



GENERATIONAL VARIATION IN PATIENT PAYMENT PREFERENCES

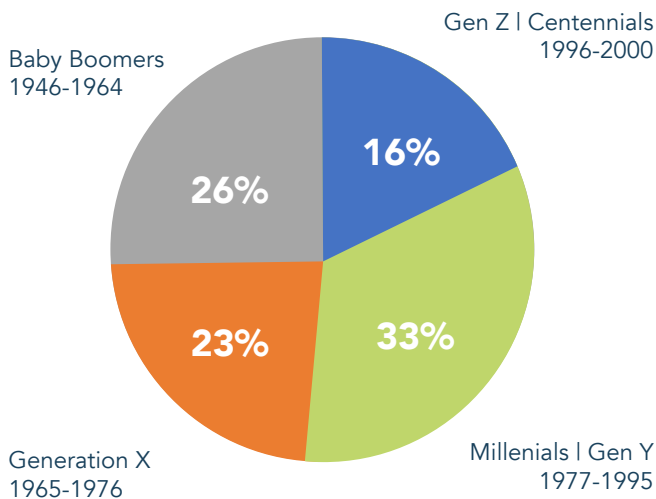
New research reveals unique differences in how patients of each generation pay their healthcare bills

Medical bills are becoming increasingly difficult for patients to pay. A survey conducted in 2021 found that 50% of Americans carry medical debt and 46% have medical debt in collections.¹ The majority of those with medical debt owe between \$1,000 and \$5,000. It's understandable why Americans carry medical debt as 40% say they would be unable to cover a \$400 emergency using cash, savings, or even credit. When patients have a difficult time paying, providers have a difficult time collecting. Understanding how to best address these challenges requires gaining a deeper understanding of patients and their unique financial challenges and preferences.

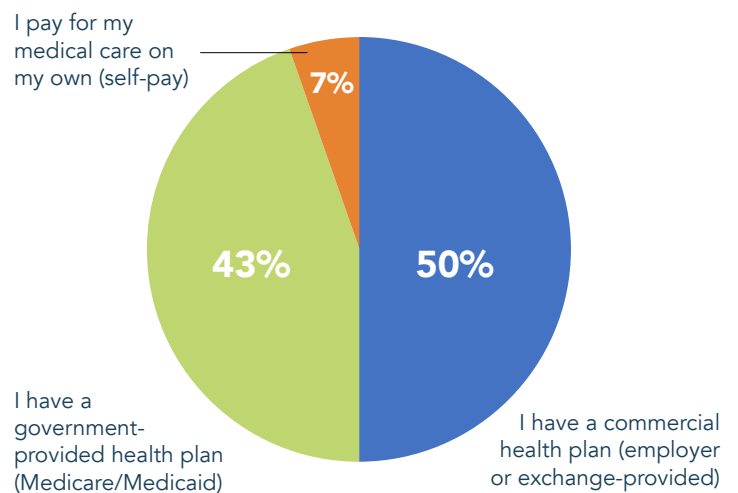
This is the insight iVitaFi sought to uncover in its recently released Patient and Provider Market Research for 2021. The research, which was conducted in collaboration with Eliciting Insights, polled a broad cross section of 435 consumers who had received care from a hospital within the previous 24 months—either scheduled or urgent.

CONSUMER PARTICIPANT BREAKDOWN

All Respondents Over 21



50% of Respondents Pay for Health Insurance



Medical bills still rank lowest when it comes to prioritizing monthly payments, behind mortgage, rent, utilities, auto payments, credit cards, and bank loans.²

