



Mission Impossible?

Keeping patient payment plans affordable without sacrificing cash

CommerceHealthcare[®]

Speaker Introductions



Kevin Scott
VP, Patient Finance
CommerceHealthcare



Joe Salmo
National VP, Patient Finance
CommerceHealthcare

Learning Objectives

Three Critical Questions:

- 1) What trends are impacting patients' ability to resolve their financial responsibility?
- 2) Are you losing your mission focus of patient care due to obligations of directly servicing a multi-million-dollar loan portfolio?
- 3) Are there more effective ways to optimize value and limit risk while treating patients fairly and without discrimination?





Patient Consumerism Trivia

Patient Consumerism Trivia

Combined premium contributions and deductibles in Louisiana have grown to reach ___% of median household income?

a 11.6%

c 15.6%

b 30.1%

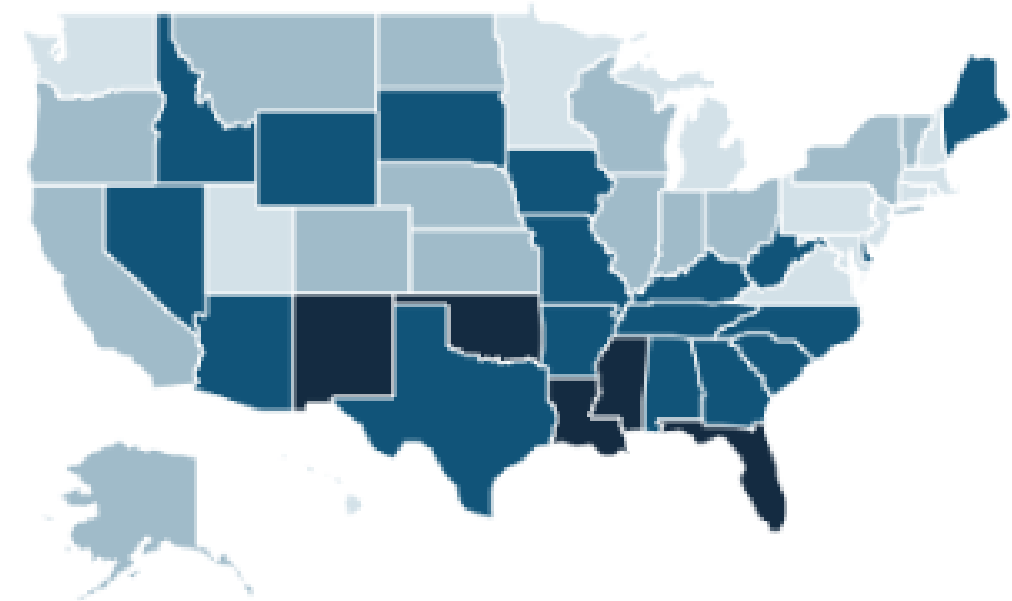
d 48.3%

Patient Consumerism Trivia

Combined premium contributions and deductibles have grown to reach ___% of median household income?

Answer:

C 15.6%



Source: Commonwealth Fund, Trends in Employer Health Care Coverage 2008-2020, January 12, 2022.

Patient Consumerism Trivia

What percentage of workers are subjected to a \$2,000 or higher deductible?

a 8%

c 26%

b 14%

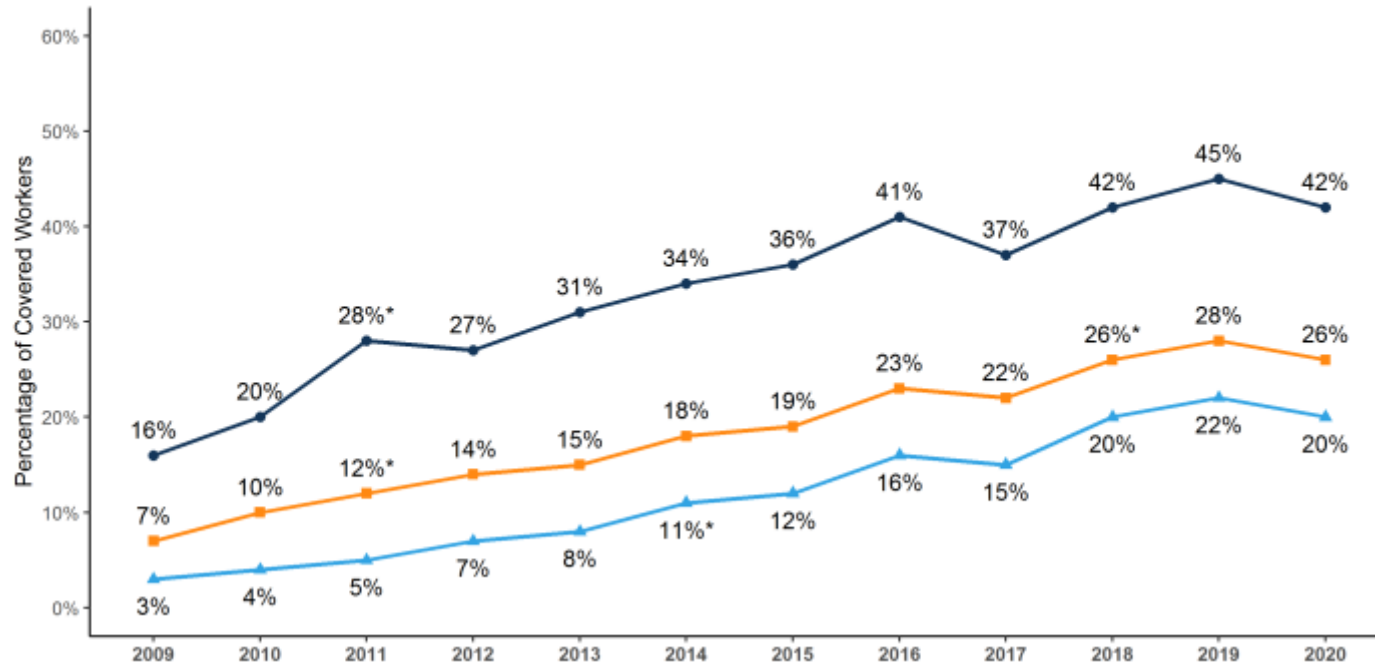
d 42%

Patient Consumerism Trivia

What percentage of workers are subjected to a \$2,000 or higher deductible?

Answer:

C 26%



(Range is from 20% for large firms- 42% for small firms)

Source: Kaiser Family Foundation, [Employer Health Benefits: Summary of Findings, 2020](#).

Patient Consumerism Trivia

Prior to the pandemic, what percentage of Americans were just covering basic living expenses?

a 3%

b 12%

c 23%

d 64%

Patient Consumerism Trivia

What percentage of Americans were just covering basic living expenses?

Answer:

d 64%

(Post pandemic snapshot is 64% of surveyed Americans living paycheck to paycheck as well as 48% of households making \$100k or more)

<https://www.cnbc.com/2022/03/08/as-prices-rise-64-percent-of-americans-live-paycheck-to-paycheck.html>



AGENDA



- **State of Healthcare Debt**
- **Consumerism in Healthcare**
- **State of the Patient Financial Experience**
- **Measuring Costs & Value**
- **Patient Financing: The Best Approach**



Higher out-of-pocket medical bills for patients are hitting hospitals hard. The effect comes in the form of lower collection rates and higher bad debt.

