

hfma

# CURING PAYMENT CONFUSION

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**Despite increased attention** from financial executives, hospitals are **losing the battle** to create a financial experience that **doesn't confuse, confound or enrage patients**. It's not too late to get billing operations in order.

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**BY JENI WILLIAMS**

HFMA Contributing Writer

**F**or more than two decades, Heather Dunn has seen healthcare revenue cycle operations invest in redesigned billing statements, online payment options and cost estimators, all to try to appease a population that grows more and more impatient with the complexity and opacity of healthcare payment.

Yet for many patients, the dread associated with healthcare billing, payment and collection processes remains — and it's a barrier to patient trust.

"It's not because we haven't done things to make it prettier, make it easy. We haven't educated people about how it actually works," said Dunn, CHFP, CRCR, who spoke as vice president of finance and chief revenue cycle officer for Vanderbilt University Medical Center in Nashville, Tenn., and was later named president of SSI Group.

"We will roll out the red carpet clinically for patients, but we think of healthcare finance as just an annoyance or a necessary evil," said Dunn, a longtime HFMA member. "There's not as much emphasis on making sure patients feel as well served from a financial perspective as they do clinically. Yet we get upset when patients are surprised by their bill."

COVER ILLUSTRATION BY MIRIAM MARTINCIC



▶ **Heather Dunn, CHFP, CRCR, former chief revenue cycle officer for Vanderbilt University Medical Center, says historically the industry has not been able to get patients to understand the billing process.**

The perceived lack of progress in eliminating the challenges associated with healthcare billing — from what patients owe and why, to cumbersome processes consumers associate with obtaining out-of-pocket estimates, determining their payment options and applying for financial assistance — continues to frustrate consumers. It's also a deep source of frustration for healthcare finance leaders and revenue cycle staff on the front lines, given the time and resources that have been poured into making the patient financial experience more transparent.

In Dunn's view, the "missing link" is access to a financial counselor who could meet with every patient to walk them through their benefits, their expected out-of-pocket costs of care and their options for payment. While such a resource may be available to patients who need financial assistance, this type of one-to-one education typically isn't available to all patients. And without that investment, payment confusion persists.

"What people want is a concierge approach to their healthcare and we don't do that well in hospitals when it comes to finance," Dunn said. Consumers fear the pinch of high healthcare costs and their ability to pay for them — and this fear prevents many from seeking care. In 2022, nearly four out of 10 people said they had delayed needed care for themselves or a family member due to cost concerns, up from 26% the year before, according to a Gallup Poll. One woman interviewed by *The New York*

*Times* said she had postponed receiving a pacemaker to avoid the expense. Meanwhile, two-thirds of employers avoided passing on healthcare benefit cost increases to employees this year given the financial stress of inflation, a Mercer survey found.

Yet healthcare finance professionals struggle to pinpoint where these challenges exist. A 2024 HFMA survey conducted for this report found nearly 83% of healthcare finance and revenue cycle leaders surveyed believe their organization does a good job of explaining financial matters to patients.

Most consider their financial assistance application process and range of payment options to be among their greatest strengths in delivering a positive patient financial experience, according to the survey.

The disconnect between what finance professionals perceive as the level of financial care they provide and the extent to which patients feel this aspect of care is something healthcare revenue cycle teams must address if they are to support positive health outcomes and experiences.

"The reality is that the average patient has no idea how healthcare works. None," Dunn said. "Every patient should be educated about their benefits. Every patient should know before they come in that there is an expectation that they're going to pay their bill, and we're going to help them through that process."

Today, leading healthcare organizations are taking a fresh look at the patient financial experience they provide and reimagining access, communication and financial care from the point

of view of the consumer. The lessons they've learned point to the ways forward in creating a satisfying patient financial experience for patients.