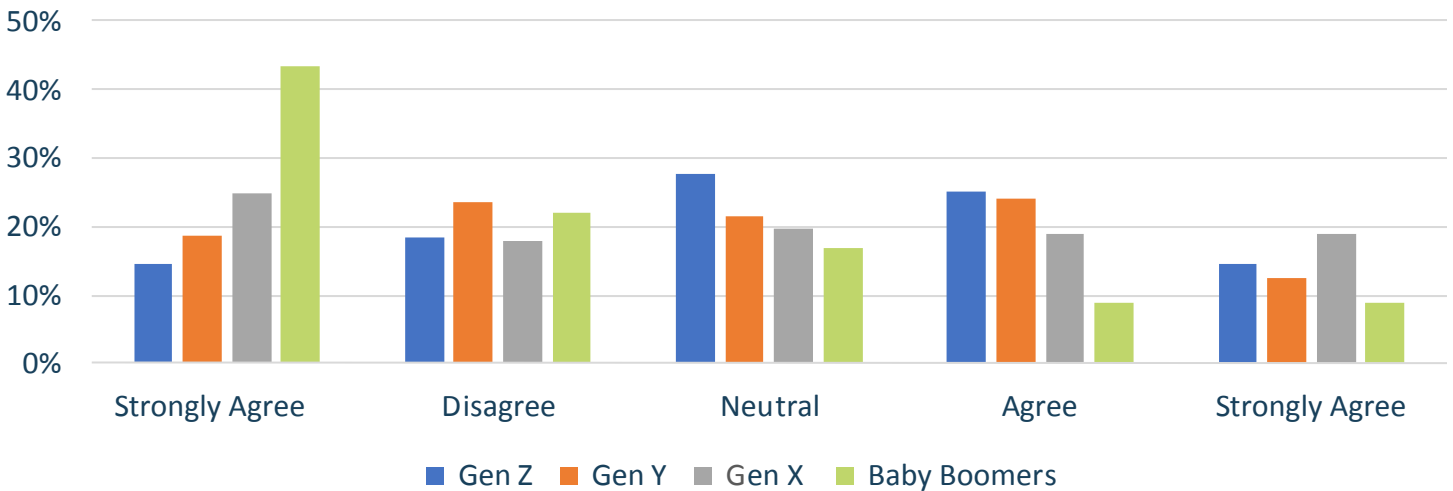
¹ "Many Americans Still Can't Pay Off Less than \$5,000 in Medical Debt," Debt.com (<https://www.debt.com/research/medical-debt-survey/>)

² Independent market research via Alchemer Consumer Panel, iVita Financial, July 2021, n=43

FINANCIAL CONCERNS & IMPLICATIONS

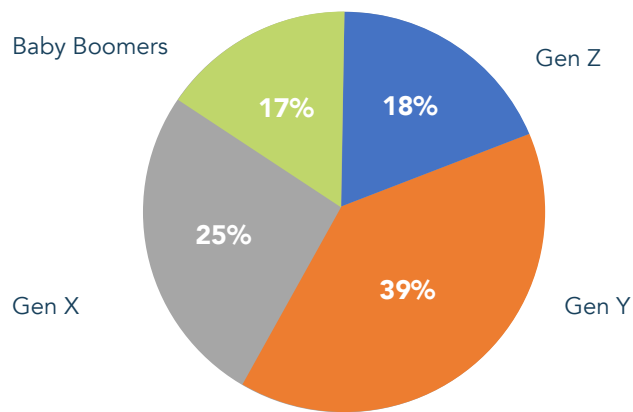
One of the most interesting findings that the research uncovered was the differences in challenges and preferences between generations. For example, Baby Boomers were more than twice as concerned about how they would pay for their hospital service than were Gen Ys and three times more than Gen Zs. This could be because many Baby Boomers are on fixed incomes or are preparing to retire and are concerned about the financial limitations that can accompany that time of life.³

I am worried about how much I am going to pay for my recent hospital service.



The tables were turned when it comes to how likely participants were to cancel or skip a hospital service or appointment due to concerns about how to pay. In this case, Gen Ys were more than twice as likely to put off or skip care than were Baby Boomers at 39% and 17% respectively. This may be because older individuals typically have more—and more complex—chronic conditions than do younger individuals.⁴ When we think of aging, we think of heart disease, stroke, lung cancer and other conditions that often appear after years of poor lifestyle choices. These conditions can lead to more hospitalizations and more expensive treatments.

