through the financial process would improve satisfaction. Millennials appear to expect more help, with 56% stating that this assistance is very important to them. Younger patients have a greater interest in reminders about balances. 1 out of 2 patients wanted their financial guidance to come in the form of a concierge approach to their financial experience, from a helpful person via phone or online. Over half (56%) wanted to proactively be offered options to help resolve out-of-pocket expenses, without having to seek the information out.

However, 55% of consumers reported being less than satisfied when it came to their hospital's ability to provide this type of financial help and guidance. When patients did receive guidance from a hospital resource, they gave high ratings (66% satisfaction score) in terms of friendliness and professionalism. Interestingly, though, about one-third (35%) were less than satisfied when it came to how clear and helpful these resources really were. Patients are often confused by terminology such as "deductible," and "coinsurance." Confusion quickly leads to mistrust—which results in bills that go unpaid. Revenue cycle leaders who embrace the role of

educating patients on their coverage and the “why” behind their quoted liability amount, are providing the desired financial relationship with their patients.

3. HEALTHCARE CONSUMERS WANT *SIMPLE, EASY-TO-UNDERSTAND BILLING STATEMENTS.*

Patients are clear on this point: They want all of their costs outlined in a single bill. Across all age groups, patients reported that a single, consolidated billing statement is important to them.

Providers are struggling to meet these expectations, however. Thus, there is significant dissatisfaction in this area, particularly among the GenX group (60%) and Baby Boomers (50%). Millennials’ dissatisfaction also remains high, at 43%.

Consumers also want providers to simplify billing statements to make it clear what is owed, and are quite dissatisfied with providers’ ability to do this. This is particularly apparent in the over-70 age group (68%).

4. HEALTHCARE CONSUMERS WANT TO KNOW WHAT THEY ARE PAYING *BEFORE THE SERVICE IS PERFORMED.*

Pre-service estimates are important to 71% of respondents. In fact, consumers ranked this as the most important factor impacting their healthcare financial experience.

But one out of three patients describe their experience of receiving an estimate and explanation of out-of-pocket costs prior to service as *less than satisfactory*. Nearly half didn’t feel they were given enough information about their out-of-pocket expenses beforehand.

Many hospitals have begun offering pre-service estimates, or are in the process of doing so, in response to increased patient liability. “Most

PATIENTS IDENTIFY WHAT WOULD IMPROVE THEIR SATISFACTION:

56% Consolidating all costs for treatment into one single, easy-to-understand bill

41% More engagement by hospital payment experts prior to arrival to help them estimate their portion of costs