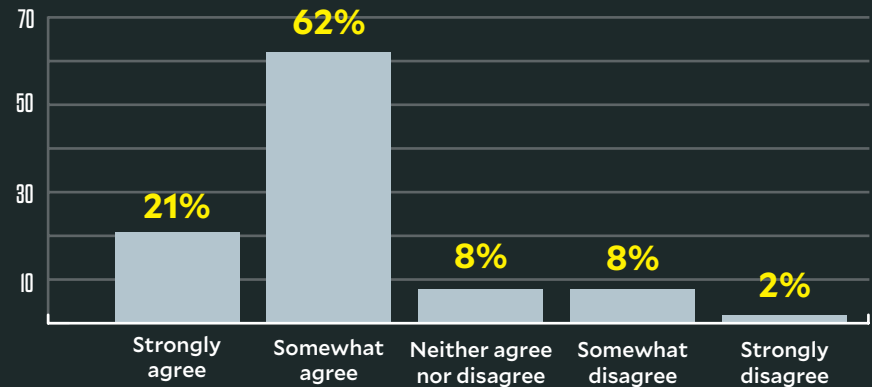
### MAKING FINANCIAL CARE A MISSION IMPERATIVE

Ted Syverson, FHFMA, had only just begun his career in healthcare revenue cycle when his grandfather was rushed to a hospital on Christmas Eve in 1999. His grandfather, a veteran, had struggled with severe heart episodes, for which he'd received care through the U.S. Department of Veterans Affairs. But that night, as an emergency department (ED) nurse triaged him, Syverson's grandfather, 78, said he was worried he couldn't afford the ED care.

Syverson heard the conversation as he was leaving the ED: "I wish I'd taken those few extra seconds to turn



To what extent do you agree with the following statement: "My organization does an excellent job explaining financial matters to patients."



Source: HFMA survey of healthcare finance and revenue cycle leaders, January-February 2024. Numbers don't add to 100 due to rounding.

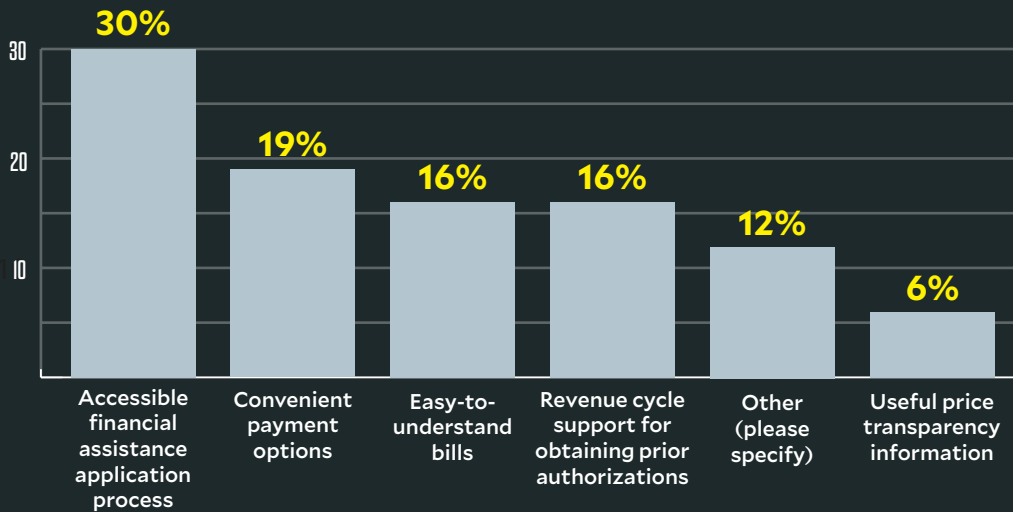
## FROM THE FIELD

Healthcare finance leaders rank their top patient financial experience strengths.

### SURVEY QUESTION



Which of the following areas do you consider your organization's greatest strength when it comes to the patient financial experience?



Source: HFMA survey of healthcare finance and revenue cycle leaders, January-February 2024. Numbers don't add to 100 due to rounding.

around and say, 'Grandpa, you don't have to worry about this. You're covered.' But even after receiving VA-related care for many years, as well as some specialty care, he was confused."

Syverson's grandfather died that night. For Syverson, the experience drives him to lead teams in eliminating confusion related to the financial aspects of care.

"The patient financial experience is a critical element of patient care, financial care, spiritual care," said Syverson, a revenue cycle executive with 25 years of experience. "But we've been talking about the importance of the patient financial experience for decades now, and two critical aspects of that experience — understanding benefits and

what patients are expected to pay out of pocket — continue to become more and more convoluted."

So what makes healthcare billing so hard to understand and difficult to explain?