70% Of Medical Collection Debt Will Soon Be Removed From Credit Reports: Here's What You Need To Know



The Burden of Medical Debt in the United States



As inflation heats up, 64% of Americans are now living paycheck to paycheck



Patient volumes, high-deductible health plans and commercial insurance rates

Credit reports contain \$88 billion in

05:41

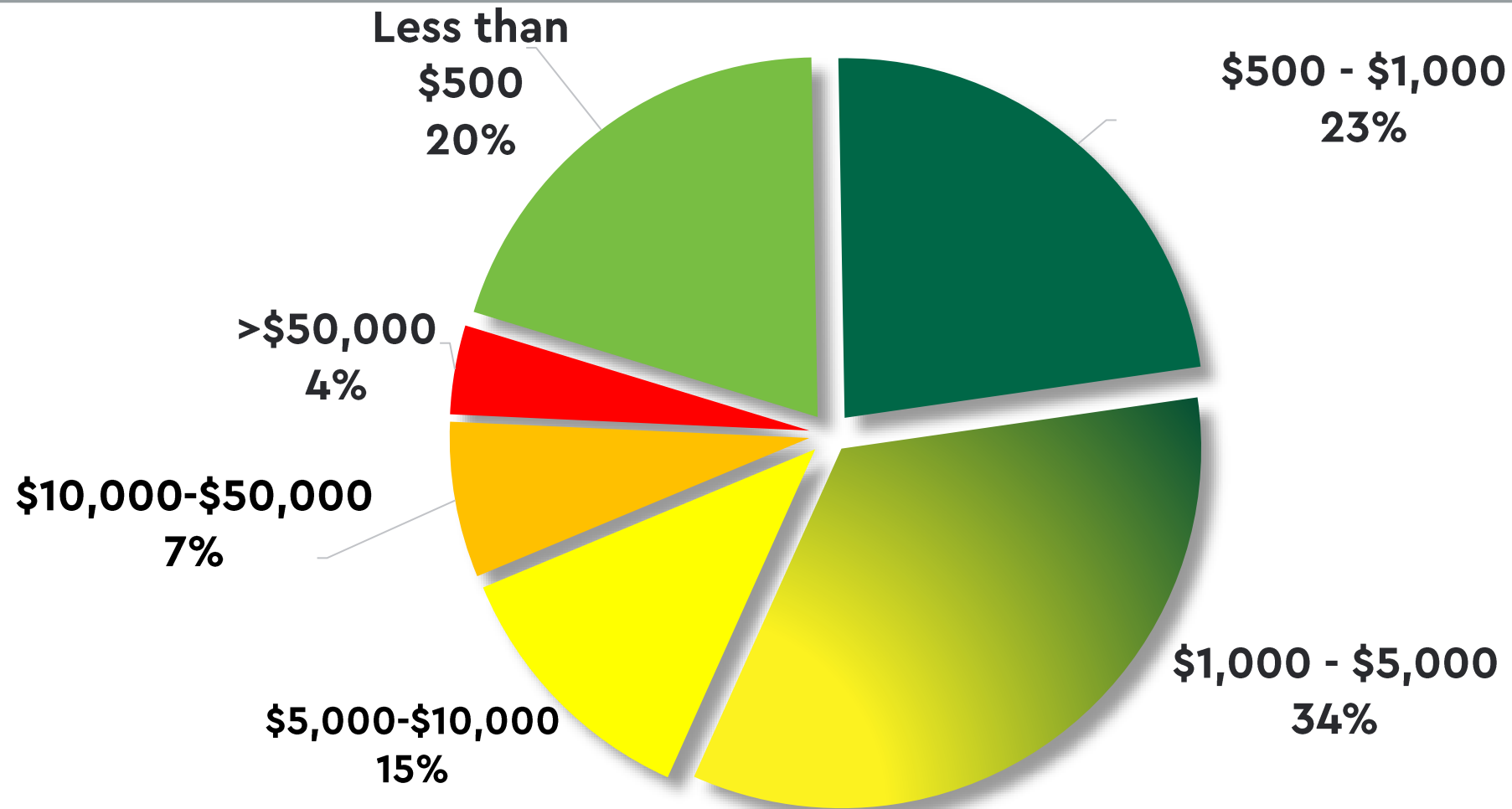
LIVE MONEY WATCH

...ACCURATE MEDICAL BILLING CONTAMINATES CREDIT REPORTS

How much medical debt do we owe?

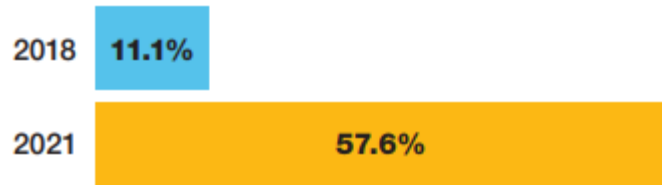
\$195,000,000,000

More specifically how much do we owe?

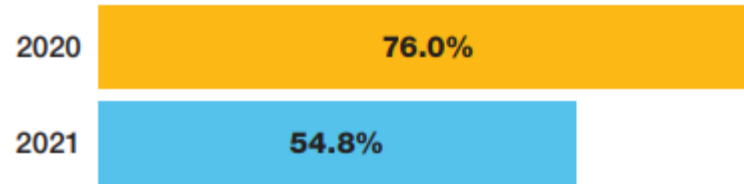


High Deductible Health Plans

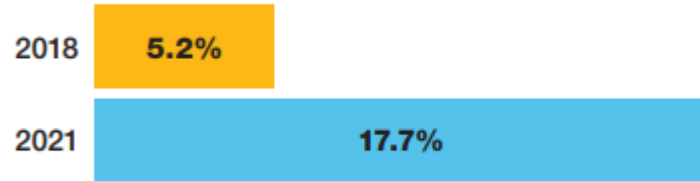
Bad debt attributable to self-pay after insurance accounts



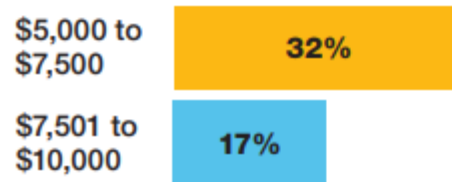
Self-pay-after-insurance collection rate



Per-claim amounts over \$7,500



Self-pay-after-insurance collection rate by total claim amount in 2021



"The break point at which most patients with insurance pay their out-of-pocket bills is \$7,500. After a bill crosses that threshold, the percentage of patients who pay it off drops significantly."

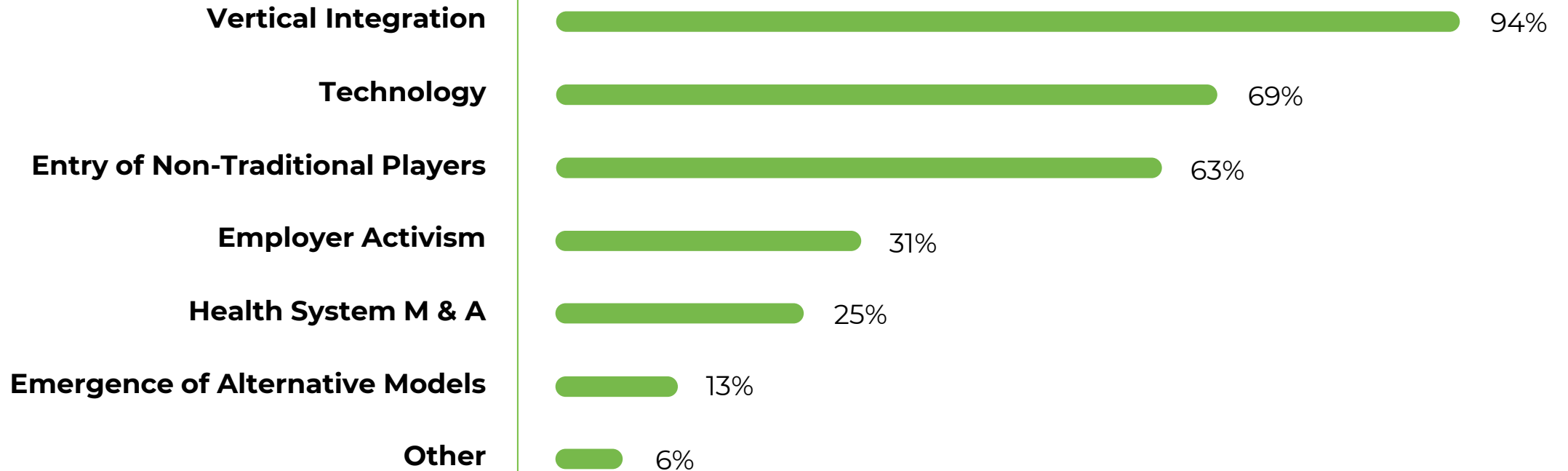
Crowe RCA Benchmarking Analysis August 2022

