

A Forrester Consulting  
Thought Leadership Paper  
Commissioned By Simplee  
October 2017

# No Immunity To Patient Experience Obsession

Revenue Cycle Professionals Must Embrace  
Their Role In Driving Patient Delight

# Table Of Contents

- 1 Executive Summary
- 2 Hospitals Must Prepare For The Empowered Patient
- 4 While Hospitals Understand The Stakes, They Struggle With Results
- 6 Effective Patient Financial Services Mean Everyone Wins
- 8 Key Recommendations
- 9 Appendix

**Project Director:**

Nicholas Phelps,  
Senior Market Impact Consultant

**Contributing Research:**

Forrester's CIO research group

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit [forrester.com/consulting](http://forrester.com/consulting).

© 2017, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to [forrester.com](http://forrester.com). [1-1424GM3]



Patient experience must be everyone's job at thriving hospitals.

## Executive Summary

Hospitals are contending with an onslaught of changes to which they must adapt — from regulatory and technological shifts, to changes in financial models, to the impact of consumer devices on patient choice and empowerment. To thrive in this new environment, hospitals must seek ways to deliver excellent patient experiences while at the same time managing to lower costs and driving more efficiency in their processes. Patient financial services (PFS) represent an opportunity for hospitals to achieve both goals, leading to wins for both the organization and the patients they serve. Better patient financial services are linked to improved patient satisfaction and outcomes and can help alleviate an upward trend in the cost of collections that a majority of hospitals are experiencing today.

The challenge hospitals face, however, is that patient financial services often aren't properly linked to patient satisfaction — either in terms of priority or in how satisfaction is measured. Compounding this challenge, many hospitals face a lack of executive buy-in and challenges with recognizing the need for patient financial services improvement.

In June 2017, Simplee commissioned Forrester Consulting to evaluate the state of patient financial services programs at hospitals and their effect on patient outcomes and satisfaction. Forrester conducted an online survey with 260 respondents with financial decision makers at hospitals to explore this topic.

### KEY FINDINGS

- › **Hospitals recognize the importance of patient satisfaction and the role that patient financial services play.** Hospitals are waking up to the importance of satisfying more empowered patients. Over half of hospitals say that patient experience is extremely important to them, and nearly two-thirds say that patient financial services are an important driver of patient satisfaction.
- › **Despite this, hospitals struggle to address patient financial services due to cultural and measurement challenges.** The top challenge hospitals face when trying to improve patient financial services is a lack of executive buy-in. This is driven in part by the fact that many hospitals tend to look at success in ways that do more to reflect the health of their business (like on-time payment) than how satisfied their patients are with their experiences.
- › **Driving exceptional patient financial services leads to improved satisfaction and improved business and patient outcomes.** Hospitals believe that improving patient financial services will lead to improved collection rates, timeliness, and efficiency. Cost reduction in particular is important as two-thirds of hospitals report the cost of collections has increased from last year. Improving patient financial services is also linked to more satisfied patients with better clinical outcomes. Sixty-two percent of respondents in our study link improved PFS to a boost in patient satisfaction, and 46% said they expect it to also help boost clinical outcomes for patients.

# Hospitals Must Prepare For The Empowered Patient

Hospitals are not immune to the effects of the age of the customer, where empowered, demanding patients can exercise more choice than ever before in deciding which organizations will earn their business and which will fall by the wayside.<sup>1</sup> As reimbursement models shift, as business-to-consumer (B2C) relationship models begin to take hold, and as technology enables virtual care, hospitals can no longer afford to think of their patients as passive, captive consumers. An industry that may be already fatigued by change nevertheless must adapt — requiring healthcare executives to invest in digital products and services and build internal skills to meet the needs of patients.<sup>2</sup>

Digital transformation stands to save the industry an estimated \$300 billion. But historically, healthcare organizations have fallen behind other B2C industries, like retail or financial services, in digital adoption. As a result, they have lost opportunities to not only deepen engagement with their customers and patients, but lower costs and drive better health outcomes.<sup>3</sup>

Today's patients must be viewed in the same way other industries learned a decade ago to see their core customers — as device-hopping, empowered customers who demand what they want, when and where they want it. Patients move through a customer life cycle much like other customers do, and as they do so, they want tools that help them make smarter choices and stay informed about treatment follow-ups. Furthermore, they demand that this be easily accessible and part of a cohesive digital experience — from their first touchpoint until their last.<sup>4</sup>

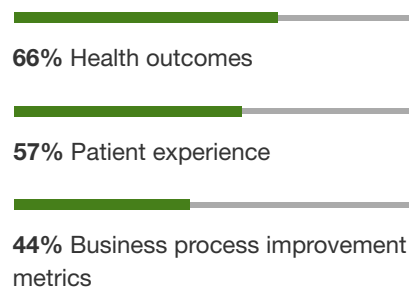
In short, hospitals must adopt a perspective of being obsessed with patient success and satisfaction and will require a review of tools and processes in order to satisfy that obsession.