"Well, for one thing, we have no idea as a hospital [how much things cost]," said David Scheinker, PhD, executive director, systems design and collaborative research at the Stanford Lucile Packard Children's Hospital and clinical professor, pediatric endocrinology. Scheinker, co-author of a Stanford study on healthcare costs around the globe, runs a research group that analyzes why claims are denied and helps Stanford Children's Health's finance team develop a preventative response.

"Every single patient can potentially be covered by one of literally hundreds of different contracts, and all of those contracts have the same level of specific, detailed criteria [and] payment amount rules, and there's just a massive amount of effort on our part to try to



**The patient financial experience is a critical element of patient care, financial care, spiritual care."**

— Ted Syverson, veteran revenue cycle executive



understand those so that we can submit bills and submit the documentation to support those bills," Scheinker said. "So we have a huge manual component of our billing workforce dedicated entirely to that. And there's a ton of time that we ask our care providers to spend documenting explicitly to meet the needs of these different super-complex contracts."

### HOURS UPON HOURS

It's a process that takes hundreds, if not thousands, of hours of manual effort on the part of team members — from coders to physicians — to complete each year, Scheinker said.

"And I don't think there's any chance that we can hope to have a great transparent way [to increase] our patients' understanding, given the level of complexity involved."

Another factor is less complicated to understand, but equally as frustrating for consumers: "There are tons of games that institutions play to maximize their reimbursement," Scheinker said.

One thing that distinguishes today's consumers from those in the 1990s is their awareness of the rising cost of care and the factors that drive healthcare costs.

"People are engaging more in small talk about the costs of services and supplies based on what they're hearing on the news, and there's almost an assumption that their bills are going way up as well," Syverson said.

Patients also are more likely to push back on their bill. Scheinker points to news articles where patients scrutinize the trauma codes that describe the level of care received during an ED visit, especially in instances where a 15-minute visit might cost hundreds of dollars and a two-hour visit could be accompanied by a \$30,000 to \$50,000 price tag.

"That's why it makes it to the news because patients are like, 'This is absolutely unjust.' And patients are pushing back more and more," Scheinker said.

Meanwhile, as the complexity of billing systems and processes increases, Syverson is seeing more revenue cycle staff retire from positions in patient financial services.

"This leads to an almost overreliance on electronic technologies to complement the patient financial experience, which we all know doesn't create a warm experience," he said. "There's also a huge gap, industrywide, in supervisory middle management-level expertise, and that changes how well we can train new patient financial services staff to interact with patients."

# 28%

of consumers felt less prepared to pay for unexpected medical expenses in 2022 than they did in 2021.

FEBRUARY



Consumer confidence in the economy fell for the first time in three months.

Sources: Deloitte survey, Associated Press

In this environment, "it's not a traditional \$16-an-hour role anymore. It's far more complex than that," Syverson said. "We're competing against Target and Sam's Club to attract and retain these folks."

And even when the patient financial experience reflects a keen understanding of what patients want and need to know, and how and when to deliver that information, there's still an affordability factor to consider. A Deloitte survey found 28% of consumers felt less prepared to pay for unexpected medical expenses

in 2022 than they did the year before, in part due to rising healthcare premiums and their anticipated impact on healthcare out-of-pocket costs. This past February, consumer confidence in the economy fell for the first time in three months, an AP poll showed. The dip likely resulted from concerns about a potential recession.

"Even if we make the process better, we still have this issue of a balance at the back end, and it's still a large balance in many cases," said Scott Hawig, chief financial and administrative officer of Froedtert Health in Milwaukee. "So how are we moving forward with affordability, whether it's a different type of insurance coverage or more synergy between financial institutions and healthcare institutions? It's a hard problem to solve, but it's one we must work to address."

Some consumers are so fearful of the expense that they choose not to engage in discussions around out-of-pocket costs of care. It's a lesson Dunn learned during a discussion with a patient advisory council about what the Vanderbilt University Medical Center's cost estimator tool should look like. About a quarter of the members of this council — who represented a range of ages, income levels and backgrounds — said they would prefer not to have access to the information.

"Everyone thinks everybody wants to know how much their care will cost, but there's a pretty good portion of this world that doesn't want to know," Dunn said.



I don't think there's any chance that we can hope to have a great transparent way [to increase] our patients' understanding, given the level of complexity involved."

