"I Am More Than My Balance"

WHITE PAPER

RevSpring

"I Am More Than My Balance"

How understanding patient needs, behaviors and tendencies can deliver a more personalized patient experience—and a better financial result

Patients are now responsible for a higher percentage of their balances than ever before. In fact, in 2015, people paid more than $420 billion out of pocket. For a variety of reasons—including financial hardships or even confusion—more than 15 percent of that went uncollected. For providers, the cost to collect patient balances continues to rise.

As a result, it is more critical than ever for healthcare providers to balance patient needs with financial performance. To do this, they must engage with their patients in a new way. It's more than "communication." It's about creating an emotional connection, expressing empathy and driving patient engagement. Communication is one of the tools to help us get there.

It's important to be reminded that patients are more than account numbers with an unpaid balance, they are people, and as people's communication needs and expectations shift, so do patients'. Providers need to rise to meet those expectations, particularly when it comes to the often challenging patient billing process.

So what has changed? For starters, new technology has altered the approach for most of the population (particularly the younger segments). With new digital technology, smart phones, social media, etc., there are countless ways for companies to get their message out, and do so in real time. People also want everything personalized, relevant and tailored for them as individuals. They need to know brands "get them" before they'll commit. Patients are driving this change faster and more broadly.

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As a result of these shifting expectations, sound patient insights are more critical than ever before. Once providers know more about their patients, they can determine the best ways to connect and engage with them, cultivating a relationship that can improve revenue cycle results. This is a model that the retail industry, among others, has embraced, and one that is soon to be table stakes in the healthcare arena.

The healthcare industry is focused on financial results and the patient experience, but it's not clear in many cases how those ideas merge. Providers have an opportunity to focus on understanding patients and how they pay to drive better results—not just for the healthcare provider, but for the patient as well.

22%
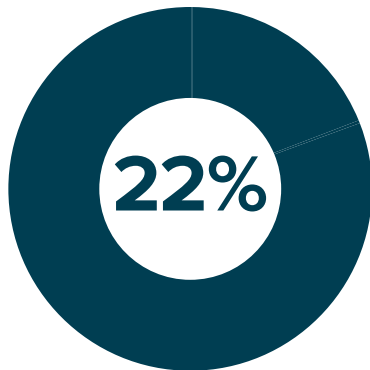
of patients doubt statements' accuracy

55%
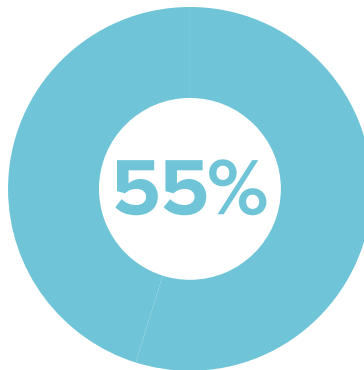
of patients claim bills confuse them

61%
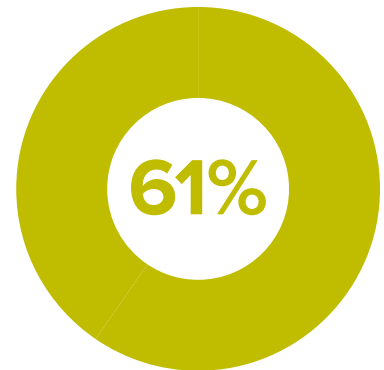
of patients are surprised by costs

Revenue cycle challenges are real and growing

There has never been such dramatic change as it relates to the patient financial experience. Today, out of pocket expenses for patients can be substantial—with deductibles averaging $2,000 or more—and that creates pressure on the healthcare organization and on patients.

Despite positive steps to make statements more clear, concise, correct and easier to act on, patients by and large are still confused. Confusion leads to dissatisfaction—22 percent of patients doubt their statements' accuracy, 55 percent claim bills confuse them, 61 percent are surprised by out-of-pocket costs—and that dissatisfaction erodes the relationship providers have with their patients. The result is a poor impact on future loyalty and a huge financial burden—for both healthcare facilities and their patients. Forty-one percent of patients have trouble paying their bills, and if they end up in collections, the average recovery is only 15 percent. This leads to revenue write offs and a negative experience for all involved. For patients, the financial component of a medical illness or treatment can be as catastrophic as the illness itself—studies show it's the leading cause of bankruptcies today.

Understanding patients as individuals

There are ways in which providers can ease the burden of this experience by better matching financial communications and payment options to payment needs—not only for better financial results, but to better align to the needs of the patient in a more proactive and compassionate way. We know that patients want to pay their bills. If we can help patients find solutions in a way that fits their needs, that is to everyone's benefit.