## PATIENT SATISFICATION MUST DRIVE THE BUSINESS

Many hospital financial decision makers in our study, to their credit, are aware of the shift that's happening and are preparing to address the issue. More than half of the respondents in our study say that patient experience is extremely important for their business, indicating a pivot toward a more patient-centric model of delivery (see Figure 1).

Figure 1

“How important are each of the following for your job at your organization?” (Extremely important)



Hospitals show a shift toward patient obsession, putting health outcomes and experience at the top of their objectives.

Base: 260 US hospital patient billing strategy decision makers  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017



Forrester defines the age of the customer as “a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers.”

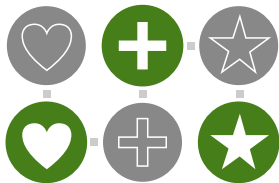
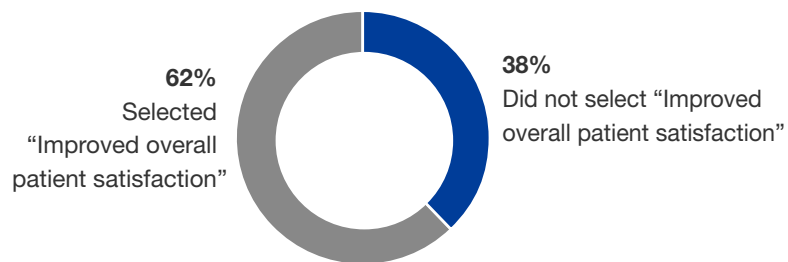
## REVENUE CYCLE STRONGLY LINKED TO PATIENT SATISFACTION

A significant area where hospitals must focus is PFS. As patients come to make up a more and more significant part of hospitals' revenue collections, getting this step right can drive better patient outcomes but also deeper and healthier patient relationships and even better profitability.<sup>5</sup>

A majority of respondents in our study recognize the potential benefits of effective PFS. Almost two-thirds of respondents believe that if they were to improve their PFS systems, they would see a corresponding lift in overall patient satisfaction (see Figure 2).

Figure 2

**“Which of the following would you expect/has your organization seen as a result of improving its patient financial services system?”**



Hospitals see the link between improved patient financial services and higher patient satisfaction.

Base: 260 US hospital patient billing strategy decision makers.

Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017

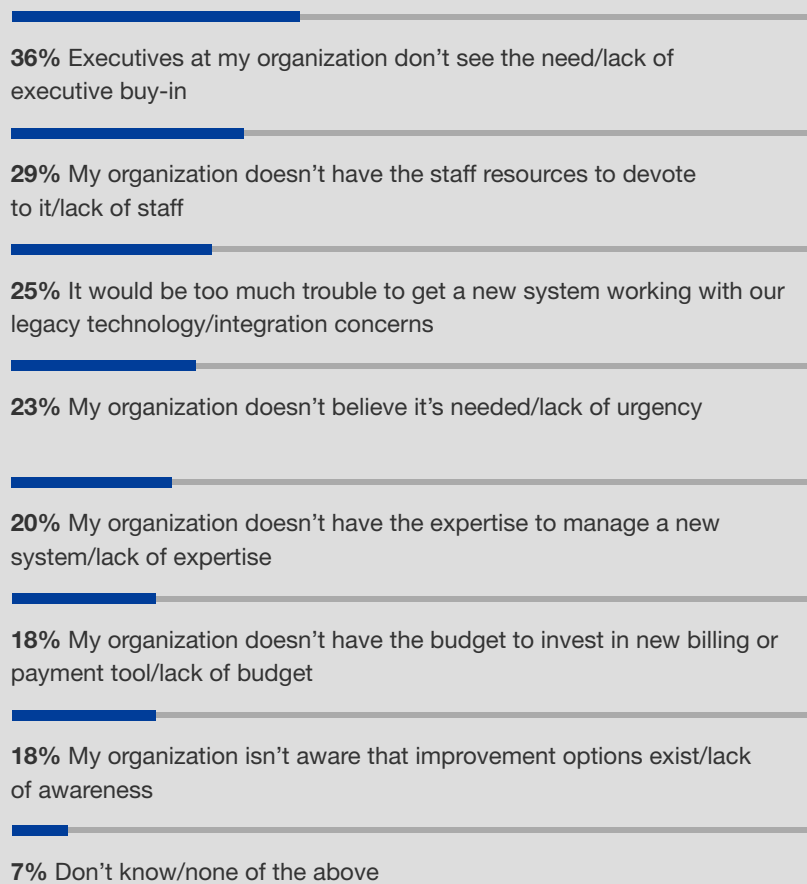
# While Hospitals Understand The Stakes, They Struggle With Results

It's well and good that hospitals have embraced patient experience, and it's encouraging that they recognize PFS has a significant role to play in driving positive experiences and outcomes. Unfortunately, these same hospitals struggle to effectively address issues with PFS systems and procedures, which are given relatively low priority.