Generations most likely to cancel or skip a hospital service or appointment due to concerns about how to pay



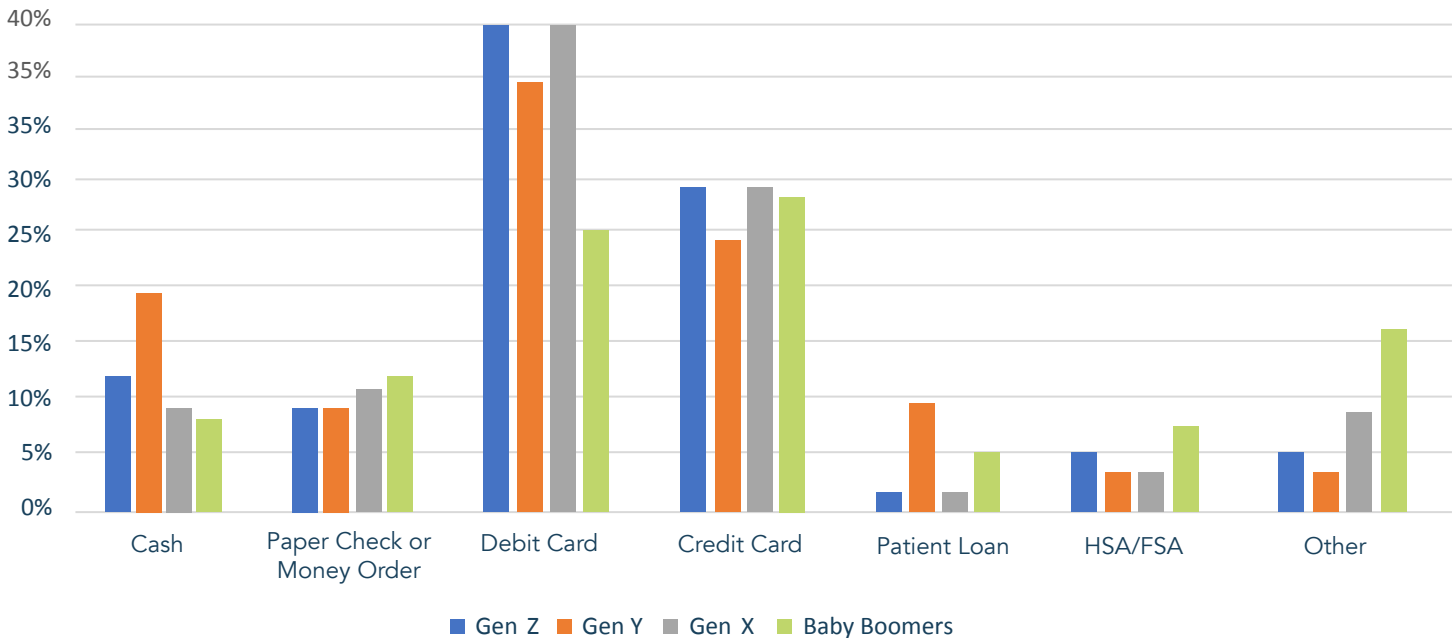
³ <https://healthadministrationdegree.usc.edu/blog/the-baby-boomer-effect-and-controlling-health-care-costs/>

⁴ <https://www.pharmacytimes.com/view/the-aging-population-the-increasing-effects-on-health-care>

HOW PATIENTS PREFER TO PAY

While all generations preferred to pay by debit or credit card, Gen Ys stands out in that they paid by cash or a patient loan more than other generations.