— David Scheinker, PhD, executive director, systems design and collaborative research at the Stanford Lucile Packard Children's Hospital



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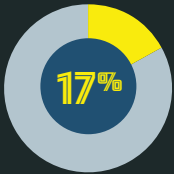
## FROM THE FIELD

Healthcare finance leaders rank their top patient financial experience strengths.

SURVEY QUESTION

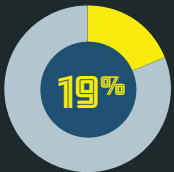
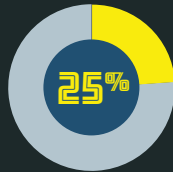


Which of the following statements best describes feedback you have received from consumers about your organization's price transparency?



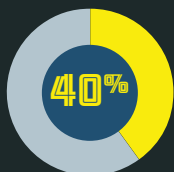
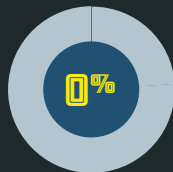
Our price transparency has **improved**, which we attribute to a combination of changes we have made and transparency-related regulatory requirements.

Our price transparency has **improved**, which we attribute to changes we have made.



Consumers would most likely rate our price transparency **about the same** as it was in 2021.

Consumers would most likely rate our price transparency lower than they would have done in 2021.



We have not received any consumer feedback about price transparency during this period.

Source: HFMA survey of healthcare finance and revenue cycle leaders, January-February 2024. Numbers don't add to 100 due to rounding.

“One member told me, ‘It’s terrifying to think that while I’m trying to make a healthcare decision, I’m also needing to concern myself with how much it’s going to cost. And I don’t want to see it.’ Another member was a Medicare patient with a pretty good secondary insurance plan. I said, ‘You won’t even have a balance.’ She still didn’t want

the information.”

That’s a revelation that some HFMA survey respondents might find startling. When asked what they believe are the most important elements in building a satisfying patient financial experience, most cited communication around out-of-pocket costs prior to the point of service as a critical

factor. They also pointed to the availability of pre-service financial estimates around out-of-pocket costs of care and their compliance with federal price transparency regulations. About 42% of healthcare finance executives say consumers believe the level of price transparency they provide has improved.

### TAKING A TRANSFORMATIVE APPROACH

Today, leading providers are going beyond the tactics of the past two or three decades toward a transformative approach that delivers better experiences and results.

At Heart and Vascular Care in Cumming, Ga., the cardiovascular practice shifted from post-claim revenue cycle response to pre-service education and support during the heat of the pandemic. It’s an approach that has enabled the organization’s revenue cycle team to achieve a 95% net collection rate over the past two years, reduce days in accounts receivable over 90 days from 28% in 2019 to 9% in 2023, and decrease the rate of denials to just 3.7% in 2023 — without adding revenue cycle staff.

“Our standard as an organization is that we roll out the red-carpet treatment for patients,” said Larami Oliver, director of revenue cycle management for Heart and Vascular Care. “We really embody that mindset in every interaction.”

One aspect of the organization’s red-carpet approach is to arrange three-way calls between the patient, the cardiovascular practice

and the health plan to ensure the patient’s questions about benefits and out-of-pocket responsibility are answered before care is delivered.

“We had a situation recently where a patient was getting information from their insurance company that conflicted with the information we had received,” Oliver said. “By getting all of the parties on the phone at the same time, we could be an advocate for the patient with their insurance company. This helps eliminate frustration for the patient. It also builds confidence with our patients that we’re being transparent.”

Oliver’s team also takes time to teach patients about their coverage so they may advocate for themselves during future care encounters.

“The worst thing in the world is for a patient who has anxiety about a new diagnosis to receive an unexpected medical bill or an unexpected denial,” Oliver said. “We work to educate patients about their insurance coverage and what the terms of their contract mean.”

Stanford Health Care cites its move to a digital-first patient financial services model as a key differentiator for service. Revenue cycle leaders worked with Stanford University’s design school to map the entire patient financial journey. From there, the design team developed a heat map that pinpoints areas where patients want a more comprehensive or seamless experience, including around patient financial counseling and assistance. Projects stemming from this initiative include resources to help patients understand

the basics about insurance and their own benefits plan, delivering compassionate and continuous solutions for financial hardship, providing patients with a direct line of communication to the right team member, and helping patients feel on top of pricing and billing, including knowing where things stand with their account.