41% A dedicated support person to walk them through the financial process

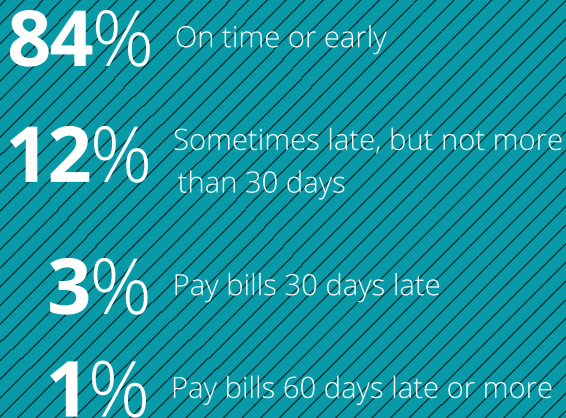
PATIENTS IDENTIFY WHAT WOULDN'T IMPROVE THEIR SATISFACTION

68% Email or automated reminders of open balances

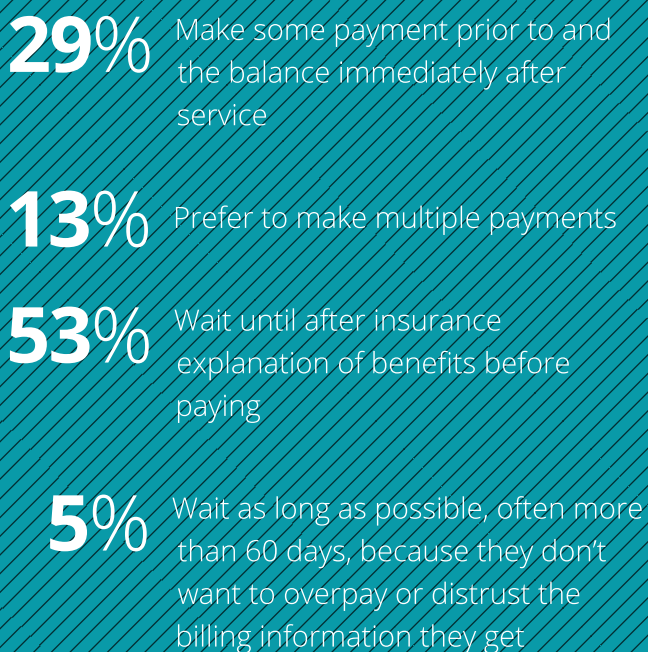
64% Do-it-myself payment portal

63% More payment plans to pay my bill over time

PATIENTS SAY THEY MAKE NON-HOSPITAL PAYMENTS:



PATIENTS SAY THEY MAKE HOSPITAL PAYMENTS:



patients are appreciative that we're telling them upfront," said David Muhs, chief financial officer of Iowa's Henry County Health Center⁸. According to Wake Forest Baptist Medical Center's CFO Cad Eckes, "It's a challenging position. It's a discussion no one wants to be in, and none of us enjoy⁸." It's not enough to give patients a dollar amount. Hospitals must provide good communication and enough information, because it's what patients want.

Patients reveal the most important issue in terms of their Financial Experience:
Knowing the total cost of their care, including what insurance covers and their portion of the bill.



5. HEALTHCARE CONSUMERS WANT CONTROL.

Consumers want a say in how their bills are delivered. Millennials speak the loudest (40%) in terms of ranking this feature and the impact it has on their patient financial experience. It should come as no surprise that a people accustomed to paying for purchases online on desktop PCs, mobile phones or other devices should want the same from their hospital bills. Customers who pay power bills by texting a single letter quickly get used to the convenience it offers. Such payment options are not possible with health care bills, which might arrive weeks or months after the fact in hard-to-decipher paper statements in the mailbox. Respondents were not happy with their hospital's ability to customize the way bills are delivered based on the patient's preference (60% were less than satisfied).

A one-size-fits-all approach simply does not work for how today's patients financially interact with hospitals. Hospital statement delivery systems must accommodate for generational preferences for technology and how the patient wants bills delivered.

6. HEALTHCARE CONSUMERS WANT TO KNOW MORE BEFORE THEY PAY THEIR BILLS.

The vast majority (83%) of respondents pay their non-hospital bills on time or early. Yet more than half (58%) say that they either wait for insurance statements, or wait as long as they can, before paying their hospital bills. That percentage is higher (64%) among Baby Boomers, a group representing a growing portion of Medicare and Medicaid costs.

If providers build trustworthy financial relationships with their patients, patients' financial behavior will inevitably change too. Those who habitually pay their other bills upfront need a good reason—in the form of a timely, accurate price estimate they can trust and rely on—to do the same with their hospital bills.

7. HEALTHCARE CONSUMERS WANT A FINANCIAL EXPERIENCE CONSISTENT WITH A POSITIVE RETAIL PURCHASE EXPERIENCE.

Consumers across all age groups see no reason why their healthcare financial experience should not mirror the encounters they have with banking, credit cards or automotive industries. But health care providers are falling far short in this area that is increasingly important to consumers. Most respondents (57%) felt that their financial experience with healthcare expenses was *not* consistent with a good retail financial experience.

Can you imagine ordering a delicious meal from a high-end restaurant menu that had no prices and after the meal, receiving separate bills for the appetizer, cocktails and each course? Confusion and mistrust would reign in this situation, as it does among patients today. Just as restaurant diners would surely go someplace else, so will healthcare consumers.