Marketers seek to identify their customers' motivators:

HOW	**are they influenced?**
	do they buy?
WHERE	**do they buy?**
WHAT	**messages and content delivery tools speak most effectively to their desires and tendencies?**

Think of it this way: if a physician only knew one or two things about his or her patient, could they provide a sound diagnosis? Of course not. Without the right data, it's difficult to understand the needs of the patient and how to care for them. So shouldn't our approach to communicating with patients be just as thorough? The fact is that most providers are still applying static financial communications to a diverse patient population.

Why is this important information? Because targeted messaging drives results. For example, a Hubspot study showed that targeted messaging helped grow website generated sales by 124 percent.

Patient financial communications carry different goals—the patients have already made a decision to use a particular facility. But if providers can do a better job of engaging and help patients resolve their bills, there's a higher likelihood they'll have a better overall experience and keep coming back.

What data is available and what does it tell us about how patients pay?

By developing a deeper understanding of how patients pay and making the end-to-end financial experience more appropriate: it increases patients' likelihood to pay; it helps providers carve out cost and helps to strengthen patient relationships.

The good news is that every interaction generates actionable data and an opportunity to gather even more.

That data supports experience, engagement and awareness. That data can and should change the way providers segment their patient populations and transform their financial communication.

What should providers understand about their patients?

HOW	**many are Medicare/Medicaid, commercial insurance or true self pay?**
WHERE	**do they live?**
WHAT is their	**household composition?** **income?** **balance due?** **payment history?** **propensity to pay?** **age / generational behavior?** **technology use?**

Each one of these personal dimensions (and others) can help providers better understand their patients in order to appropriately tailor financial communications.

For example, technology propensity is a key piece of the patient profile because it is such an effective way to drive payment and meet the patient where they are. Case in point—the Millennials. Thirty-seven percent say they'd immediately go home to retrieve their smartphone if they forgot it. Thirty-five percent are considered "super checkers," meaning they look at their phones at least 50 times a day. Not surprisingly, Millennials paid an average of three bills per month from their phone. Yet online and mobile payments are not right for everyone.

Propensity to pay is also a critical component, but it's not all about credit score. Other factors such as longevity in their job, overall buying patterns that indicate willingness to part with income and general market patterns that influence consumer behaviors are all data sets providers should be exploring. Of course, how patients paid in the past, specifically for healthcare bills—what channel did they use, how long did it take, etc.—provides insight into how they might pay in the future. And, more importantly, how providers can influence their future behavior.

Analytics help us understand where opportunities lie for providers to improve communication, with the overarching goal of creating more appropriate patient financial communication and experience to optimize results.

Communicating consistently across the revenue cycle

Providers have access to this data through various touchpoints with the patient. There is data collected when they call to schedule the appointment, paperwork when they arrive, conversations at the front desk or via follow-up consultations. The data helps providers segment patients along multiple dimensions that tend to drive payment behavior and financial needs. But gathering the data is just the start—it's critical that providers pull all of this information together, ideally managed through a dynamic, automated, analytics engine, to help build an understanding of each patient and their unique personal and financial profile. The engine should have the ability to push the appropriate financial communication to the right patient at the right time using the right communication method.

This superbly informed and targeted approach will engage patients at a highly personal level that influences behaviors around the billing process and enables consistent communication across the revenue cycle—from the first billing-related message they receive, to a "past-due balance" note that includes a payment plan option, to confirmation of payment received and other points in between and beyond.

Some patients may prefer to be reached via text or email. Some are using the patient portal to interact. Others want to set up payment plans delivered in paper form. Either way, they are being treated as individuals—not an account number—which will increase engagement, trust and loyalty and improve results for all involved.

In fact, choosing this targeted messaging approach can make a multi-million dollar difference when it comes to patient billing. A Florida health system was experiencing common revenue cycle struggles—mounting patient accounts receivable and increasing bad debt. Recognizing they had a communications problem, they revamped their statements to reduce confusion, applied strategic messaging campaigns to change payment behavior, and streamlined the communication process across the revenue cycle. The result was a $12 million turn around in self-pay performance.

Analyze and optimize to ensure a better approach

As competition in the healthcare space intensifies, communication can become the great equalizer. Transparency and trust are essential. And simplicity is king. A successful targeted communications model also incorporates the voice of the patient, so providers should continuously ask how they are doing—not only about their patients' experience, but also about their preferences. Once initiated, providers should look for patterns in data that indicate areas of change, in order to improve the experience and fit the payment to the patient. That data is immensely important, but only if it is transformed into an understanding of patient financial needs, likely behaviors and preferences.

It's clear, now more than ever, that just as everyone has a very personal healthcare experience, each has different financial needs and preferences that affect how, when and if they pay their bill.

Building an understanding of patient needs, behaviors and tendencies—and communicating with patients in a way that shows they mean more to you than their balance—delivers a more personalized patient experience and a better financial result.

Disclaimer: The contents of this resource are not intended to serve as legal or any other advice.