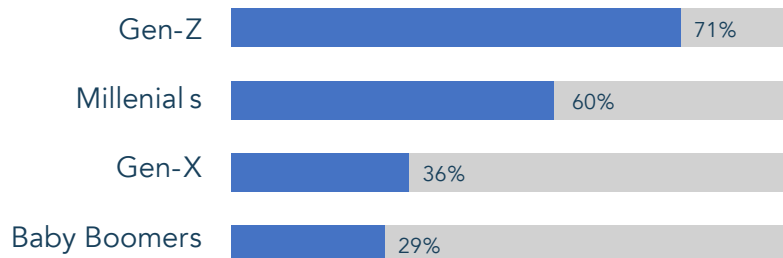
What primary payment method did you use to pay your most recent hospital bill?



WHEN PATIENTS PAY

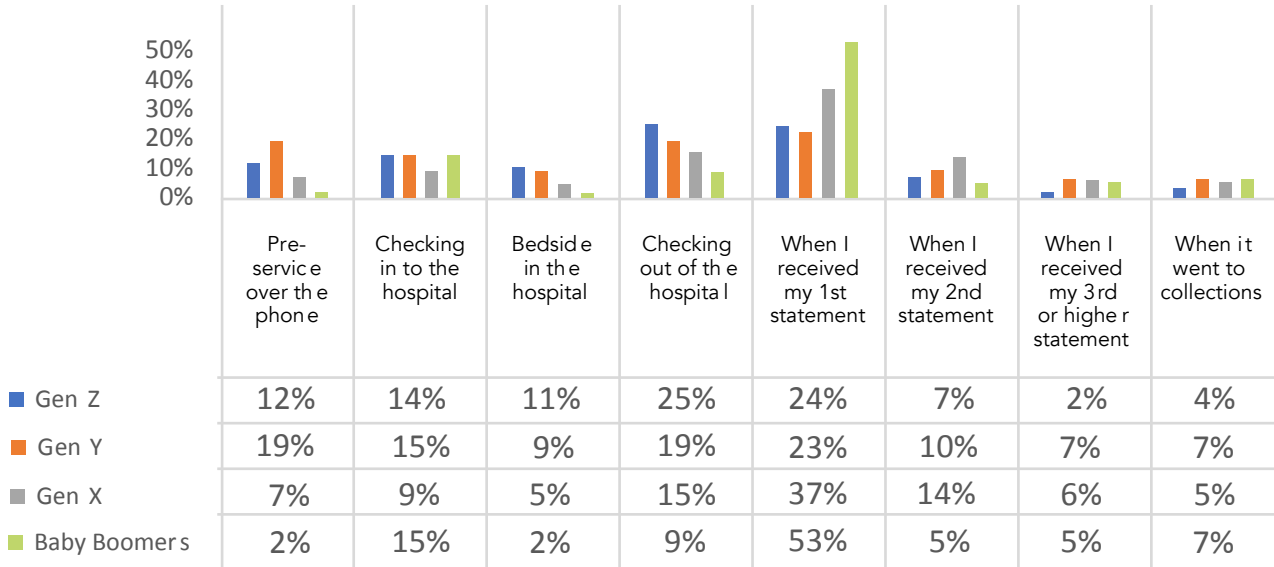
When asked when they would prefer to pay their bill, Gen Zs were three times more likely than Baby Boomers and nearly two times more like than Gen Xs to say they want to pay prior to leaving the hospital. It is important to note, however, that across all generations nearly half said they prefer to pay prior to service, while in the hospital, or at discharge.

Prefer to Pay Prior To Leaving the Hospital by Age Group



When it comes to how participants actually paid, the numbers align with their preferences. The overall majority paid prior to leaving the hospital while Baby Boomers were more likely to wait to pay when they received their first statement. While there may be multiple reasons why they prefer to wait, it may be because most medical procedures are covered by Medicare, so Baby Boomers may wait to see what their patient responsibility is once Medicare responds to the provider.

