WHITE PAPER

Moving Patients from "No-pay" to "I'll-pay"

How to open up revenue opportunities with multichannel payment solutions

Elavon

The chance of collecting from a patient drops almost 20% as soon as the patient leaves your office.[1]

Want to improve those odds?

Consider this: a multi-facility healthcare network in Pennsylvania wanted to make it as easy as possible for consumers to make a payment in person, increase collection of co-pays, or pay outstanding balances. To help drive more overall payments, they implemented and promoted **KIOSKS**, **TABLETS** and an **ONLINE PAYMENT PORTAL**. In the first five months, the hospital collected over one million dollars in portal payments and received hundreds of payments via the kiosks. It's all about convenience. Patient satisfaction improved as they no longer needed to carve out blocks of time to call, mail or stop-by a facility with a payment.[2]

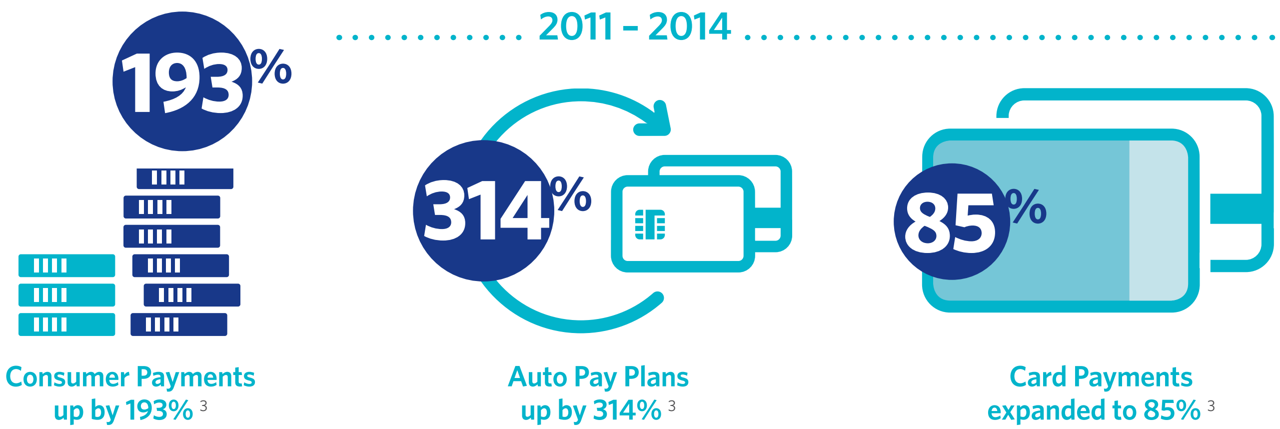
Health Systems are Feeling the Effects of "Consumerism"

While the rules have changed for all stakeholders, patients today arguably are the most important constituents in driving revenues for healthcare providers. With the rapid growth of high deductible health plans combined with recent healthcare reform, consumers are assuming greater financial responsibility for their care. On average, consumers are now responsible for 30% to 35% of their healthcare bill.[3] The increase in consumer responsibility is also illustrated by the fact that the average out of pocket ticket size is increasing year over year – from $128 in 2012 to $142 in 2014.[3]

From 2011 to 2014, the total number of consumer payments to providers increased by 193%.[3]

Because of the higher balances, patients are financing more of these payments, instead of choosing to pay cash. From 2011-2014, the number of automated payment plans with cards saved on file grew by 314%.[3]

And in 2014, card payments to providers expanded to 85% of all consumer healthcare payments.[3]



Meeting Consumers Where They Are

Consumers want a retail-like experience when they visit providers – in other words, instant access to services, clear information about cost, and maximum convenience in paying for them. Similar to how they would conduct research before booking a hotel room or buying a car, consumers are price shopping, reading hospital ratings online, and seeking out peer reviews when making the right purchasing decisions for their health and well-being.

And when it comes to paying, today's busy consumers prefer to rely on digital and self-serve channels – such as online, mobile, IVR and kiosk – to submit payments.

Just consider how mobile phones are changing the way consumers make payments. Twenty-two percent of mobile phone owners reported making a mobile payment in 2014, versus 17% in 2013.[4]

Healthcare providers need to capture as much of consumer dollars as possible in order to continue to thrive – but to achieve this you need to meet consumers where they are. That means giving them options that support where, when, and how they prefer to pay.

WHY CONSUMERS LIKE SELF SERVICE

Think about it. Our ability to self-serve impacts our daily lives, from grocery store check-out to bank transactions to airport check-in and even lunch orders online. And now paying for healthcare services.

