



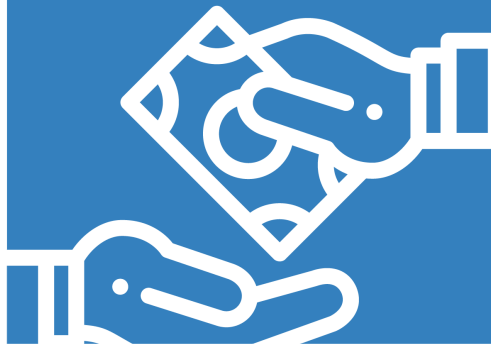
PATIENT PAYMENTS: FACTS, CHALLENGES AND OPPORTUNITES

June 12, 2020

Patients who struggle with unexpected bills often defer needed treatment as a result

40%

American adults who are unable to cover a \$400 emergency with cash, savings, or credit card.^[1]



69%

Americans with less than \$1,000 in savings.^[2]



14%

Americans living in a household facing challenges with paying medical bills.^[3]



50%

U.S. adults that report putting off or skipping medical or dental care due to costs, with 1 in 8 saying their medical conditions have gotten worse as a result.^[4]



Source: ^[1] Board of Governors for the Federal Reserve. (2019). Report on the Economic Well-Being of U.S. Households in 2018. Retrieved from <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-preface.html> ^[2] Huddleston, C. (2020, January 29). Survey: 69% of Americans Have Less Than \$1,000 in Savings. Retrieved from <https://www.gobankingrates.com/saving-money/savings-advice/americans-have-less-than-1000-in-savings/> ^[3] Cha, A. E., & Cohen, R. A. (2020). Problems Paying Medical Bills, 2018. National Center for Health Statistics at the Centers for Disease Control and Prevention. Retrieved from <https://www.cdc.gov/nchs/data/databriefs/db357-h.pdf> ^[4] Kirzinger, A., Muñana, C., Wu, B., & Brodie, M. (2019). Data Note: Americans' Challenges with Health Care Costs. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/issue-brief/data-note-americans-challenges-health-care-costs/>

Patients are now the third largest payer, just behind Medicare and Medicaid

88%

Increase in total hospital revenue attributable to patient balances after insurance over a recent five-year period.^[1]

\$1,655

Average annual deductible for covered workers in 2019, an increase of 36% over the previous five years.^[2]

35%

Portion of provider revenue attributable to patient payments.^[3]

14%

Average increase in patient out-of-pocket costs for inpatient services between 2017 and 2018.^[4]

82%

Individuals with employer-sponsored coverage who have an annual deductible as compared to 10 years ago (63%).^[5]

Source: ^[1] TransUnion Healthcare (2018, June 26). Patient Balances After Insurance Continue to Increase in 2018, Driving Bad Debt and Uncompensated Care. Retrieved from <https://www.globenewswire.com/news-release/2018/06/26/1529420/0/en/Patient-Balances-After-Insurance-Continue-to-Increase-in-2018-Driving-Bad-Debt-and-Uncompensated-Care.html> ^[2] Ibid. ^[3] Ibid. ^[4] Ibid. ^[5] Claxton, G., Rae, M., Damico, A., Young, G., McDermott, D., & Whitmore, H. (2019). 2019 Employer Health Benefits Survey. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/report/2019-employer-health-benefits-survey/>.

Hospitals struggle to collect patient balances

\$617M

Increase in bad debt written off by hospitals in 2018 compared to 2015, resulting in \$56.5 billion in total hospital bad debt.^[1]

> 50%

Patients that prefer electronic statements and billing options.^[2]

3+ months

The time it takes patients to pay their bills in full, with 24% taking longer.^[3]

~100%

Hospitals that use paper billing statements.^[4]

4x

Reduction in percentage of collections on patients with account balances greater than \$5,000 as compared to collections on patients with low-deductible health plans.^[5]

Source: ^[1] Shoemaker, W. (2019). Bad debt expense benchmarks: U.S. acute care hospitals show improvements since 2015. Healthcare Financial Management Association. Retrieved from <https://www.hfma.org/topics/hfm/2019/october/bad-debt-expense-benchmarks-us-acute-care-hospitals-show-improvements.html> ^[2] Ibid. ^[3] Waystar (2018, May 3). Waystar™ Releases Second Annual Patient Payment Check-Up™ Survey. Retrieved from <https://www.businesswire.com/news/home/20180503006005/en/Waystar%E2%84%A2-Releases-Annual-Patient-Payment-Check-Up%E2%84%A2-Survey>. ^[4] Ibid ^[5] Crowe Horwath LLP (2017, March 29). Hospitals should consider the impact of high-deductible plans on revenue. Retrieved from <https://www.crowe.com/news/rca-q4-2016>

Opportunities to improve the patient financial experience

Hospitals with better experience levels **earn disproportionately more** than they spend compared to those with lower ratings.^[1]

Hospitals with higher patient-reported experience scores have **greater profitability**.^[2]

The association of **patient experience** with **financial performance** is large.^[3]

Consumers say access to self-service portals, simpler medical bills, and more payment options would not only **improve their healthcare experience**, but also **encourage them to pay their financial responsibility** in full.^[4]

Source: ^[1] Betts, D., Balan-Cohen, A., Shukla, M., & Kumar, N. (2016). The value of patient experience Hospitals with better patient-reported experience perform better financially. Deloitte Center for Health Solutions. Retrieved from <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/life-sciences-health-care/us-dchs-the-value-of-patient-experience.pdf> ^[2] Ibid. ^[3] Ibid. ^[4] Connance (2018, October 10). New Industry Survey Highlights Transformation Between Providers and Patients During the Financial Experience. Retrieved from <https://markets.businessinsider.com/news/stocks/new-industry-survey-highlights-transformation-between-providers-and-patients-during-the-financial-experience-1027603758>



THANK YOU

Patient Wellness Through Financial Care