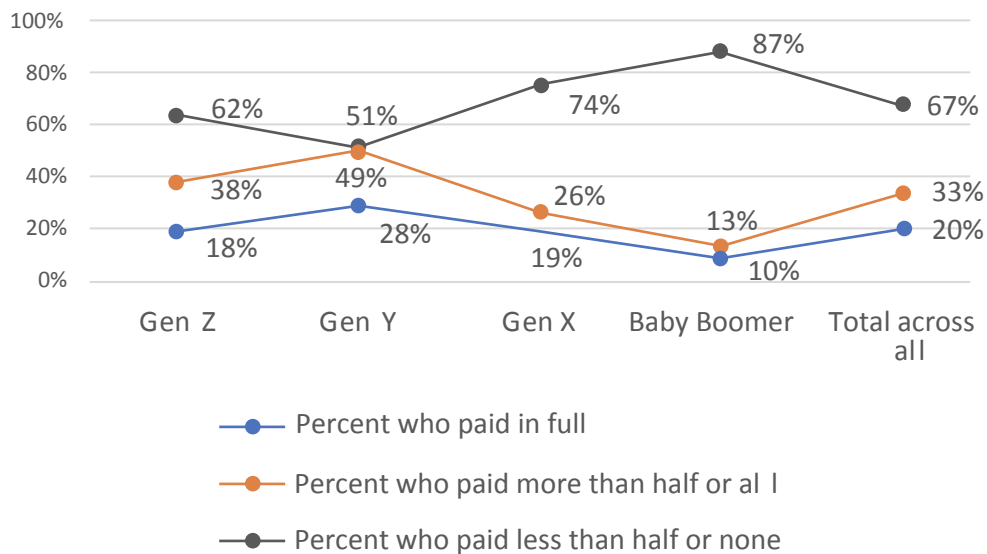
When did you pay the bill for your most recent hospital service?



WHAT PATIENTS PAID

As mentioned in the previous section, Baby Boomers paid for a much smaller portion of their bill prior to leaving the hospital. Of their total responsibility, just 10% paid the full amount. This is likely because half of Baby Boomers surveyed were on Medicare and would typically have lower deductibles and co-pays. Overall, however, just one in five survey participants of all generations paid their patient responsibility in full.

If you had a responsibility to pay a portion of your bill, what portion did you pay?

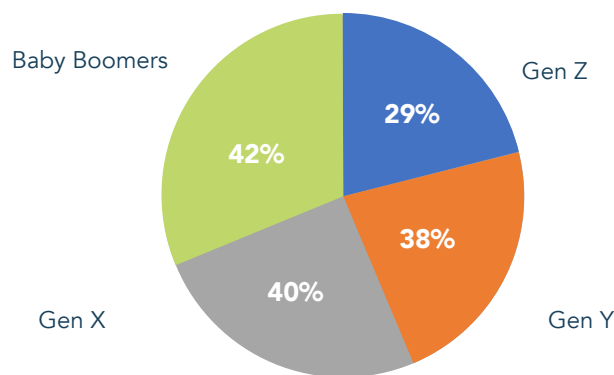


IMPLICATION OF PATIENT PAYMENT PREFERENCES

Research shows that the patient financial experience weighs heavily on overall patient satisfaction. In fact, 63% of patients in another survey said they would switch providers to receive a better patient financial experience. Making it easier for patients to pay is a great way to improve the patient financial experience, patient loyalty, and brand reputation.