<https://www.crowe.com/-/media/crowe/llp/widen-media-files-folder/h/hospital-collection-rates-for-self-pay-patient-accounts-report-chc2305-001a.pdf>

01.

PROVIDERS

Provider Trends



PERCENT OF HEALTH SYSTEMS

Provider Trends Cont'd



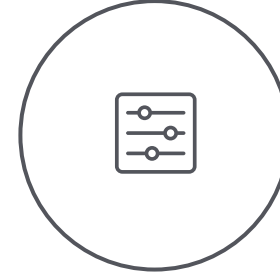
Lower Reimbursement Rates



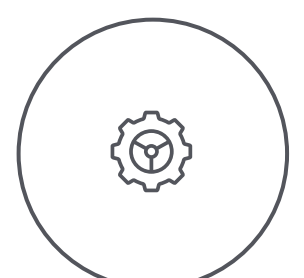
Significant Days in Cash Flow



Changing where and how services are provided



Shifting EFT Mandates and Fees



Changing the Remittance Process

PROVIDERS:

PROCESS, PRACTICE, AND
PERFORMANCE

Key Drivers & Catalysts for Change

WHY



History of Failed
Collections



Desire to Focus
on Patient Care

HOW



Consolidate Groups



Change Processes



Strengthen
Relationships

02.

PAYERS



Payer Trends

- Ever-changing coverage and billing policies
- Narrowly designed plans or provider networks
- Shifting Risk: Emphasis on value-based contracting
- Shifting care outside the hospital setting
- Increasing Payer and Provider Partnerships

PATIENTS:

State of the Experience

Increasing Focus on Consumerism

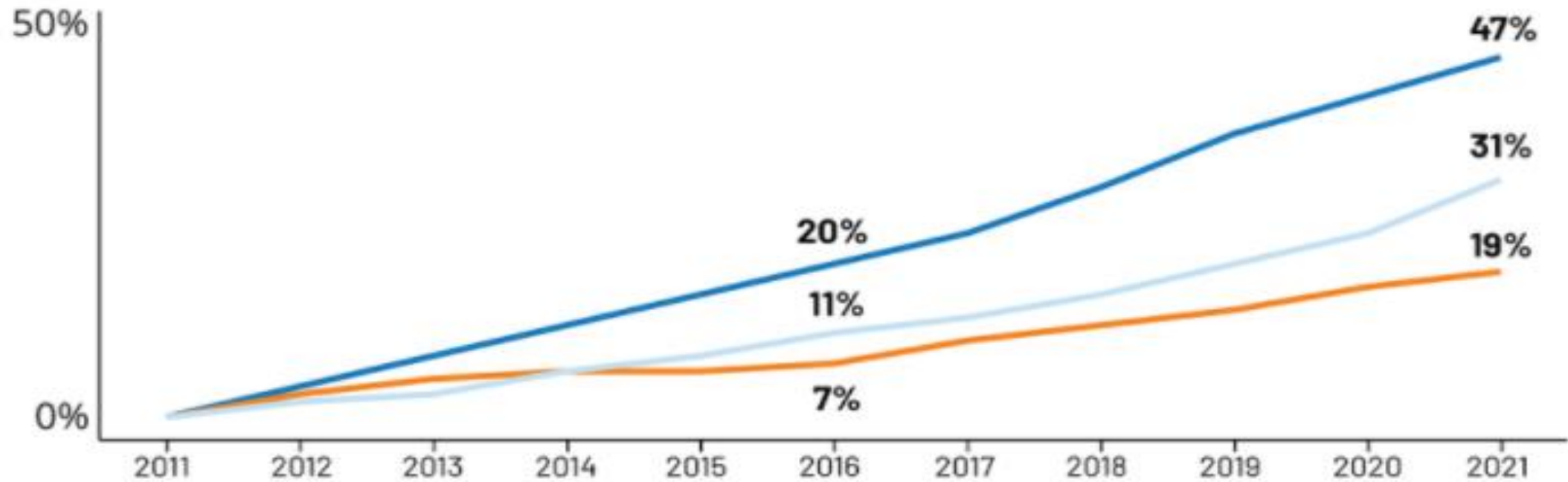
- COVID-19
 - Immediate Access to Care
 - Digital Healthcare / Telehealth
- **Cost of Care**
- Health Data Ownership
- Precision Medicine
- **Rise in patient out-of-pocket responsibility**
(deductibles along up 79% in last decade and 182% since 2006 ¹)
- New patient payment models
- **Online Bill Pay (patient portal, etc.)**
- **Price transparency** and simplification of statements
- Connection between patient satisfaction and payments
- **Patients requesting more options**
- **Staff seeking more options for patients**



¹ Kaiser Family Foundation, Employer Health Benefits 2020 Annual Survey, Oct. 2020 (among those individual coverage employer sponsored plans w/a general annual deductible)

Over Time, Family Premiums Have Risen Faster than Wages and Inflation

● Family Premiums ● Workers' Earnings ● Overall Inflation



SOURCE: KFF Employer Health Benefits Survey, 2018-2021; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2011-2021; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2011-2021.

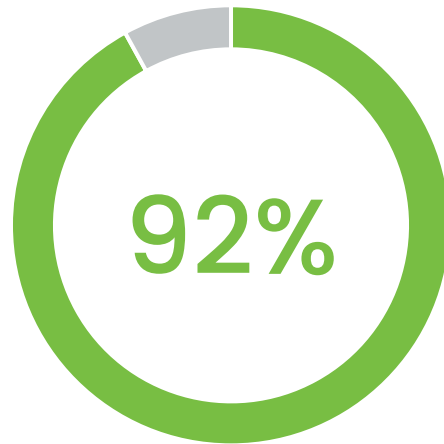


Patients Want More Options

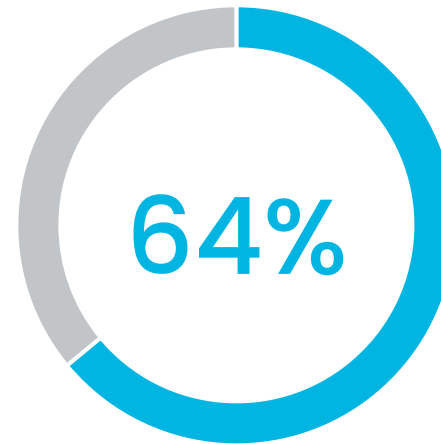
➤ New Best Practice: **Initiate Discounts, Payment Plans, IVR & Patient Loans at ALL Patient Touchpoints**



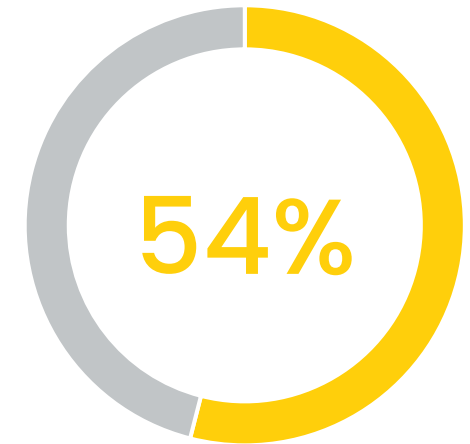
Providers see up to 90% boosts in payments when offering patients discounts at POS.



