



THE UNIVERSITY OF KANSAS HEALTH SYSTEM

# The New Approach to Self-Pay in a Financially Challenging Environment

HFMA Greater Heartland Fall Conference

**October 2023**

**Speaker:**

Marvin Mickelson, Jr.  
System Director, Shared Revenue Cycle  
University of Kansas Health System

# Learning Objectives



Describe recent trends toward self-pay and their impact on finances at hospitals and health systems



Evaluate internal health system processes for billing and collections to determine whether they align with improvement in financial outcomes



Assess approaches to empowering individuals who opt for self-pay for their healthcare



Explore advances in digital healthcare payment solutions that bolster healthcare access, engagement, and the patient financial experience



Compare digital payment solutions and customer service technologies through the lens of optimizing revenue cycle performance (e.g., reduction in bad debt, reduction in days in A/R)

# About the University of Kansas Health System

Multi-hospital network

~ 300,000 outpatient visits

1,000+ doctors and specialists

27,000+ inpatient admissions

Serving 105 Kansas counties

Wide array of specialties

~ 48,000 emergency visits

Healthcare provider of Chiefs and Royals

# Self-pay is the New Health Pay

**70%**

of hospital leaders expect to see an increase in self-pay patients due to the economic impact of the COVID-19 pandemic\*



High-deductible health plan (HDHP) enrollment hit a record high in 2021: **6 in 10** employer-sponsored health plan members enrolled in a high deductible health plan—**up from 34.3% in 2012\***

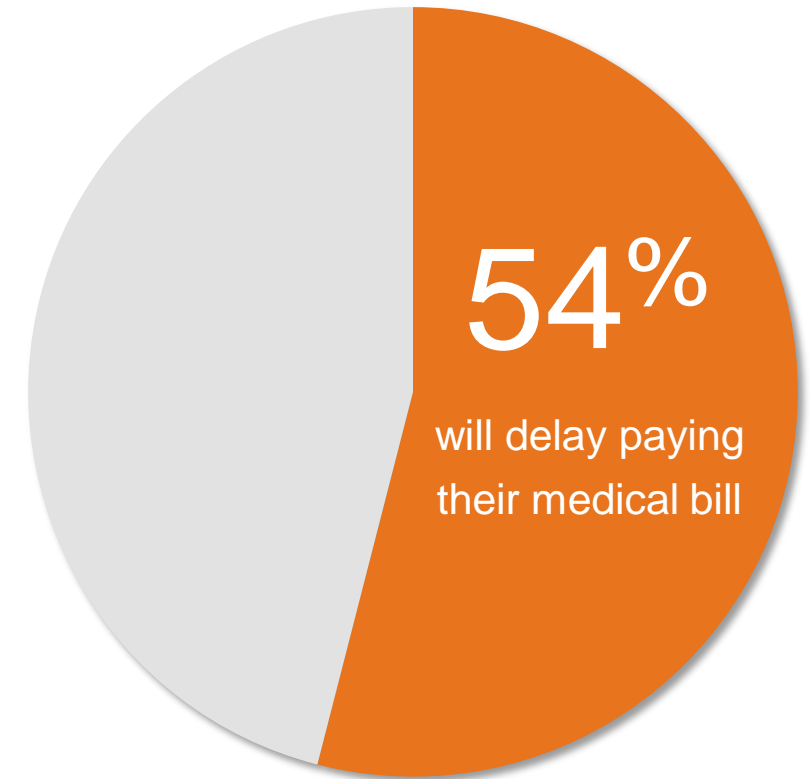


Self-pay is the  
**4<sup>th</sup> largest payer**  
at UKHS  
(8% of the A/R)

Source for 70% stat: [Guidehouse](#) Center for Health Insights analysis  
Source for '6 in 10' figure: [ValuePenguin](#) survey

# The Impact of Self-Pay on Health Systems

- Bad debt/drop in revenues
- Patient satisfaction and experience diminished (impacting CMS Star Ratings)
- Delayed medical care: 54% of consumers say they will delay paying their medical bill when concerns around affordability arise\*
- Rise in cancellations\*
- Consumer sentiment hitting record lows\*



Source (delayed medical care): December 2022 [survey](#) of 1,000+ consumers conducted by AccessOne.  
Source: [Experian data](#); nearly half of consumers who canceled a healthcare appointment or procedure in the past year did so because of the high cost.  
Source (consumer sentiments): [Reuters](#)