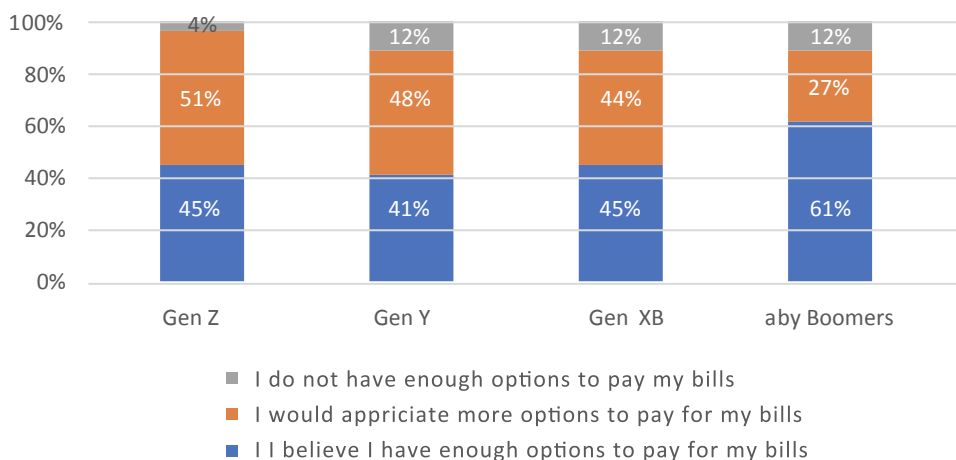
In our survey, we asked patients how their recent payment experience could have been better, starting with how friendly they felt the hospital's billing practices were. Overall, less than half of participants said the hospital's billing practices were "very patient friendly." Gen Zs had the worst experience and Baby Boomers the best, although the perception for all groups was less than stellar.

Generations that consider their hospital's billing process "very patient-friendly"



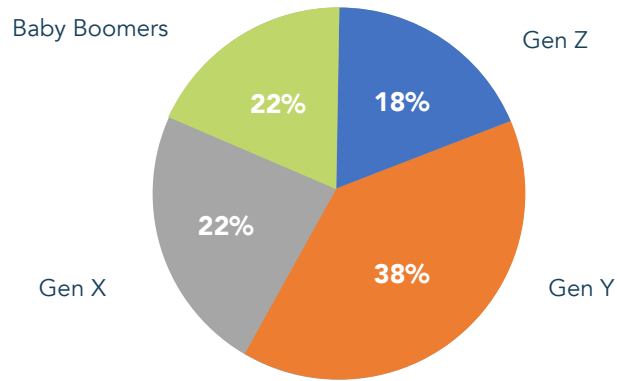
Part of the reason for the poor financial experience ratings may stem from the hospital not offering enough payment options. Our survey findings support this assumption.

Would you want more payment methods than you are currently receiving from your hospital to help pay for your healthcare bills?



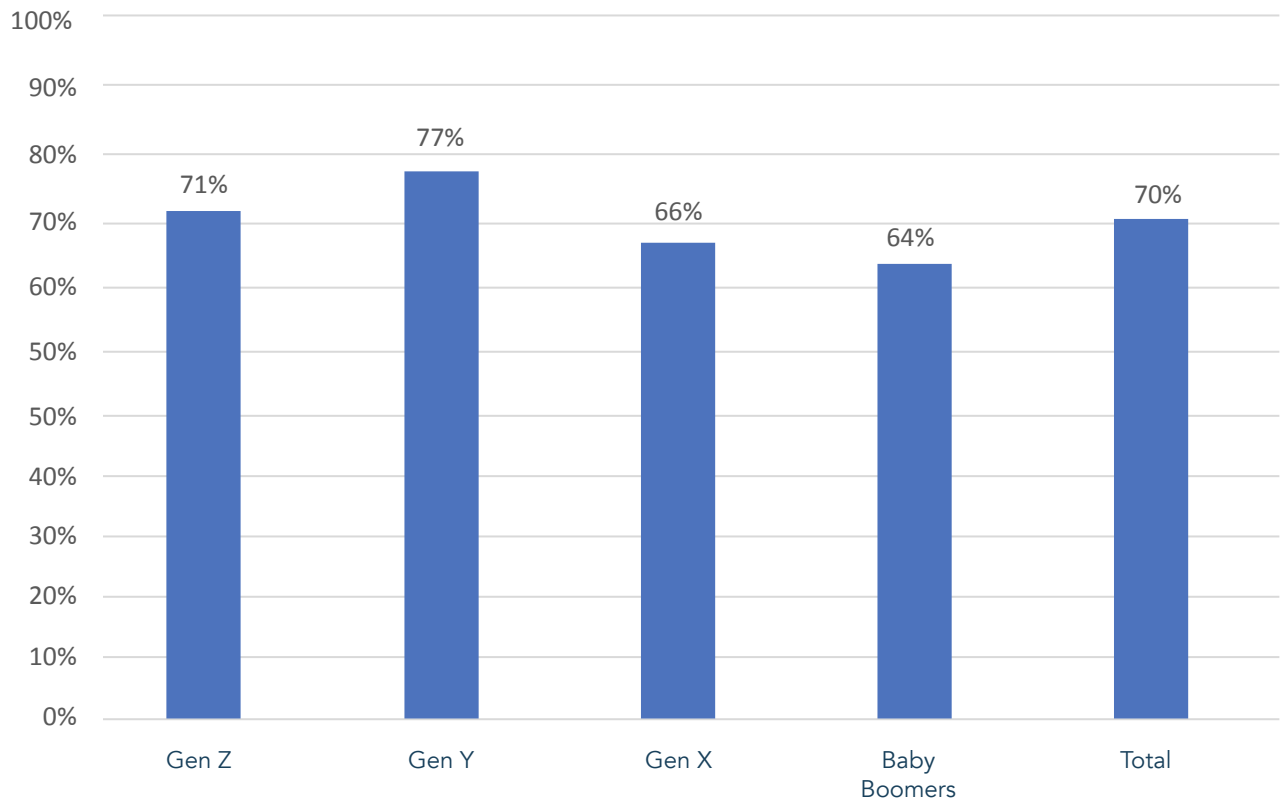
When asked what they felt about the payment options provided by the hospital, the majority said they would have appreciated having more options. There's good reason why since 41% of all participants said they had to use options outside of the hospital to pay their bills, including credit cards and borrowing money.