In our review of barriers to PFS improvement, we found that most hospitals' frequent problems come down to cultural and resource considerations. For example, more than a third of hospitals claim they can't get executives to buy into the need for addressing PFS, while 29% cite staff constraints, and a quarter point to technology integration issues (see Figure 3).

**Figure 3**

**“Which of the following challenges does your organization face when it comes to improving patient financial services?”**



Base: 260 US hospital patient billing strategy decision makers.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017



Hospitals cite lack of executive interest, insufficient staff/skill, and issues with technology integration as significant barriers to addressing PFS issues.

Interestingly, almost a quarter say their hospitals don't recognize the need for change, yet when these same respondents were asked which of their challenges were the most significant barrier to overcome, 21% pointed to organizational inertia — making that the top-ranked choice available.

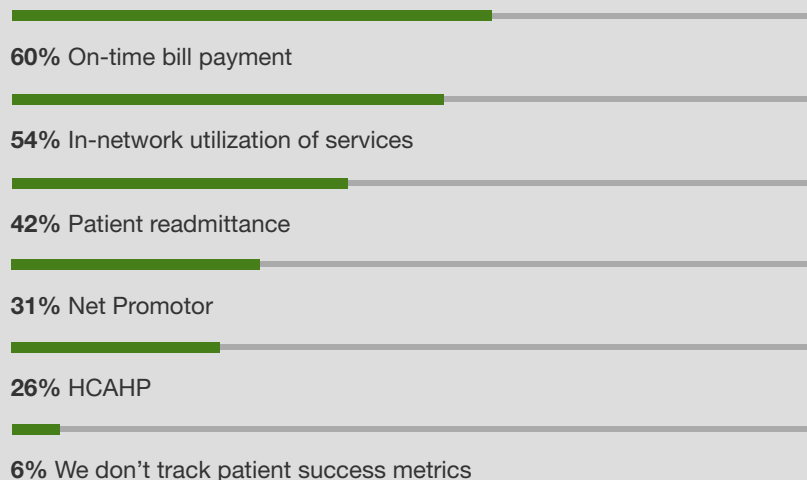
### HOSPITALS' MEASUREMENT STRATEGIES MAY BE OBSCURING THE TRUTH

Where do lack of executive buy-in and lack of organizational urgency for fixing PFS come from? Our study reveals that part of the issue may be that hospital financial decision makers aren't tracking — or aren't using the best metrics for tracking — patient satisfaction; the issue may also be related to how they tie (or more accurately, don't tie) revenue cycle metrics to their overall organizational success.

In a question about how they track patient success, a majority of respondents selected patient success metrics that hold little relevance to patient satisfaction and outcomes. Sixty percent use on-time bill payment as a success metric, and 54% focus on in-network utilization of services. Those measures point to healthy business results, certainly, but they have little bearing on how well the patient is doing or how satisfied they are. More concrete, patient-centric measures like Net Promotor Score and Hospital Consumer Assessment of Health Plans Survey (HCAHPS) were identified by less than a third of respondents as a way to track key patient success (see Figure 4).<sup>6</sup>

Figure 4

“Which of the following patient success metrics is your organization using today?”



Base: 260 US hospital patient billing strategy decision makers.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017



A majority of hospital finance decision makers select patient success metrics that have little actual bearing on patient success.

# Effective Patient Financial Services Means Everyone Wins

Getting patient financial services right is about more than just handling the last mile — it helps drive better business results and more efficient payments for the hospital or network while also encouraging higher patient satisfaction and even better clinical outcomes.