Most respondents (57%) felt that their financial experience with healthcare expenses was not consistent with a good retail financial experience.



Taken as a whole, Avadyne's data tells a clear, consistent story about what patients really feel about their healthcare financial experience. There is a wide gap between what consumers say is important to them and what providers are delivering - and it's only getting wider. This is true in terms of when they pay, how they pay, how they're communicated with and how much information they get about what they owe. The gaps are significant and they are pervasive, applying to all aspects of the financial experience. It is clear that patients' financial experiences are less than ideal. Unfortunately, the connection to lost revenue is equally clear.

Hospitals' ability to fill these gaps, and improve patients' financial experience, and quickly, is the deciding factor in whether the hospital can push back against rising bad debt. Equally important: positively impacting relationships with patients will lead to overall higher satisfaction scores, protecting revenue over the long term.

IDENTIFYING THE GAPS: THE PROVIDER PERSPECTIVE

Avadyne's study reveals that healthcare providers know they must take a fresh look at the financial experience they are creating for patients. In fact, 28% named **continuity in the patient financial experience** as the factor that will have the greatest impact on their organization's profit margins.

Respondents are concerned that patient financial responsibility and uncompensated care are growing and negatively impacting profit margins. They also recognize that driving pre-service payments is integral to better positioning of the hospital financially.

Providers have worked hard to make it easier for patients to pay through better portals and numerous payment options. However, Avadyne's study reveals that patients expect more.

The data reveals that the entire financial experience needs to be looked at. This includes the initial pre-service conversation that ideally is taking place, all the way through to debt collection if it becomes necessary.

Revenue cycle leaders understand that the inability to financially clear accounts prior to service on the front-end, and unpaid bills on the back-end, are negatively impacting their margins (and more so than when insurers covered a larger portion of the total cost of care.) Providers acknowledge the link between a good financial experience and the hospital's financial solvency, but actual practices tell a different story.

SOME KEY FINDINGS:

1. ONLY ABOUT A THIRD (37%) OF PROVIDERS OFFER AN ESTIMATE OR EXPLANATION OF COSTS PRIOR TO SERVICE

In contrast, 65% of consumers say this is very important to them. In fact, getting an explanation of costs was ranked by 41% of respondents at the very top of the list of factors that would positively impact the financial experience. Yet a minority of providers are offering estimates. This ranked third on providers' priority lists for what they intend to accomplish over the next several years.

Even the 55% of patients who did receive some type of estimate of costs pre-service were not fully satisfied. This group reported that lack of information was the main problem. Even providers ranked themselves as only "OK" in this area (3.3 out of 5.0 in satisfaction).

Perhaps most telling, revenue cycle leaders estimated that over one-quarter of balance-after-insurance estimates are inaccurate (such as having the wrong service, wrong benefits or wrong CPT code). These high inaccuracy rates are something CFOs and CEOs are largely unaware of, according to Avadyne's data, but would do well to prioritize. For both patients and hospitals, accuracy of estimates is a priority.

2. MOST (55%) PROVIDERS DO NOT OFFER COMBINED BILLING STATEMENTS

Having a combined statement ranked high on the importance list for 50% of respondents. For the patient, multiple individual bills represent stress and confusion. Not uncommonly, patients receive bills even from physicians or entities they're unaware of. Surgical patients routinely receive separate bills from the surgeon, the lab, the anesthesiologist,

possibly a consulting doctor who reviewed their care, and more. It's easy to see how receiving a stack of bills without a cohesive explanation while recovering from surgery can cast a negative shadow over one's entire health care experience. Failure to address this top dissatisfier is a missed opportunity to positively impact the patient experience.

3. PROVIDERS KNOW THEIR BILLING STATEMENT AND PROCESSES NEED WORK

Almost half (47%) of providers were less than satisfied with their organization's current billing statement and processes. Only about a quarter (27%) offer flexible payment plans; just 9% are offering the kind of pre-service outreach that patients want. Providers are aware they need to do more, but are stymied by lack of clarity on how to fix the problem.