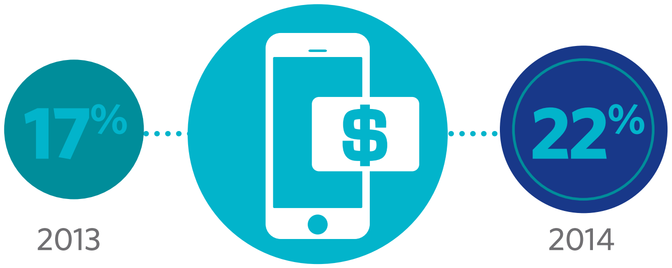
Across all demographics, channel usage rates are quickly changing with Forrester Research reporting that in 2015, web and mobile self-service interactions exceeded live-assist channels, which are now the path to solving harder problems for most customers.[5]

There are several reasons why some consumers prefer self-service including:[6]

- Efficiency of the interaction
- Fewer mistakes related to human error
- Satisfaction of being in control
- Ability to "time shift" the service experience to fit the customer's schedule, not the provider's

Yet, despite the proven demand in other industries, many healthcare providers have still not invested in the technologies and systems required to expand self-serve payment options to their patients.

Consumers that made a Mobile Payment[4]

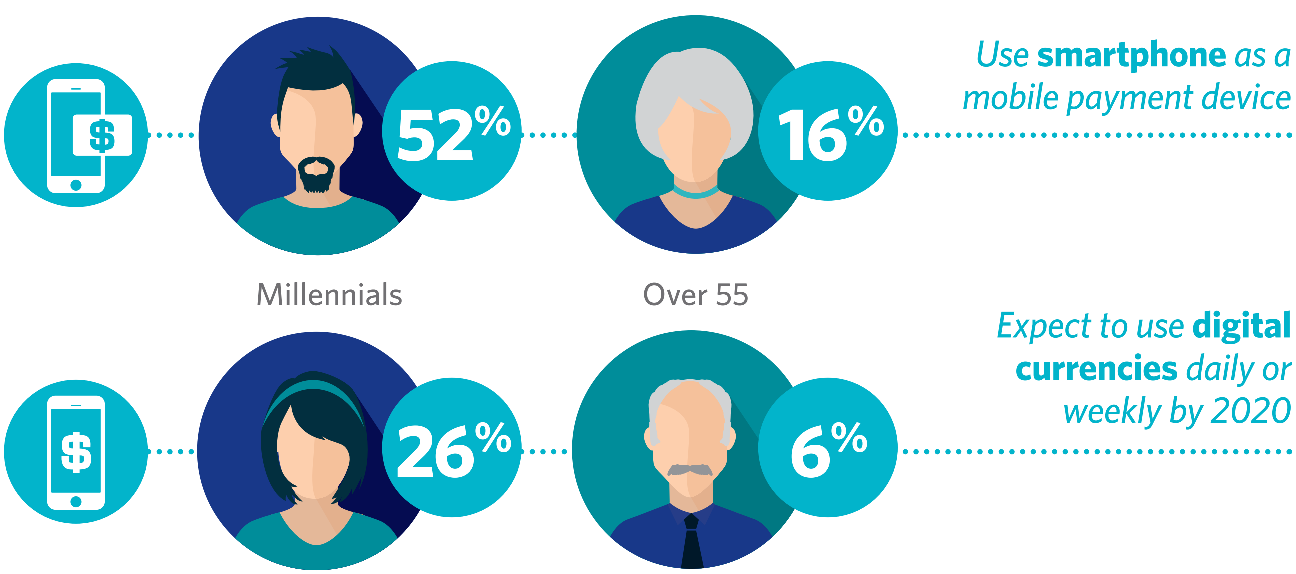


Millennials versus Boomers

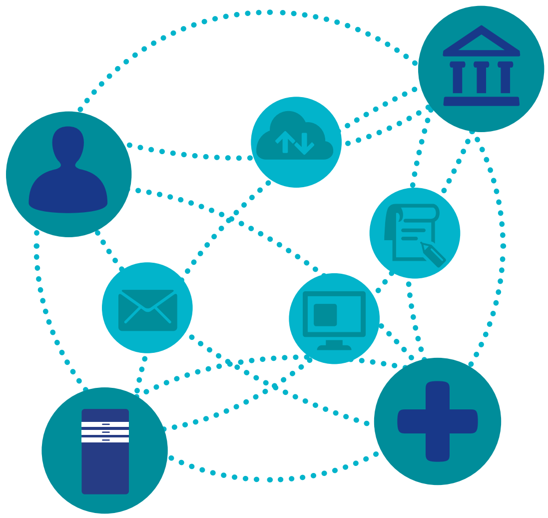
Millennials are driving changes in the way we pay, moving us toward greater digitization. While it's exciting to witness this evolution, most of the change is occurring in hospitality and retail where younger generations make up a higher proportion of consumers. In healthcare, boomers and the silent generation consume most services, and there's still a propensity for them to rely on cash, paper checks and credit cards for payment. However, research suggests patients across all generations would be willing to change their payment behavior to adopt self-serve options. According to an InstaMed 2015 survey, 93% of consumers (including those over 55) expressed a desire to pay their healthcare bills online.[3]

Successful payment collection hinges on offering the right mix of options to suit the needs and preferences of the communities served. Evaluating patient demographics, payment growth patterns, and payment behaviors can help healthcare providers pinpoint which channels and technologies are most effective by facility or organization. Additionally, engaging staff through interviews and surveys, can help providers to determine what payment channels could potentially improve the patient experience and workflow.