92% of patients would return to a healthcare facility that offers a loan program.



64% of patients want flexible payments.



Providers see 54% more electronic payments when patients have the option to pay by phone or text.



What Patients are Seeking



Dignity



Convenience



Equal Access to Credit



Affordability

Poll Question

What is the longest amount of time you allow your patients to spread payment plans on large balances with no interest? (i.e., \$5,000+)

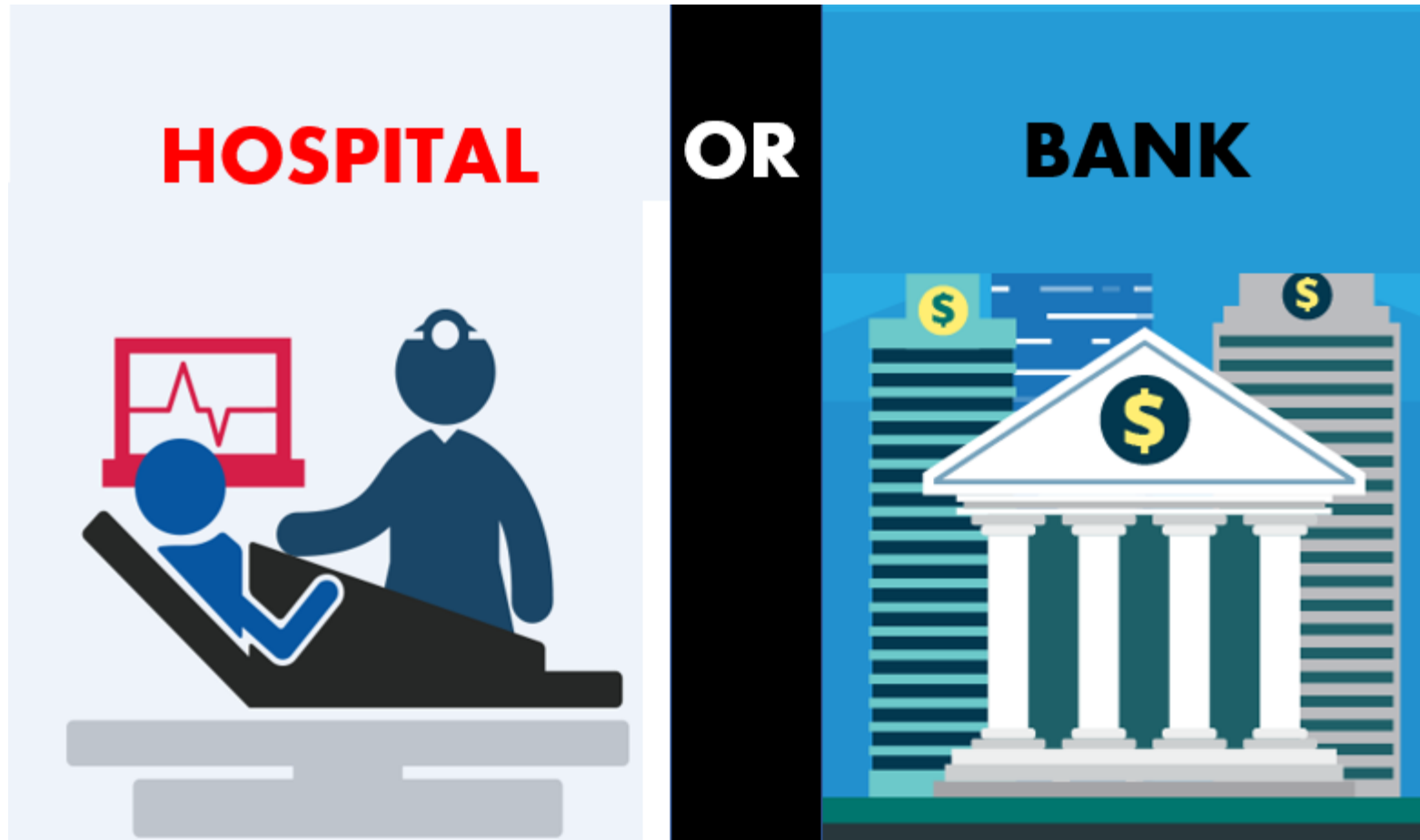
- A. 12 months
- B. 24 months
- C. 36 months
- D. 48 months
- E. 60 months

The need for extended term options


Limited In-House payment plan illustrations

Patient Balance	12-month term		24-month term	
	Patient's Monthly Payment	Relative Affordability	Patient's Monthly Payment	Relative Affordability
\$500	\$42	Affordable	\$20.83	Affordable
\$1,000	\$84	Affordable	\$41.66	Affordable
\$2,500	\$208	Less Affordable	\$104.17	Affordable
\$5,000	\$417	Unaffordable	\$208.33	Less Affordable
\$10,000	\$834	Unaffordable	\$416.66	Less Affordable
\$20,000	\$1,667	Unaffordable	\$666.67	Unaffordable