“We recently launched video visits between patients and our financial counselors to really help patients navigate the financial process,” said Noel Juaire, executive director of hospital and professional patient financial services at Stanford Health Care. “We also leverage our eligibility vendors where that makes sense and ensure that we’ve screened patients for all possible coverages for those who are uninsured or underinsured.”

Since the health system launched the video visits with patient financial services staff in January, 16 visits had been scheduled through mid-March. The team is now working to introduce this option to patients on a broader scale.

Stanford Health Care also offers a variety of self-service options, including the ability to apply for financial assistance or enroll in a payment plan, as well as a generous patient financial assistance program “that really helps patients

be able to have their care at Stanford, even though we know that it can be expensive,” Juaire said. Among payment plan participants, “We find that patients that set up their own payment plans actually are more compliant with those payment plans.” The health system also is exploring options for a health insurance 101 digital program, as well as new features that could help patients better understand their insurance coverage, coordination of benefits and more.

At Froedtert Health, revenue cycle leaders ensure their team is tightly engaged

with operations so when new services or tools are launched, everyone understands the efforts the team is taking to strengthen the patient financial experience.

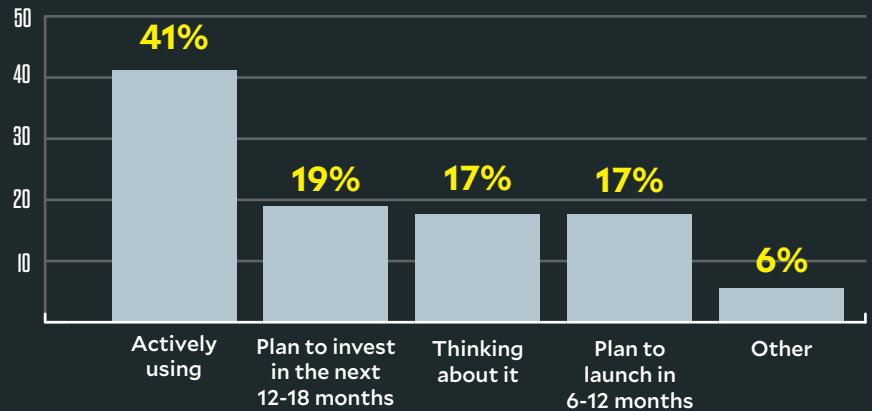
“When we launch a new tool, we bring in people from our operating areas to say, ‘Here’s the timeline. Here’s the expected outcome metric. Here’s what we’re measuring to drive that outcome, whether it’s patient satisfaction, collections, the number of new, unique patients,’ and so on,” Froedtert’s Hawig said. “This enables our operations team to hold us accountable in hitting those metrics. It also

allows collaborative training and tool rollout.”

Froedtert Health also collaborates with competing health systems to ensure all health systems in its market adopt the same documentation requirements for patient financial assistance.



## As the healthcare industry adds digital tools and robotic processes, where is your organization in its digital tool transformation?



Source: HFMA survey of healthcare finance and revenue cycle leaders, January-February 2024.



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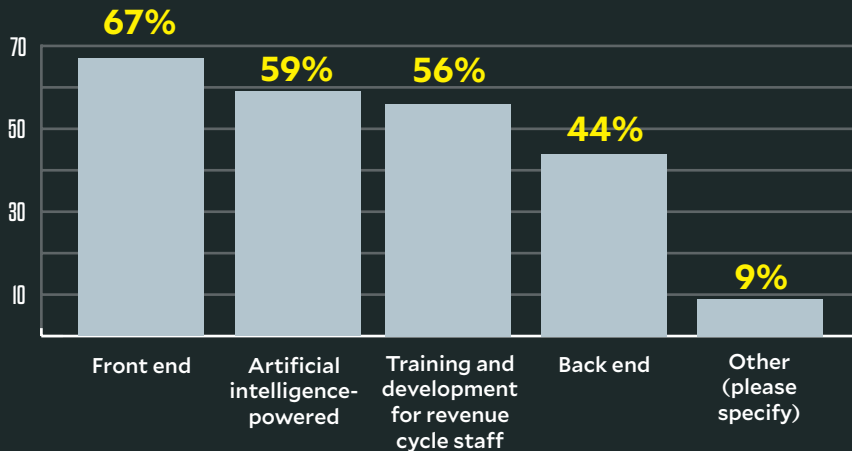
## FROM THE FIELD

Healthcare finance leaders outline their tech investment plans.