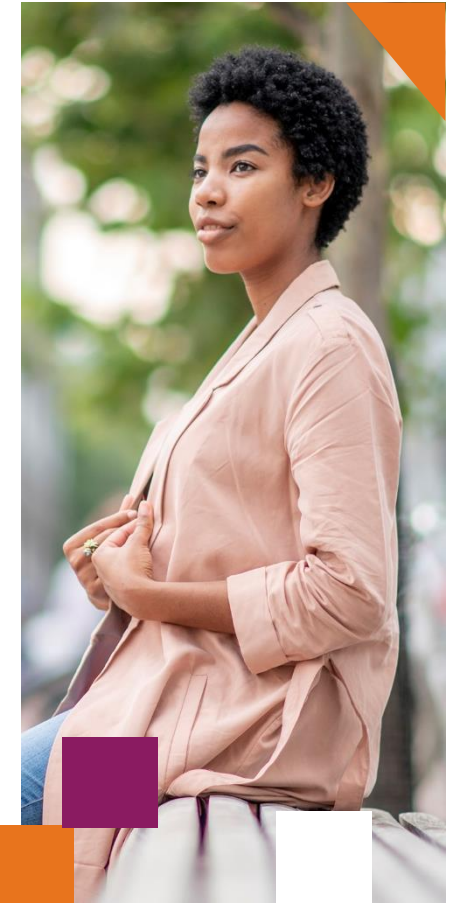
# Patient Financial Trends Demand Revenue Cycle Attention

**47%** consumers expect to delay healthcare expenses in 2023

**25%** plan to postpone preventative doctor's appointments like annual checkups

**18%** plan to delay filling a prescription or choosing not to fill a prescription at all

**27%** plan to postpone needed care or procedures or may decide not to pursue needed care at all



\*2022 AccessOne Consumer Survey

# What Patients Want...



- Bills that are clear to understand
- Payment opportunities that are convenient
- Less paper mail
- Full transparency over healthcare costs
- A financial lifeline that eases stress

**29%**

say providers make it difficult to pay medical bills

**40%**

would prefer text over other types of communications regarding healthcare payments

**49%**

say when text is a payment option, they pay their medical bills in **6 days or less**

**80%**

say availability of affordable, long-term payment plans would make a difference in whether they seek care

# UKHS Goals: Improve Our Approach to Self-Pay

## Step 1

### **Implement new technology to handle transactions**

- Improve the patient bill payment experience by introducing online/mobile platform
- 

## Step 2

### **Update policies and messaging**

- Establish new policies to make it easier and more welcoming for patients to repay bills
- 

## Step 3

### **Improve communication and transparency**

- Improve communications with patients around medical needs and costs



# Step 1: Implementation of New Technology

In 2017 , UKHS adopted a mobile payments app with a text-to-payment feature that:

- Notifies patients by text when a new balance is available.
- Shares a link where patients may make their payment directly without having to log onto a portal.








**Two out of five consumers** would switch providers to access more affordable payment options.\*

- Patients are more likely to pay when given options that are easy to engage with and highly flexible.
- The best digital options offer consumers the opportunity to establish a payment plan for their healthcare bill directly from their phone.

Reduces administrative load for healthcare revenue cycle staff, putting payment power in patients' hands.

## Step 2: Update Policies/Messaging

-  Establish new policies around repayment timelines and terms for medical care
-  Roll out new repayment and bill-pay options
-  Emphasize flexibility
-  Improving transparency around the cost of care and medical financing
-  Open up access to 0% interest repayment plans



## Step 3: Improve Communication, Transparency



Improve ongoing communications with patients around medical needs and costs.



Train customer service to handle complex financial conversations.



Elevate customer service, patient education, and patient experience.



# Shifting Gears in 2020: COVID-19



UKHS immediately offered a **30%-50%** discount to help patients pay for care.

- Offered longer-term payment plans with affordable monthly payments—and 0% interest—to cover their outstanding bills.
- All patients automatically qualify for no-interest loans after insurance and financial assistance
- Team leads trained staff to handle complex financial conversations with patients.
- Staff members educated patients on their ability to consolidate both hospital and physician bills as well as the system's generous charity policies.

# Results in 2023



**\$42M+** Total Self-Pay Collections

- ✓ More than **\$42 million** in total self-pay collections, with the highest level reaching more **than \$9 million** in 2022 (nearly **40% increase** over the average of the previous 4 years)
- ✓ More than 96,000 charges funded across more than 9,600 patients
- ✓ Surge in positive feedback
- ✓ 99.2% of payments posted and completed electronically

# Lessons Learned

- ✓ Start with patient experience: How can we lessen patients' anxiety so they have as good of an experience financially as clinically?
- ✓ Look for a digital payment platform that easily integrates into existing revenue cycle workflows.
- ✓ Prioritize empathy through no-interest options availability to all patients. Eliminate credit reporting practices.
- ✓ Align policies with new technology.
- ✓ Connect patients with customer service/financial counselors as soon as possible to discuss flexible repayment options that can change as an individual's financial situation changes.
- ✓ Communicate repayment expectations up front (but also differentiate health system's plan from third-party lenders, which charge higher interest).
- ✓ Continually solicit feedback from operations, patients, caregivers, etc.

# Thank You!

**Marvin Mickelson**

[mmickelson@kumc.edu](mailto:mmickelson@kumc.edu)

<https://www.linkedin.com/in/marvin-mickelson-674b414/>



THE UNIVERSITY OF  
KANSAS HEALTH SYSTEM

# Questions?