4. PROVIDERS ARE LARGELY FOCUSED ON BUILDING MECHANISMS TO HELP PATIENTS PAY

Avadyne's survey revealed that over 67% of providers feel they could improve payment tools. The data identified these top three priorities for providers: Emphasizing point-of-service payments (14%), offering payment portals (12%) and streamlining billing for services across the system (11%). While these are important goals, they aren't enough to move the needle on the patient's financial satisfaction. Nearly 90% of organizations are offering phone support to patients, but very few (12%) are offering online support that is likely to be important to Millennials. Virtually all (93%) believe that a concierge service would improve their patient financial experience.

Payment portals are a piece of the puzzle, but alone won't meet the overarching need for hospitals to provide a cohesive, informative and consistent experience that builds trust. Earlier financial

discussions, more accurate price estimates and better communication are what's needed to gain patients' confidence and trust.



PROVIDER'S TOP PRIORITIES OVER THE NEXT 1-3 YEARS

- 14%** emphasize point-of-service patient payments
- 12%** get conversations going before service (prior balance discussions and payment options)
- 12%** offer payment portals available through mobile and computer access
- 11%** streamline billing for services across the system
- 10%** create more continuity in the patient financial experience with people, processes, billing, liability reconciliation and payment tools.

BRIDGING THE GAPS: FIVE STRATEGIES PROVIDERS CAN USE TODAY

OPPORTUNITY TO DIFFERENTIATE

Hospitals are facing significant challenges on many fronts: Legislative, financial, regulatory and operational. Much is out of their direct control. However, when it comes to improving the patient financial experience, there is plenty of opportunity for hospitals to more closely align patient expectations and reality. Providers are working hard to create a positive clinical experience under the new value-based care reimbursement models. Now they must work to create a positive financial experience for patients—by taking a holistic approach.

Avadyne's data gives a clear roadmap for how providers can bridge the gaps between patient expectations and the current way of doing things. Here are some actions that will improve the patient financial experience:

1. LEARN HOW TO MEASURE AND MONITOR SATISFACTION WITH THE PATIENT FINANCIAL EXPERIENCE

Surveys are the primary way organizations are measuring the patient financial experience, according to the study. Unfortunately, response rates are typically less than 5%. Very few respondents have real-time access to patient communications and analytics. Many rely on the number of complaints reaching senior leadership regarding billing and payment issues to gauge satisfaction. Over 20% aren't doing anything at all to measure patient financial experience.

The patient experience remains a top priority at all health care organizations, but measurement typically

focuses on the clinical experience. Quality clinical care is critical to the health and safety of patients and hospitals use it to differentiate themselves within a marketplace. However, the financial experience is equally important to overall patient satisfaction. It can set hospitals apart from competitors as surely as world-class clinical care.

Financial experience can negatively impact patients' overall opinion of the institution, even if excellent clinical care was provided. Over 90% of patient reported satisfaction with their primary care physician, in a survey commissioned by the Physicians Foundation⁹. At the same time, many communicated concern regarding healthcare costs and medical debt. This brings home the point that even if patients are satisfied with the clinical care received, a negative financial experience can cloud their overall perception of their care.

39% don't recommend their hospital to a friend or family
30% are non-returning patients



What an individual patient perceives can quickly expand to many others, especially if the patient chooses to publicly voice dissatisfaction. Over a third (39%) of patients are either neutral or less than likely to recommend their hospital to a friend or family member, and 30% are neutral or less than likely to return to the hospital for service in the future.

Many providers use predictive analytics, typically in the form of propensity to pay tools, to determine a patient's *ability* to pay. However, providers must also factor in the patient's *willingness* to pay. Since dissatisfied patients are less likely to pay their bills, a poor financial experience becomes a source of lost revenue for many hospitals.

There are many well-established metrics used to measure the quality of clinical care, but financial experience is difficult to score. Thus, hospitals struggle to pinpoint practices resulting in poor financial experiences.