Fundamental question



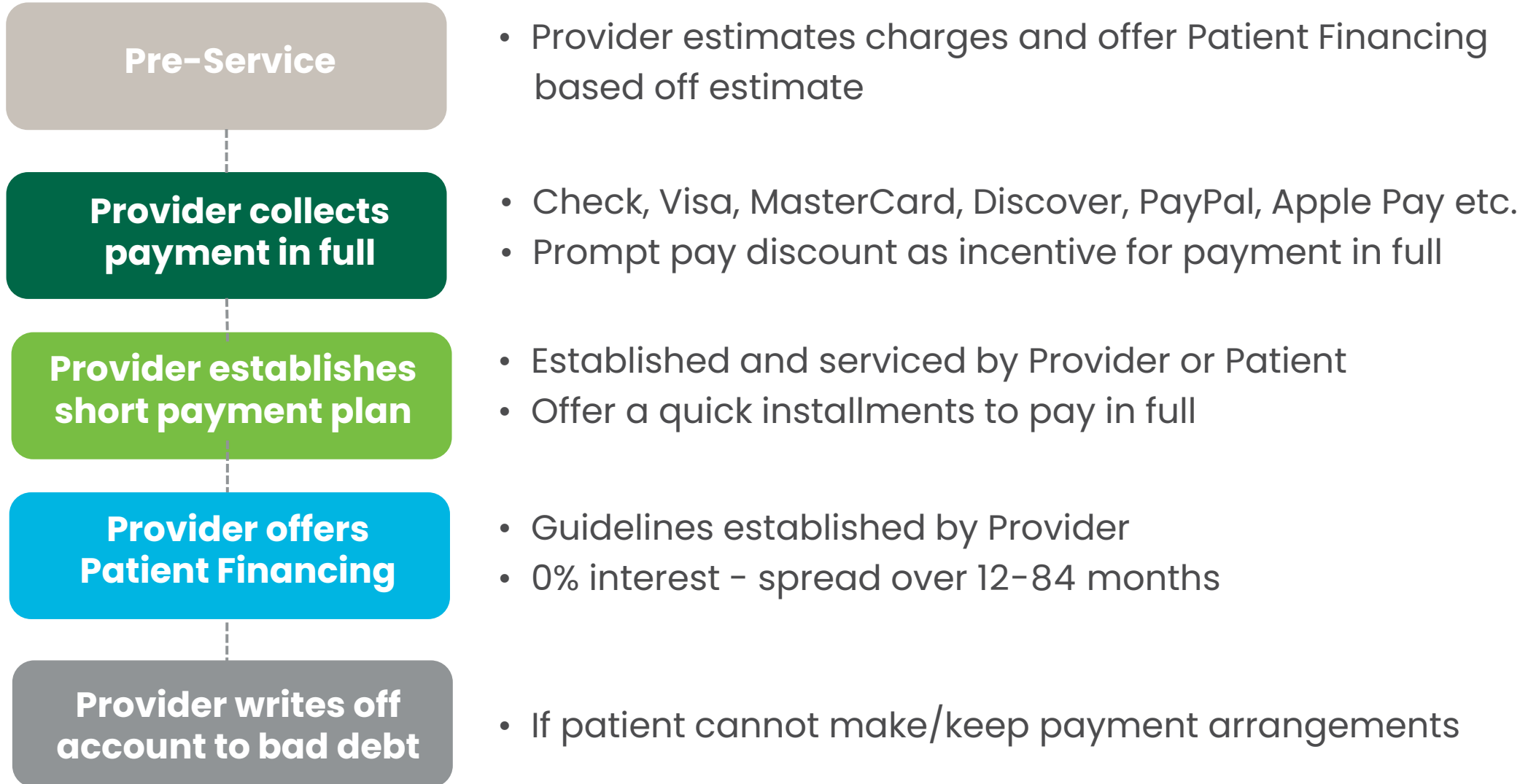
Consumer's Hierarchy of Payment Priority








1	Mortgage / Rent
2	Auto Loan / Lease
3	Utility Bills
4	Bank Loans
5	Credit Cards
6	Department Store Cards
7	Physician Bills
8	Hospital Bills

Source: DeKaye, Allan P. The Patient Accounts Management Handbook: Aspen Publication.

Provider collection workflow



Comparing Recourse and Non-Recourse

Best Use Cases for Recourse & Non-Recourse by Procedure Category				
	FEE	NON-ELECTIVE	ELECTIVE	COSMETIC
RECOURSE (returnable)	\$			
NON-RECOURSE (non-returnable)	\$\$\$			

What are the patient financing options?



RECOURSE FINANCING

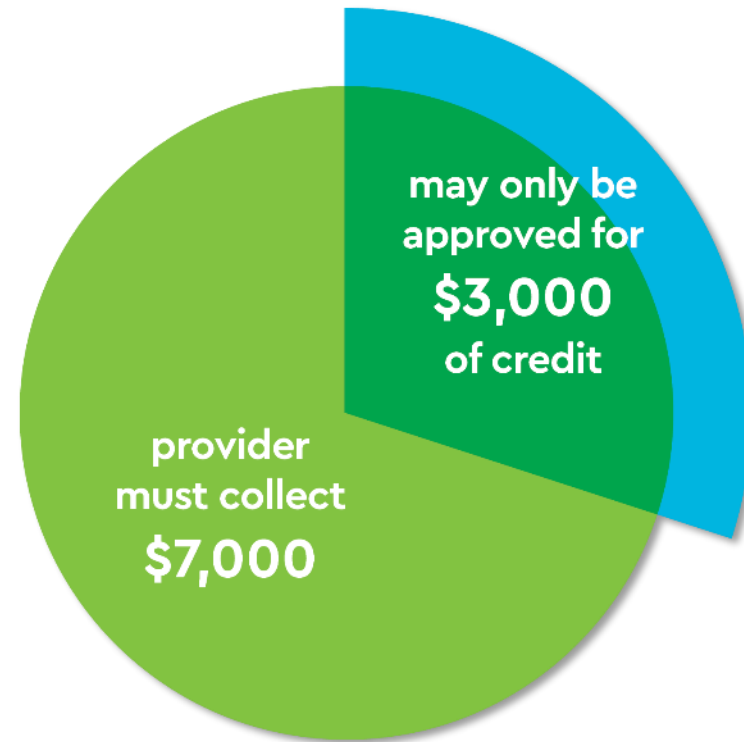
Patient with \$10,000 bill

approved for
\$10,000
of credit



NON-RECOURSE FINANCING

Patient with \$10,000 bill





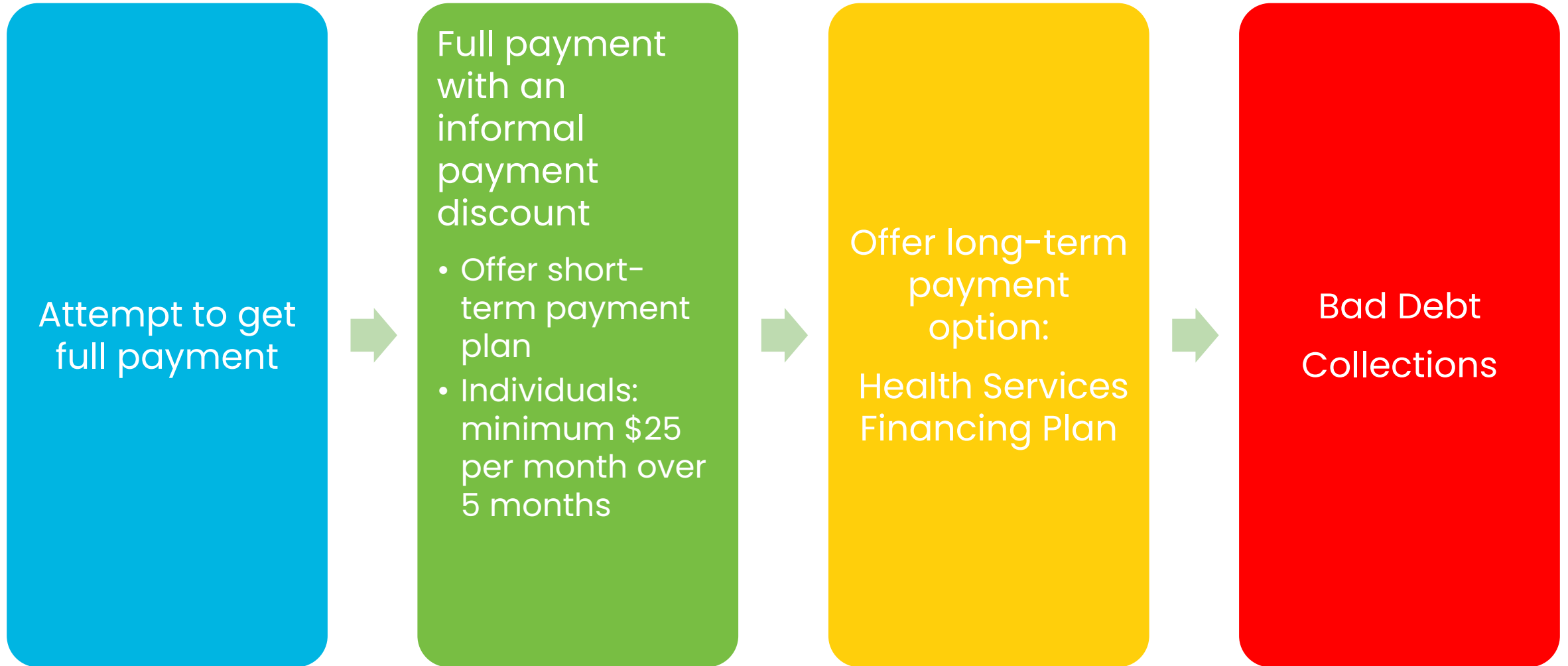
Enhanced Patient Experience

Typical Payment Evaluation

- Reorganized revenue cycle and improved processes
- Analyze patient payment trends and preferences
- Identify options to solve for gaps and drive payments
- Communicate and educate staff, payers, patients on options