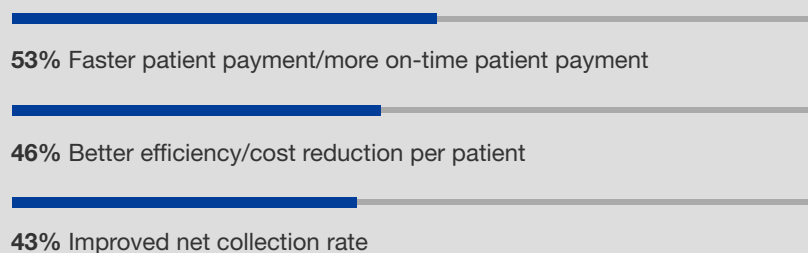
## HOW HOSPITALS WIN: PFS IMPROVEMENTS DRIVE MORE EFFICIENT REVENUE PROCESSES

Hospitals are under significant pressure to lower costs and maximize their revenue sources and opportunities, and PFS systems represent a way to achieve both. A majority of respondents in our study believe that improving their PFS systems would lead to faster and more timely patient payments (a top success metric), while nearly half see an opportunity to drive more efficiency and lower costs per payment. Additionally, 43% see that PFS would lead to an improved net collection rate (see Figure 5).

In addition to improving intake processes and efficiency, 46% feel that improving their PFS would help lower costs per patient for their hospitals or networks. This is particularly significant as a majority of respondents feel that the costs of payment collection have risen in the past year — with 27% saying they’ve increased by 10% or more, and 66% reporting an increase overall (see Figure 6).

**Figure 5**

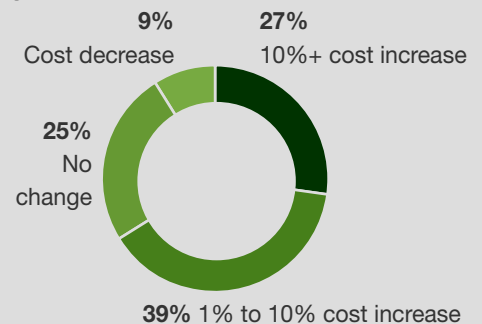
“Which of the following patient benefits would you expect your organization to see/has your organization seen as a result of improving its patient financial services system?”



Base: 260 US hospital patient billing strategy decision makers.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017

**Figure 6**

“How has your cost of payment collection been changing over the last year?”



**Two-thirds of respondents say collection costs increased year-on-year.**



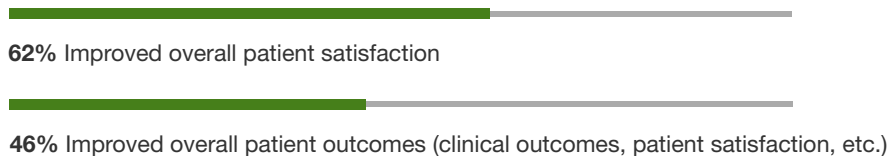
## HOW PATIENTS WIN: IMPROVED PFS LINKED TO BETTER PATIENT SATISFACTION AND CLINICAL OUTCOMES

Driving more efficiency and cost savings in PFS is obviously great news for the bottom line, but they don't necessarily help hospitals achieve the worthwhile goal of dedicating themselves to patient experience and satisfaction. The good news is, hospitals can achieve both goals by focusing on delivering the best payment experience possible. Sixty-two percent of respondents in our study expect that improving PFS will lead to a boost in patient satisfaction, and 46% said they expect it to also help boost clinical outcomes for patients (see Figure 7).

The link between delivering positive revenue cycle experiences and clinical outcomes comes from reducing friction in the "last mile" of the patient experience. Today's overly complex, poorly communicated patient financial experience makes it difficult for patients to understand and trust hospitals. Clear communication, by comparison, builds trust.<sup>7</sup> Hospitals that lessen the complexity of the financial experience earn more engaged patients. Engagement in turn yields patients who are willing to seek preventative care and comply with treatment plans — leading to lower costs and better outcomes for patients. Studies have demonstrated that failing to deal with patients on their own terms drives up costs and leads to poorer outcomes, as patients will be less likely to comply properly or seek follow-up treatment when they need it.<sup>8</sup>

Figure 7

**"Which of the following patient benefits would you expect your organization to see/has your organization seen as a result of improving its patient financial services system?"**



**Eighty-five percent of respondents say that PFS systems have an effect (positive or negative) on clinical success.**

Base: 260 US hospital patient billing strategy decision makers.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, September 2017

# Key Recommendations

Forrester's in-depth survey of hospital financial decision makers yielded several important recommendations:



**Make patient experience an organizationwide obsession.** No part of a hospital that interacts with patients is immune from driving patient satisfaction, and patient satisfaction leads to healthier business results. In an increasingly patient-focused, competitive environment, that means no patient-facing part of a hospital can afford to treat patient satisfaction and experience as an afterthought. Patient financial services drive an important part of patient satisfaction and clinical outcomes.