Consumer Payment Options by Generation[8]



Inefficient, disjointed payment processes
Costs healthcare providers millions of dollars each year



What's Keeping Providers from Meeting these Diverse Consumer Expectations?

Healthcare still lags other industries and continues to rely heavily on the U.S Postal Service for bill collection and other communications.

The healthcare electronic funds transfer (EFT) and electronic remittance advice (ERA) operating rules have helped to accelerate efforts but the industry as a whole is still catching up. Seventy-five percent of providers indicated they consistently mail more than one statement to collect a consumer payment.[3]

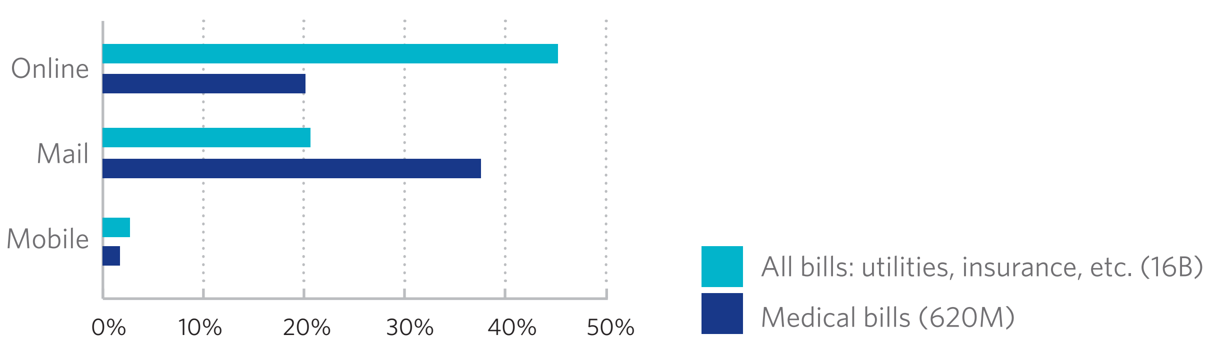
This leads to waste and inefficiency. In fact, 30% of dollars are wasted in healthcare according to Consumers Union research.[3] That is a significant number when you consider healthcare accounts for roughly a $3 trillion industry.[9] Those dollars are considered wasted due to inefficient, disjointed payment processes – much of it related to healthcare's heavy reliance on paper-driven workflows.

Competing priorities, expensive technology investment and inertia are some of the reasons why providers may choose to delay payment and billing automation. But there are costs associated with a lack of process automation, and payments administration suffers as a result. Paper-based and manual billing processes can draw time and investment away from patient care, and slow down patient flow.

- Inefficient paper management and tracking can result in patient payment data being lost or stolen
- Paper usage can contribute to environmental waste and undermine 'green' initiatives
- Billing code errors can result in unpaid revenue and put providers at risk of violating liability or compliance rules.

Using online, mobile, IVR and kiosk solutions, more payments can be received electronically and automatically posted to appropriate systems – saving time, increasing security, and speeding cash flow.

2013 Consumer Bill Payments[3]



As a result...