Patient Payment Options



Payment Plan Structure

FRP Repayment Term	FRP Transaction Size	Avg Funding Amount	Total Funding	Patient APR
24 months (2 Year)	Between \$250 and \$5,000	\$1,487	\$1,808,987	0%
36 months (3 Years)	Between \$5,000 and \$10,000	\$6,307	\$605,482	0%
60 months (5 Years)	Between \$10,000 and \$50,000	\$18,006	\$702,251	0%

Program Inception:
 February 2016–October 2021
 \$3,116,720 funded to date

In-House Payment Plan
 5 Months

Snapshot of sample patient finance clients

Client Profile	# of active months	NPSR	# FRPs* enrolled	Avg \$ per FRP*	# of transactions	Avg Transaction amount	dollars funded	Avg funding per month	Default %
Large multi-facility Health system	18	\$1.2B	5,626	\$3,123	12,834	\$1,369	\$17,572,408	\$976,245	6.72%
Single community hospital	54	\$350M	6,103	\$2,296	23,505	\$596	\$14,009,983	\$259,444	13.27%
Single community hospital	60	\$250M	5,356	\$3,390	17,242	\$1,053	\$18,160,777	\$302,679	13.08%
Gibson Area Hospital (CAH)	68	\$100M	725	\$4,096	3,557	\$876	\$3,116,720	\$44,996	7.84%

* Financially Responsible Party



Improved Revenue Cycle

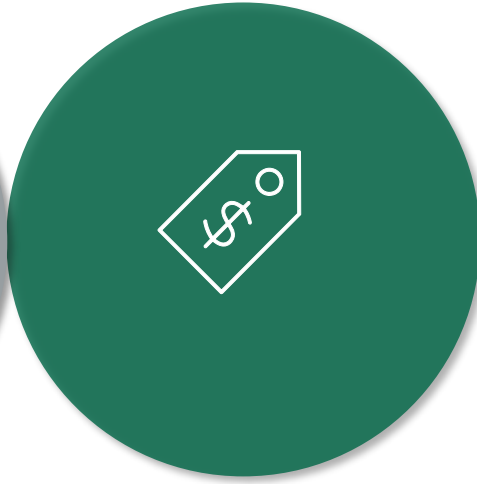
Improve Patient Payment Options

Create more commonality. Make success measurable.

What type of payment do you accept and where?



Quick and Easy



Price
transparency to
patients



Payment
options to
patients



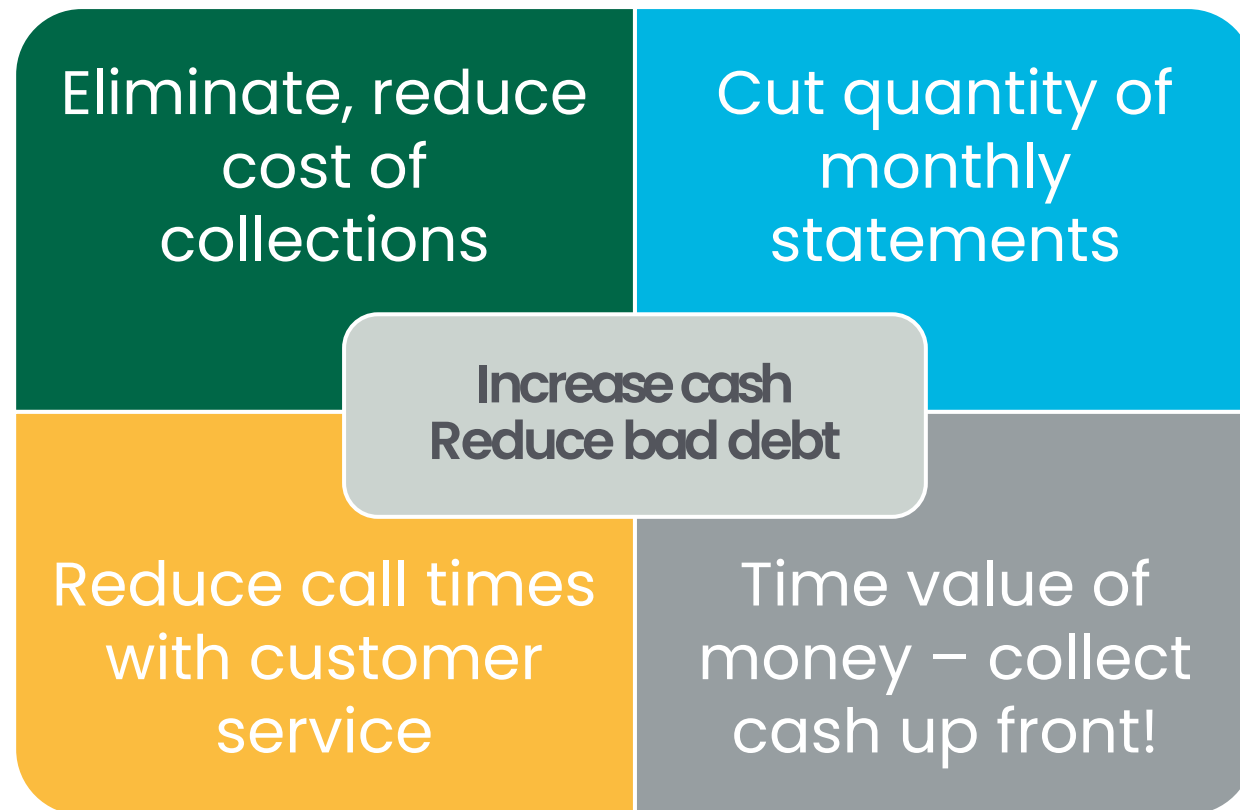
Same virtual
experience as
over the phone
or in person.



Shorten
payment
period

Focus on maximizing staff productivity

Back to the mission at hand.



What to look for:

- ✓ Is it consumer friendly?
- ✓ Is the solution simple?
- ✓ Does the solution provide commonality across all points of collection ?

Let's be honest.

Implementing new processes isn't easy...

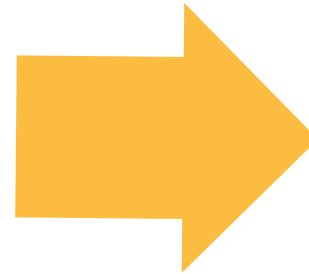
It can be
challenging...

to get the
team to
buy in.



to
automate
enrollmen
t

So...