Often, recurring issues causing dissatisfaction for many patients are only addressed after an individual patient encounter reaches escalation. By that time, it's often "a point of no return" for that unhappy patient, or potentially more, resulting in uncollected balances and increases in bad debt despite efforts to salvage the situation.

Technology that measures no less than every word of every call is needed, so that trends driving dissatisfaction can be identified. With the ability to identify patients showing signs of dissatisfaction, real-time resolution can occur.



2. ENGAGE WITH PATIENTS EARLIER AND MORE OFTEN THROUGHOUT THEIR HEALTHCARE FINANCIAL JOURNEY

Pushing financial conversations to the front end of the process with early, accurate estimates allows

providers to engage with patients pre-service. By doing so, providers position themselves from the beginning as a trusted advisor that is concerned holistically about patients' well-being, both clinical and financial. Even if pre-service estimates are not given, earlier engagement in the account resolution process can positively impact satisfaction.

Use of prediction technology helps providers identify at-risk patients earlier in the process. Payment options and plans aligned with the individual patient's ability to pay demonstrates the provider's willingness to work with the patient. Taking on the role of educator builds trust. Waiting to address the financial discussion post-service diminishes the patient's trust in the hospital—and does long-term damage to the overall relationship between the patient and the hospital.

3. DEVELOP A SCORING MECHANISM

Uncompensated care costs continue to eat away at providers' razor-thin margins, but revenue cycle leaders struggle to connect this with satisfaction. A negative patient financial experience makes uncompensated care more likely. Despite this, the patient financial experience, and how to fix it, remains largely a mystery for health care providers. Less than 3% of respondents utilize any type of scoring that specifically looks at the patient financial experience.

For years, hospitals have leveraged various methodologies to gauge satisfaction, such as HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores. However, these tools are not focused on satisfaction within the financial experience. Information gleaned is not specific to financial interactions, nor is it offered in a timely fashion allowing revenue cycle executives to react quickly.

To succeed in this regard, health care providers need more than HCAHPS. Providers need to measure how their hospital is doing against the expectations of their own patient populations with regard to financial experience. Providers should consider a targeted scoring system that measures total patient financial satisfaction across every engagement and every touchpoint. This allows providers to know exactly what's driving patient satisfaction—or lack thereof.



Providers need to measure how their hospital is doing against the expectations of their own patient populations with regard to financial experience

Analysis is needed using both speech transcription analytics and acoustic measurements across calls, chats, surveys, text messages, emails and Twitter, assesses key metrics looking at call emotion, patient escalation, call profanity, call effort, wait times, abandonment rates, and number of single call resolutions. This type of proactive scoring gives providers enough data to take action in real time, improving patient financial satisfaction and revenue.

4. OFFER A CONCIERGE SERVICE

It's no longer good enough to have people in your billing department reacting to inbound patient inquiries. Offering a full-service financial concierge has the potential to bridge the gap between what patients want (a more personalized financial experience) versus what the business office is doing currently.

Online chat support and phone support built into all billing access points offers real-time assistance



Taking a holistic approach to creating a positive patient financial experience requires a common understanding across the organization, as to what is expected and delivered.

when and where it's needed. Proactive support offered to patients identified at significant risk for escalation expedites identification of the right financial approach, personalized for that patient.

5. GET ON THE SAME PAGE

Opinions of hospital executive leadership and revenue cycle leadership differ regarding just how they are doing with the patient financial experience. Some key findings:

- When asked how satisfied they were with their patient payment offerings and breadth of offerings, executives were less satisfied (43%) than revenue cycle leaders (64%).
- CFOs were more inclined to prioritize point-of-service collections and payment portals, whereas revenue cycle leaders placed more weight on



the overall continuity of the patient financial experience, pre-service conversations and improving estimations.

- CEOs named lack of automation and innovative technology as having the greatest impact on the organization's profit margins relating to patient collections. Revenue cycle leaders named pre-service collections capability as having the greatest impact.
- Making the financial process a seamless, positive engagement at every contact point is more of a priority for revenue cycle leaders than it is to CEOs.