Which generation said more payment options would improve the patient experience



We then asked participants how having extended payment options might impact their likelihood to return to the same hospital for future services. Across the board, all generations said having these options would encourage them to return.

Generations that said they are "extremely" or "somewhat likely" to use the same hospital for future healthcare needs if the hospital offered extended payment options





The Bottom Line

Each generation has unique financial situations and preferences when it comes to paying for their hospital services. But across the board, they believe offering extended payment options would improve their patient financial experience and impact their likelihood to return to the hospital in the future. Hospitals wishing to strengthen patient loyalty and brand reputation would be remiss to ignore this opportunity. By making it easier for patients to pay, hospitals can not only increase patient satisfaction, but they also are more likely to get paid in full.

Following are guidelines for choosing and implementing the best extended payment options for your patients.

Where To Begin

Managing payment plans can be challenging for many hospitals, especially when staffing shortages are hitting every department, including collections. Just 11.8% of patient accounts are ever completely resolved.

The bottom line is that hospitals aren't banks. They're great at caring for patients but managing portfolios and mitigating default risk, especially in these challenging times, isn't necessarily within their area of expertise.

The Difference Between Payment Methods

That's where iVitaFi can help. iVitaFi is a great option for hospitals looking to offer extended payment plans to their patients via engaging platforms that encourage bill payment. Our non-recourse lending program provides patients with all digital, affordable payment options like no-interest, no-fee credit lines, and offers full payment up front, without having to wait months or even years to collection only a small portion of original amount. Our patient engagement and payment platform provide a seamless way for providers to connect with patients via their preferred method of payment and communication, helping them pay for their medical care.



About iVitaFi

Contact us today to discuss non-recourse patient financing options for your organization. We look forward to helping you improve cash collection and reduce patient bad debt.

(888) 504-8482
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SOURCES:

- ³ <https://healthadministrationdegree.usc.edu/blog/the-baby-boomer-effect-and-controlling-health-care-costs/>
- ⁴ <https://www.pharmacytimes.com/view/the-aging-population-the-increasing-effects-on-health-care>
- ³ <https://healthadministrationdegree.usc.edu/blog/the-baby-boomer-effect-and-controlling-health-care-costs/>
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