### SURVEY QUESTION



In which of the following revenue cycle functions is your organization planning to increase its investment during the next three years? (Choose all that apply.)



Source: HFMA survey of healthcare finance and revenue cycle leaders, January-February 2024.

“No matter where patients in our communities go, they receive the same information and undergo the same process to qualify for financial assistance,” Hawig said.

Monument Health in Rapid City, S.D., collaborated with a collections company to offer a presumptive charity care program that represents a financial lifeline for patients in need. Through the initiative, patients do not need to initiate an application to receive assistance. Instead, Monument’s partner uses data from a third-party vendor to automatically gauge which patients will qualify. When patients receive care, their bill is waived, with the amount applied to Monument’s charity care ledger.

Within one year, Monument Health began seeing substantial shifts of allocated bad debt to charity care, with a \$7.5 million increase in charity care. At the same time, the health system’s collections have not decreased. This eased trepidation among the organization’s finance team about a possible revenue drop from the initiative. It also confirmed that the patients who were being helped under the new program truly lacked the ability to pay.

Amid increasing scrutiny of not-for-profit hospitals’ collection practices, “The good thing is, we already are ahead in the game,” said Deepak Manmohan Goyal, MD, MBA, executive medical director for revenue cycle and supply chain for Monument.

And Dunn, formerly of Vanderbilt University Medical Center, believes the health system’s efforts to put people, processes and technology around price estimates for services and its ability to customize the information to the patient has become a competitive differentiator. A [video](#) located just above the tool on the health system’s website explains how it works and why it matters.

“Even before the No Surprises Act came out, we decided that patients should be able to get an estimate for their services and that they should have access to a tool that would help them make decisions about where they wanted to go for care and what services they were going to have,” Dunn said.

While patients appreciated knowing their estimated out-of-pocket expense in advance, “That was really scary for the underdog because Nashville’s a really competitive healthcare space, and we were about to allow the world to see what it was going to cost to come to Vanderbilt,” Dunn said.

Today, the tool boasts a 98% accuracy rate. The health system monitors differences between estimates and how the claim is actually paid.

### CHANGE ON THE HORIZON

It is possible to reach a point of greater financial literacy and transparency in U.S. healthcare, Scheinker believes, as his research with others on healthcare billing globally shows it can be done.

Scheinker believes recent ERISA legal actions, like a lawsuit against Johnson & Johnson that accuses the employer of breaching its fiduciary duty to ensure employees’ health benefit costs were reasonable, are a sign that an acceleration toward increased transparency is coming. He predicts it’s an effort that will be led by company C-suites and boards, who will elevate transparency of pricing and costs.

In the meantime, as unexpected medical costs continue to rank as a top worry for consumers, it’s time for healthcare leaders to reexamine existing approaches. ■

### About the author

Jeni Williams is a healthcare freelance writer and editor and a frequent contributor to *hfm*.



# LESSONS LEARNED

How can organizations more effectively eliminate healthcare payment confusion for consumers? Leaders shared the following insights.

## LOOK

**for ways to deepen trust with patients from the start of the patient encounter.**



“In a world where there isn’t as much trust in healthcare as maybe there was 10 or 15

years ago, it’s super important that patients are able to get information in a way that they are comfortable with, that they understand and that they can trust is in their best interest,” said Larami Oliver, director of revenue cycle management for Heart and Vascular Care. This includes shifting the focus of the conversation from “Here’s what you owe” to “We’re here to help you navigate your healthcare journey. Here’s what you need to know. Here are the options available.”

## STRENGTHEN

**training for middle managers in revenue cycle.**



“This is absolutely crucial to ensuring that there is a culture of patient financial

wellness within the organization,” Ted Syverson, a revenue cycle veteran, said. Training should include the ability to evaluate, via body language, the soft skills patient financial services representatives bring to their interactions with patients and hardwire excellence in patient financial communications.

## SCREEN

**proactively for patient financial assistance and charity care.**



“This is an important step in making sure patients understand their full spectrum of options for payment,” said Richard

Gundling, senior vice president, healthcare financial practices for HFMA. “It also eliminates payment confusion early in the patient encounter and helps avoid scenarios where the government or another body regulates how much charity care a healthcare organization should provide.”