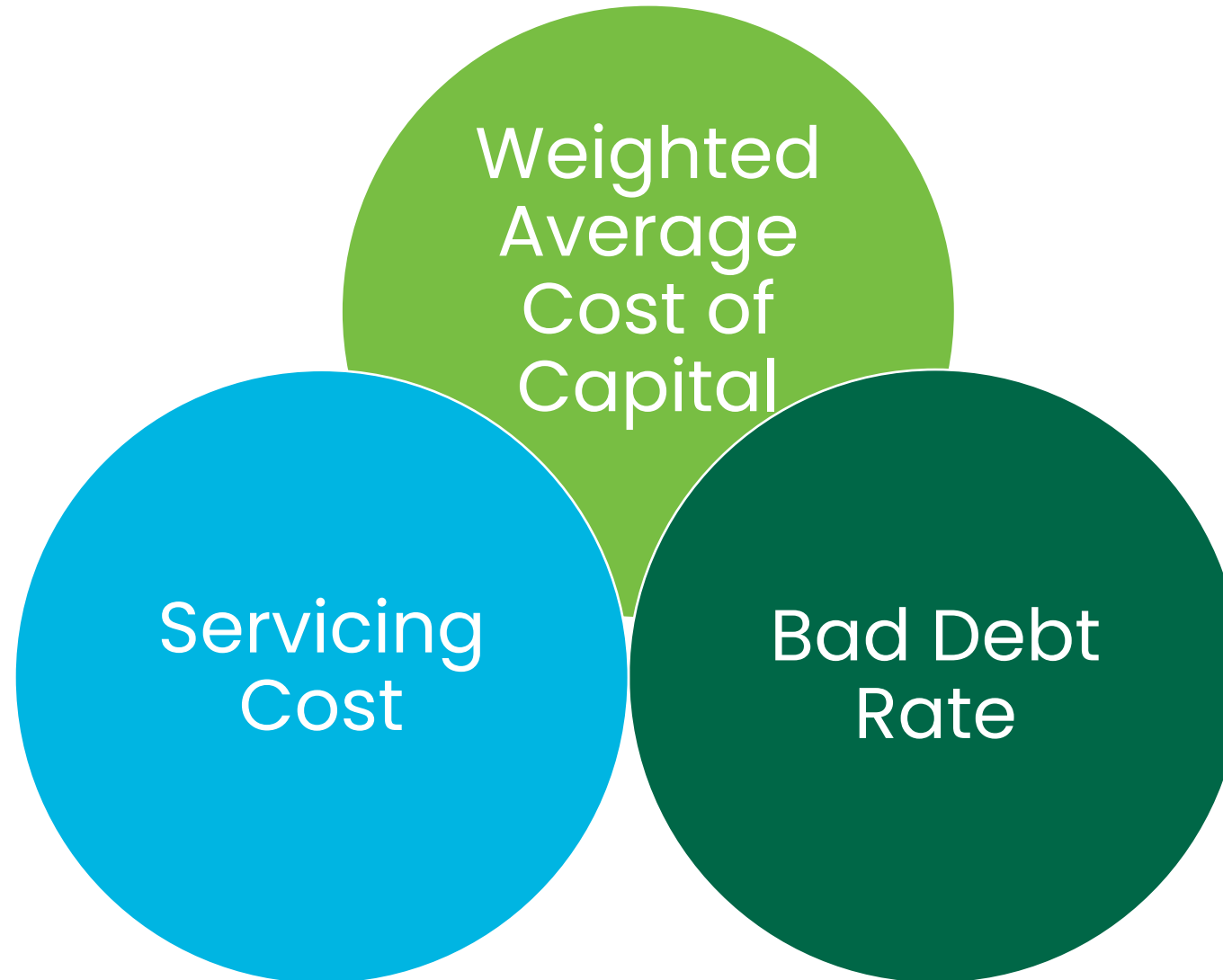


We dedicated training
the team on the value of
payment options to patient
financial experience and
ease of enrollment through
automation.



Measuring Costs/Calculating Value

In-House Payment Plans: Measuring Costs/Calculating Value



ABC Hospital – Example

Total Patient Payment Plans	\$1,000,000
Average Patient Repayment Term (months)	36
Average Account Size	\$1,000
Monthly Servicing Costs Per Account (statements, follow-up, etc.)	\$5
Monthly Collections	\$27,778
Monthly Servicing Costs	(\$5,000)
Net Monthly Collections	\$22,778
Hospital Weighted Ave. Cost of Capital	8%
Net Present Value (before bad debt)	\$726,880
Bad Debt %	20%
Bad Debt Amount	(\$200,000)
Net Present Value of Internal Payment Plans	\$526,880
Imputed Cost \$	\$473,120
Imputed Cost % of Total	47.3%

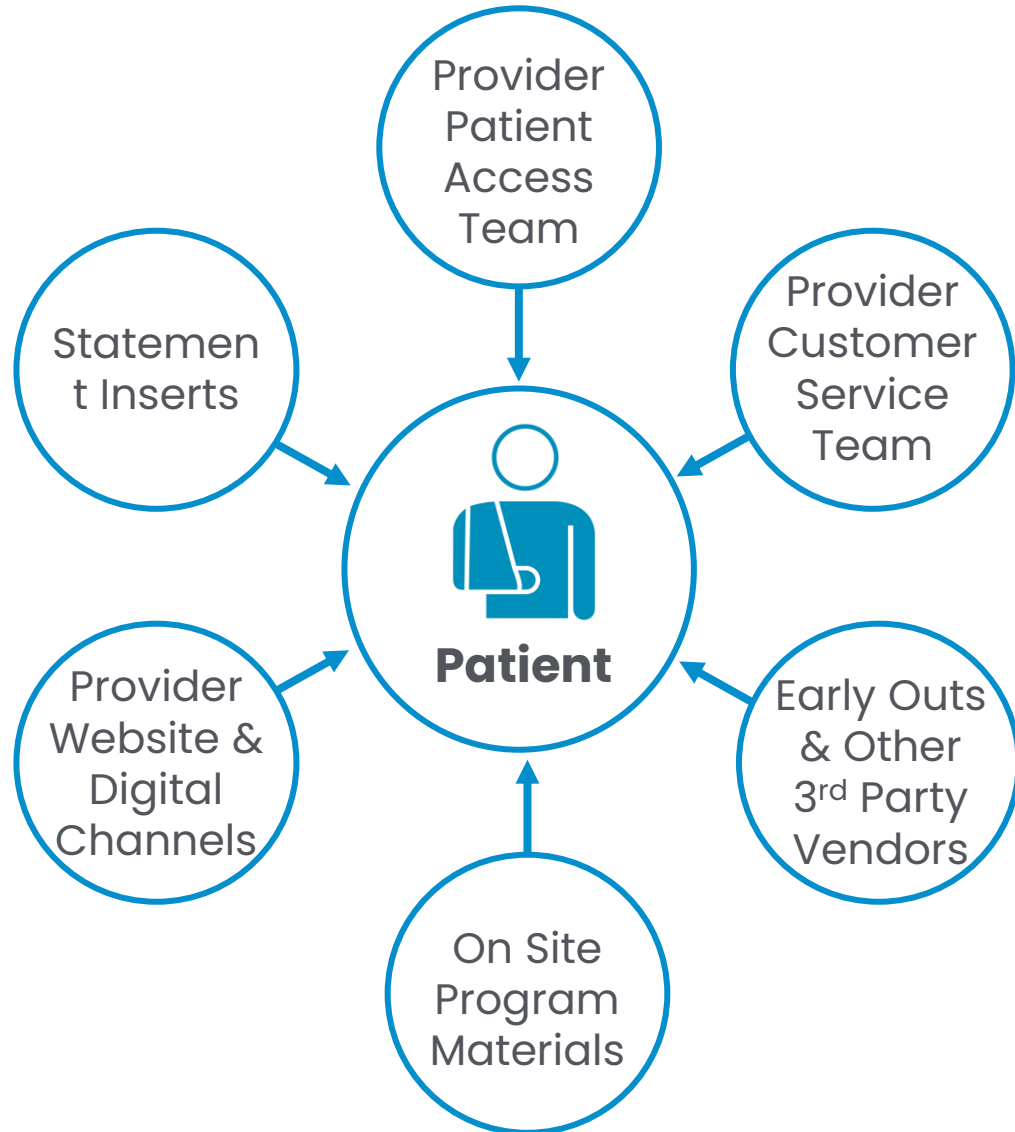
ABC Hospital – Example

Patient Repayment Term	6-month	1-year	3-year	5-year	7-year	10-year	15-year
Total Internal Payment Plans	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Monthly Cost to Service	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
WACC	8%	8%	8%	8%	8%	8%	8%
Uncollected	20%	20%	20%	20%	20%	20%	20%
NPV of Internal Payment Plans	\$747,763	\$700,503	\$526,880	\$375,382	\$243,004	\$74,738	(\$141,866)
Imputed Cost \$	\$252,237	\$299,497	\$473,120	\$624,618	\$756,996	\$925,262	\$1,141,866
Imputed Cost % of Total	25.2%	29.9%	47.3%	62.5%	75.7%	92.5%	114.2%