A PERSONALIZED APPROACH

Larry Van Horn, executive director of health affairs at Vanderbilt University's Owen Graduate School of Management, told the *Tennessean* in a March 2016 report on why more than half of hospital bills don't

get paid: "There needs to be a collective mindset shift. Hospitals have to be more transparent in billing and pricing while patients have to be prepared to set money aside to pay for their healthcare. People are going to need to plan for healthcare just like they do for all kinds of services they already pay for out-of-pocket.¹⁰"

Relying on traditional bad debt write-offs in the face of increasing patient liability spells financial disaster for hospitals. Healthcare providers need a revenue cycle strategy that promotes a positive financial experience for all patients. Delivering the financial experience that patients want ensures liability resolution in the near term and loyalty for years to come.

No two patient experiences or expectations are exactly alike. Revenue cycle processes must reflect this reality, taking into account individual and generational preferences.

WHERE ARE PATIENTS COMING FROM?

SOME EXAMPLES FROM AVADYNE'S DATA:

- Older patients are less likely to trust the amount the hospital says they owe. Consequently, these patients are often unwilling to pay upfront. To facilitate point-of-service collections in this group, strategies focusing on better communication about how the amount was derived, and ensuring that all touchpoints give a consistent message, can build their confidence in the hospital.
- Millennials expect more guidance and assistance to understand what they are required to pay, possibly due to limited experience with health insurance and longer tenure under the umbrella of their parents' coverage. Education and financial counseling become important for this group.
- Medicare-age populations came of age when out-of-pocket expenses were at an all-time low. Therefore, they expect that more of their expenses should be taken care of by some entity other than themselves.

Personalized patient experiences lead to improved satisfaction and revenue capture. Patients of all ages and generations want communication and billing based on their preferences. When they have a question about their coverage or want an estimate, they need a "go to" source for information. That might take the form of a face-to-face conversation with a financial counselor or a phone call with an employee trained in conflict resolution.

KEY TAKEAWAY

The bottom line is that the patient financial experience impacts the overall relationship between the patient and the hospital. From that, all else follows—revenue is either captured or lost. Since

KPIs POSITIVELY IMPACTED BY EARLY FINANCIAL ENGAGEMENT

When we engage patients in advance of service, we positively impact the financial experience and revenue cycle Key Performance Indicators (KPIs).

- 24%** Reduction in bad debt
- 90 day** Accelerations of cash (reaching 50% collected)
- 20%** Increase in patient satisfaction
- 33%** Patients contacted upfront will arrange payment
- 65%** Recovery rate among patients contacted
- 17%** Increase in pre-service payments when payment plan is presented

greater liability on the part of the patient means greater risk of dissatisfaction, hospitals have to deliver an excellent financial experience to protect reputation and revenue.

No matter where patients (of any age or insurance status) are in their healthcare financial journey (pre-service to bad debt) providers must take a more holistic approach. A new mindset is needed to create a personalized, positive financial experience.

Getting this right encourages earlier resolution of patient accounts, which has a ripple effect across the entire revenue cycle due to reduced billing costs, less rework and less bad debt. There is also long-term gain. As patients' perception of the organization is positively impacted, they come back—and they tell others—ensuring that future revenue is protected for years to come.

ABOUT AVADYNE HEALTH

Avadyne Health is the leading voice behind the Patient Financial Experience. Satisfaction and revenue are no longer at odds. The 21st century view of financial care is holistic, just like clinical care.

We're engaging patients throughout the continuum of care from pre- to post account resolution, using one-of-a-kind ePFxscore to measure and score 100% of the Patients' Financial Experience across every engagement.

We empower all patient liability resolution services with an entire suite of data integration tools, technology and consultative professionals to leverage each patient engagement as an opportunity to optimize satisfaction, loyalty and revenue.

[Learn more](#) about how you can improve the storyline of your patient liabilities, drive real-time service recovery and directly and quantifiably empower your Patients' Financial Experience.

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