## BRING

**physicians into the revenue cycle fold.**



At Monument Health, where Syverson formerly served as vice president of revenue cycle, the health system established a dyad leadership

structure in which a clinical leader has joint oversight of the revenue cycle. It’s a rare setup in U.S. healthcare. “Integrating physicians in the co-sponsorship and co-governance of these concepts helps solidify a culture of patient financial wellness within the organization and supports the changes needed to sustain it over the long term,” he said.

## CONNECT

**pricing estimates with patient benefits.**



This helps patients more effectively understand their financial responsibility

prior to the point of service, survey respondents say. It also establishes the patient financial services team as a partner in the process. “Patients often do not understand the difference between their plan and another, which may be under the same payer,” one respondent said.

## ENGAGE

**with the patient on their balance once the claim is adjudicated.**



“We are continuing to move more resources to the front of financial counseling,” one survey respondent said.

“We need to provide education on the front end before the patient comes in for the service. Our team is understanding how financial debt impacts the health and recovery of our patients and is working to take the stress off the patient before they incur debt.”

## ADVOCATE

**for the power of patient financial education.**



“Get the patient in the game, even when they say they don’t want to be,” said Heather Dunn, former chief revenue cycle officer with Vanderbilt University Medical Center. “Go out in your community and teach consumers how healthcare billing works so that when they need care, they’ll come to you already educated.”

# hfma

healthcare financial management association

The Healthcare Financial Management Association (HFMA) equips its more than 117,000 members nationwide to navigate a complex healthcare landscape. Finance professionals in the full range of work settings, including hospitals, health systems, physician practices and health plans, trust HFMA to provide the guidance and tools to help them lead their organizations, and the industry, forward. HFMA is a not-for-profit, nonpartisan organization that advances healthcare by collaborating with other key stakeholders to address industry challenges and providing guidance, education, practical tools and solutions, and thought leadership. We lead the financial management of healthcare.

**Healthcare Financial Management Association**

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**H** FMA’s “Curing Payment Confusion” report reveals a persistent financial disconnect between providers and patients, and offers insights on closing that gap. As a component of the report, supporters have an opportunity to weigh in with their thoughts on what patients expect from their financial interactions with healthcare organizations vs. what providers are delivering.

## An elusive red carpet for patients



**FORV/S**

**ALICIA L. FAUST**

Director, healthcare  
performance improvement

Healthcare is personal, finances are personal, how do hospitals balance these significant patient priorities while providing quality care and being fiscally viable. The red carpet definitely does not come to mind when thinking of the patient’s financial experience in healthcare, but it is hopeful that we are having this conversation.

The patient financial experience, specifically around billing and payment, consistently ranks as a top concern for healthcare leadership and it should. Patients want honest and transparent communications regarding their treatments and the related out-of-pocket amounts. Accurate and timely billing and collections are key performance indicators of the health of every hospital. It directly impacts the patient experience, investments in infrastructure, new services and technologies, workforce and net margin.

### EMPLOYEE TRAINING KEY

Most patients do not come thinking, “I will not pay my bill,” but rather, “Heal me safely and be fair with your billing practices.” Patient confusion and frustration sets in when hospital personnel act on the business of providing care.

Complicated payer billing requirements along with complex benefit plan designs and high out-of-pocket amounts have added to patient confusion and frustration. Layer on payer-hospital reimbursement contracts and hospital-clinician pay contracts and you have further impeded transparent and coherent hospital billing.

Hospitals must continue to invest in training front line staff to communicate during the entire patient encounter clearly and concisely regarding insurance verification, or lack of it, and benefit requirements and bill and payment liability. Next, hospitals need strong technology and understanding of the payer billing requirements around network status, authorization, coding, clinical documentation and reimbursement. The use of technology and collaboration across all healthcare stakeholders will safeguard billing accuracy while removing barriers to care and support a more transparent and coherent bill.

### BIG ROLE FOR TECHNOLOGY

As consumerism continues to take hold in healthcare, we must meet the demand for transparency; this includes up front patient liability estimates, hospital and payer price transparency and straightforward and actionable billing statements. Technology sits at the precipice of each. Good use of technology can increase accuracy, provide patient billing education on cost and payment while cutting the time and cost to collect. The bill in the mail will always be a part of the process, however, giving patients the ability to self-serve via phone call, smartphone and web portal will improve the patient experience and accelerate the payment process.