**Seek partners that who can help overcome both the technology and strategy challenges.** Technology partners should be well-equipped to help with technology integration, development, and even training — but our study found that the bigger problems tend to be strategic, rather than technological. Ask how your partners can help address executive reluctance by helping establish a business case for improving patient financial services to get your organization moving.



**Link your investments in experience to driving and measuring patient satisfaction.** Investing in patient financial services has been linked to better patient experience and even better clinical and business outcomes, as this study has shown. But it's not enough to simply invest in ensuring the last mile drives excellent experiences — hospitals today must also focus on including proper satisfaction metrics to include the impact of patient financial services. Whether it's part of HCAHPS or another satisfaction tool, tie the financial experience into your view of overall satisfaction.

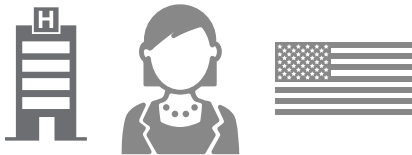
# Appendix A: Methodology

In this study, Forrester conducted an online survey of 260 hospitals in the US to evaluate the state of patient financial services and their impact on customer satisfaction. Survey participants included decision makers in business planning and intelligence, finance and revenue cycle, and patient access/portal roles. Questions provided to the participants asked about their current PFS practices and systems and the impact of those systems on patients. Respondents were offered a small monetary incentive as a thank you for time spent on the survey. The study began in June 2017 and was completed in September 2017.

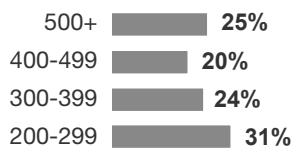
# Appendix B: Demographics/Data

## ALL RESPONDENTS

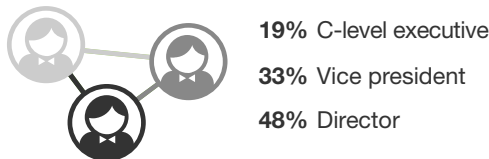
### USA-based hospitals/hospital networks



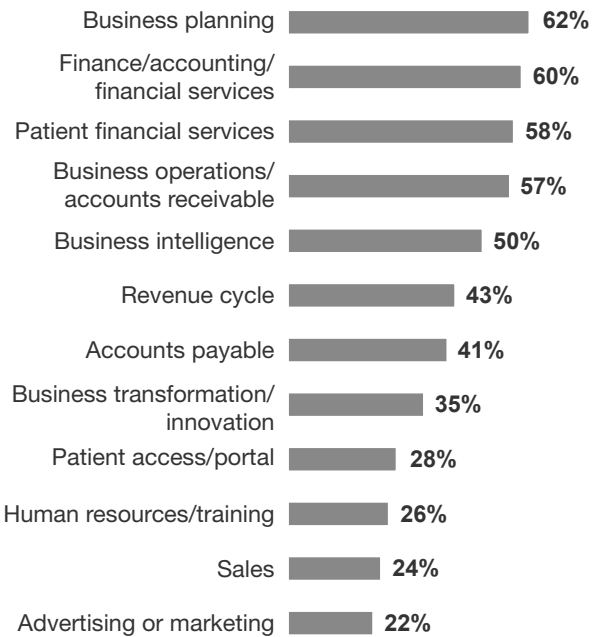
“Using your best estimate, how many beds does your hospital/hospital network have?”



“Which title best describes your position at your organization?”



“Which of the following responsibilities do you conduct for your job/position?” (Select all that apply)



Base: 260 US hospital patient billing strategy decision makers.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Simplee, July 2017

## Appendix C: Endnotes

- <sup>1</sup> Source: “Applying Forrester’s Best Research To Help You Be An Innovation Leader,” Forrester Research, Inc., May 31, 2017.
- <sup>2</sup> Source: “Predictions 2017: Engaging The Empowered Patient,” Forrester Research, Inc., November 2, 2016.
- <sup>3</sup> Source: “Healthcare Must Embrace Digital To Win In Consumer Engagement,” Forrester Research, Inc., November 8, 2016.
- <sup>4</sup> Source: “Healthcare Must Embrace Digital To Win In Consumer Engagement,” Forrester Research, Inc., November 8, 2016.
- <sup>5</sup> Source: David Betts, “The Value Of Patient Experience: Hospitals With Better Patient-Reported Experience Perform Better Financially,” Deloitte, 2016.
- <sup>6</sup> Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.
- <sup>7</sup> Source: “Read My Lips: Clear Communication Can Mean Billions in Revenue,” Forrester Research, Inc., July 31, 2017.
- <sup>8</sup> Source: “Healthcare Must Embrace Digital To Win In Consumer Engagement,” Forrester Research, Inc., November 8, 2016.