Patient Financing: Best Practices

Enroll at Any Point in the Revenue Cycle



- **Convenient**
 - ✓ Paperless Enrollment
 - ✓ No Credit Screening
- **Simple**
 - ✓ Pre-Service
 - ✓ After Adjudication
- **Adaptable**
 - ✓ Over the phone
 - ✓ In-Person
 - ✓ Self-Service
 - ✓ App based enrollment
 - ✓ Integrated with existing portal

HSF[®] Case Study – WakeMed

WAKEMED HSF[®] – Monthly Funding

Date	Patient Self-Enrollment	Provider Enrollment	Total Funding
Feb 21	\$0	\$467,930	\$467,930
Mar 21	\$0	\$847,751	\$847,751
Apr 21	\$320,531	\$1,041,375	\$1,361,906
May 21	\$335,592	\$896,587	\$1,232,179
Jun 21	\$562,244	\$897,053	\$1,459,297
Jul 21	\$426,095	\$925,757	\$1,351,852
Aug 21	\$486,566	\$952,760	\$1,439,326
Sep 21	\$533,671	\$798,318	\$1,331,989
Oct 21	\$432,776	\$887,491	\$1,320,267
Nov 21	\$415,774	\$1,005,996	\$1,421,770
Dec 21	\$440,247	\$731,760	\$1,172,006
Jan 22	\$425,642	\$780,313	\$1,205,955
Feb 22	\$400,635	\$637,841	\$1,038,477

HSF[®] Self-Enrollment link placed in EPIC MyChart

Benefits



One monthly payment



0% interest



Add multiple services to one account



No credit check performed

You can enroll quickly and without hassle – online, over the phone or in person by contacting WakeMed's Patient Financial Services representatives. For more information or to get started, please contact WakeMed at **919-350-8359**.

WakeMed 

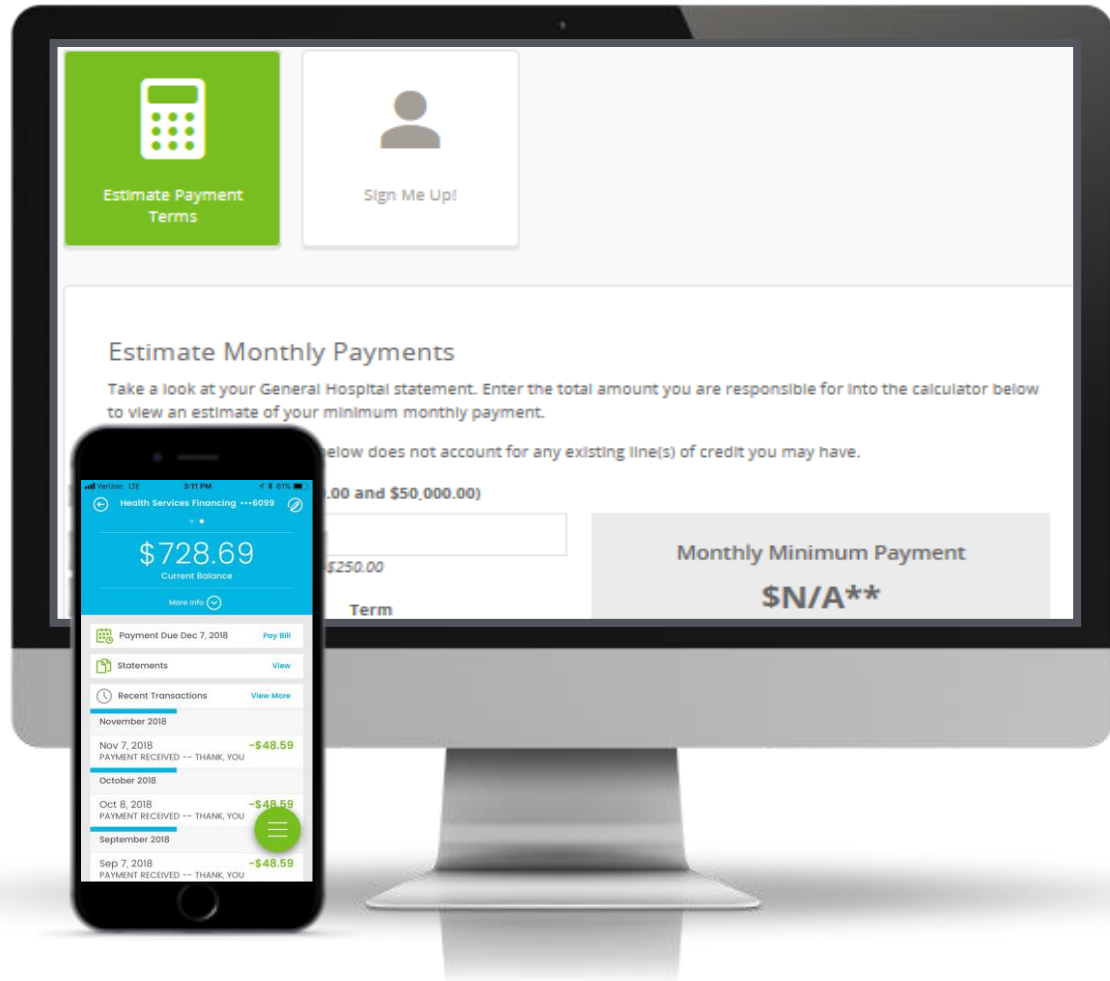
www.Wakemed.org

* Online enrollment with participating providers.



Commerce Bank
Member FDIC

Understand the terms



Term Options

- Flexible & structured
- Ease for Staff
- Affordability

Future Services

- Peace of mind for your patients
- Auto add

Interest & No Interest

- Promotional Rates
- Community perception

Multiple Systems

- One patient bill
- Household billing

70% Of Medical Collection Debt Will Soon Be Removed From Credit Reports: Here's What You Need To Know



The Burden of Medical Debt in the United States

With cost as the key influencer, 35% of Americans report having skipped or delayed care.

Healthcare — still "recession-proof?"



As inflation heats up, 64% of Americans are now living paycheck to paycheck



Patient volumes, high-deductible health plans and commercial insurance rates

Thank you!

Contact Us with any questions

Joe Salmo

314-746-3802

Joe.Salmo@CommerceBank.com

Kevin Scott

417-830-1062

Kevin.Scott@CommerceBank.com

PEER REVIEWED
by HFMA*

*HFMA staff and volunteers determined that these healthcare business solutions have met specific criteria developed under the HFMA Peer Review process. HFMA does not endorse or guarantee the use of these healthcare business solutions or that any results will be obtained.



CommerceHealthcare™