20%

Consumers with unpaid healthcare bills[3]

How to Capture More Patient Dollars

You've probably heard the age old axiom "Location, Location, Location." In the world of payments, it's "Options, Options, Options." Enabling patients to decide how, and through which channel, to pay is part of engaging patients in a meaningful manner that can ultimately lead to increased patient receivables

According to InstaMed, nearly 20% of consumers have unpaid healthcare bills due to the unfamiliar and confusing healthcare payment process.[3] Seventy-five percent of bad debt is associated with patients who are willing to pay but have questions about how much they owe or how to pay. [3]

Clear, consistent communication is key to successful payment collection. By using technology effectively, healthcare providers can improve patient understanding of their financial obligations, increasing their willingness to pay. Offering patient access to user-friendly billing statements, billing reminders, payment confirmations and payment policies through self-serve interfaces, can help improve patient financial engagement.

TIPS TO SPUR ADOPTION OF NEW TECHNOLOGIES AND PAYMENT OPTIONS

Point of Service: Educate staff to clearly and compassionately explain financial obligations to patients early in the process. Reduce the chances of billing "surprises" by explaining potential costs and payment options upfront. Arm staff with scripts to help them become comfortable discussing payments with patients. Engage staff to contribute ideas and suggestions for improving the patient payment experience.

Online Portal: Train front desk personnel to collect email addresses for each new patient, and help them register on the portal. Promote the portal across a variety of patient touch points – websites, statement inserts, email confirmations, social media, and signage. Distribute pamphlets at every facility to explain portal capabilities and how to get started.

Tablet: Add payment capabilities to patient check-in tablets; prompt patients to submit payments by entering a credit, debit or HSA/FSA card at the same time they're completing clinical paperwork.

Kiosks: Place large signage above kiosks and distribute pamphlets in relevant offices to indicate where kiosks are located and how to use them.

Phone: Add IVR options to your customer support telephone system to automate payment acceptance by phone 24/7. Promote pay by phone options along with your online portal to increase visibility for both channels.

Expanded Security is an Issue ... but the Benefits Outweigh the Risk

Clearly, as the number of payment channels increases, the need to secure all these channels also increases. More channels equal more consumer convenience, but also introduces more risk. There's been a steep rise in data breaches in the healthcare industry over the last two years. A recent report published by Ponemon Institute revealed the over 90% of healthcare providers have experienced at least one breach in the last 24 months.[7] Clearly no one is immune and a breach can happen to any organization.

The perpetrators will steal all types of data including medical records, insurance information and payment details. In 20% of instances, Ponemon reported payment details were stolen.[7]

Combining best practices with advanced security technologies ensures healthcare providers are able to protect card data throughout the payment process regardless of the payment channel selected by their patients.

Payment Card Industry (PCI) Data Security Standards (PCI-DSS) set the baseline for security by defining compliance requirements for protecting cardholder data. The card associations require adherence with the PCI-DSS standards as part of payment card acceptance.

We recommend a layered approach, using advanced methods, to achieve comprehensive security. Chip card devices (EMV), and encryption and tokenization technologies can be combined to reduce the burden of achieving PCI compliance, as well as provide more sophisticated security. EMV reduces the threat of counterfeit card usage at the point of service while encryption and tokenization render card data unusable to hackers. These security technologies can offer end-to-end card data protection from the point of transaction to the back office.

You can learn more about payment security by downloading our white paper, "Are There Payment Threats Lurking in Your Hospital?" on our website located at www.elavon.com/healthcare.

CONCLUSION

Moving consumers from "No-pay" to "I'll Pay" doesn't have to involve a colossal effort, nor include heavy-handed collection activities we've seen in other industries. By meeting consumers where they are, with flexible, convenient payment options, healthcare providers can increase collections and improve consumer satisfaction.

Elavon is a leader in payment technologies offering specialized solutions and strategies designed for healthcare. Our dedicated healthcare team can provide expertise and products to help your organization improve revenue cycle management and payment processes. Learn about our healthcare solutions by visiting www.elavon.com/healthcare.

1 WebPT "The Importance of Collections/Avoiding Writing Off Copays." March 25, 2013

2 Elavon "Drive Revenue, Offer More Ways for Patients to Pay" Webinar, February 10, 2016

3 InstaMed "Trends in Healthcare Payments" Annual Report 2014

4 Boards of Governors of the Federal Reserve System "Consumers and Mobile Financial Services" 2015

5 Forrester "Top Trends for Customer Service in 2016" January 6, 2016

6 Harvard Business Review, "Why Your Customers Don't Want to Talk to You" July 28, 2010

7 Ponemon Institute, 5th Annual Benchmark Study on Privacy & Security of Healthcare Data" 2015

8 Accenture, "The Financial Brand" November 2014

9 U.S. Centers for Medicare & Medicaid, National Health Expenditures Database, 2014

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