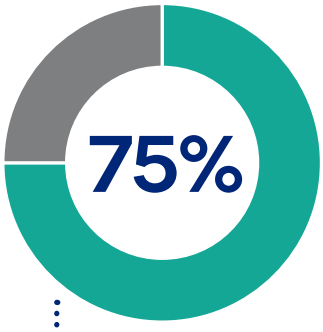
Rethinking the health care payment process:

4 strategies for a more seamless consumer experience



Making it easier for patients to pay for health care is complicated; the process of health care claims, billing and payment is fragmented among many different processes and players. That makes it difficult to convey accurate and timely information about health care costs to consumers.

But a consumer push for convenient and seamless payment is driving a shift toward innovative solutions like digital billing and price transparency. **Here are 4 ways leaders in the health care ecosystem can help make the billing and payment process easier for their patients and members.**



of consumers want to pay medical bills online, and 73% want to pay all bills in one place.[2]

1. Give consumers choices by offering multiple avenues for digital billing and payment.

Consumers now expect health care organizations to mirror their digital experience in financial and retail industries, which handle billing and payment quickly. Digital billing and payment have become health care consumers' preferred method of payment. Yet not all consumers want to pay with a credit card. Offering multiple ways to pay digitally – such as electronic funds transfers (EFTs) via patient portals – can boost patient satisfaction.[1]

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EFTs include many opportunities for consumers who want to pay electronically, whether by credit card or through their bank. Providing a range of EFT options – such as credit card payments, ACH payments, or digital wallets – can increase patient satisfaction and lead to faster payments.

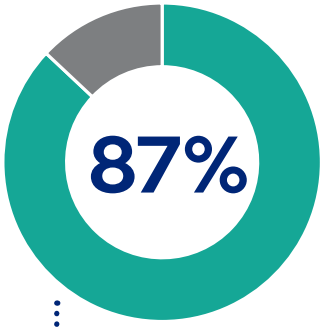
Patient portals can often support multiple payment options, such as credit and debit transactions or digital wallets. This gives patients a central location for initiating and tracking payments. Each patient portal is different, and some are more difficult to navigate than others. If not already invested in a patient portal or digital billing and payment, evaluate the tech literacy and electronic access needs of the consumer population to match them with the best technological tools.

> “People are already using fintech designed purely for consumers in mind. And they are comparing what we offer as health care companies against what they can access just on their phone from financial service organizations.”
>
> **– Scott Resnick**
> Senior VP Product and Innovation, Optum Financial

2. Work toward billing simplicity and accuracy behind the scenes.

Regardless of the delivery method, clearly and accurately outlining patients’ financial responsibility early is essential to making payments easier to understand and settle. Unexpected, repetitive, confusing or incorrect bills can cause consumer stress.

That said, the complexity of claims processing and reimbursement can make simple, accurate billing and payment daunting. For example, payers need to calculate each patient’s responsibility for the cost of care according to their coverage, reimburse providers, and notify patients of their benefits. And, in addition to collecting payment from patients, providers need to file claims to payers for reimbursement – often without knowing how much of the service will be covered. A lack of coordination and communication among providers, payers and vendors can lead to frustrating time lags and contradictory information for consumers. All players must work together behind the scenes to ensure that billing and payment is clear to patients.



of customers have been surprised by a bill.[3]

Payers are starting to use digital tools to collaborate with providers and help patients understand what they owe earlier. For example, they’re investing in faster claim settlements, in which health care claims are settled between payers and providers almost immediately. In the future, real-time claim payments have the potential to increase patient peace of mind: When payers and providers are aligned and communicating, they can more easily and accurately engage patients about the cost of care via text or another communication interface.

Health care organizations can also begin to offset some of this complexity by making sure that patients have access to clear, accurate resources when they have a question about their bill.

Design bills to be accurate and easy to read, with the amount due and due date emphasized. Partnering with consumer advocacy and focus groups can help health organizations understand how specific patient populations best receive billing and payment information.[4]

Educate all patient-facing staff about the billing and payment process, including the process for resolving billing errors. This gives patients multiple points of contact to discuss payments or be referred to the right person or department. Establishing a centralized billing and payment department with easily accessible contact information can also go a long way in boosting consumer satisfaction.

Ensure that staff and providers can directly communicate about estimates with patients by incorporating price transparency practices into the workflow. For example, the Children's Hospital of Philadelphia created a price cost estimation department, staffed with 4 full-time benefit specialists who are empowered to give patients estimates and resolve billing issues. The department reduced complaints of unexpected costs by 63% in one year.

> "In a digital world, it is absolutely possible for payers and providers to engage with each other and keep the consumer in the loop."
>
> **– Gowri Narayanan**
> Chief Innovation Officer, Optum Financial

3. Rethink health savings accounts.

Health savings accounts (HSAs) offset the cost of high-deductible health plans (HDHP) by helping consumers save for health care expenses, such as copays, insurance deductibles and services or medications not covered by their insurance. Because payments into and withdrawals for medical purposes out of HSAs are untaxed, consumers have incentive to use the HSA to save money for health care costs. Most HSAs provide a pre-paid card, which patients can use to pay for medical expenses.[5]

Despite the benefits of HSAs, a 2020 survey found that only two-thirds of consumers with an HDHP had opened an HSA account. Among those with an HSA, most hadn't contributed.[6] Some of this gap could be due to a need for consumer education. Consumers may not fully understand the tax and medical benefits of contributing to an HSA. It also isn't always easy to set up or contribute to HSAs. For example, patients usually have an opportunity to opt into the HSA and choose their contribution level through their employer. But because the process isn't intuitive, many consumers might assume that they must plan their HSA contributions for an entire year up front and opt out.

Rethinking HSA contributions and consumer education could help consumers find it easier to opt into HSAs. Examine how your organization interacts with HSAs to decide how to best communicate them to your consumer base. For example, promoting HSAs as comparable to traditional savings accounts may help consumers understand that they can contribute any amount and change their contribution level at any time during the year.

> “There are actually lots of ways to get money into HSAs. We should be thinking about HSAs like other accounts that people are comfortable with, like a traditional consumer savings account or a consumer crowdfunding account.”
>
> **– Scott Resnick**
> Senior VP Product and Innovation, Optum Financial

4. Combine price transparency with incentives to help consumers choose high-value care.

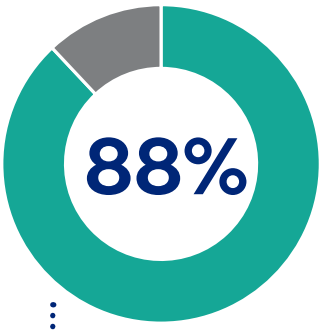
Price transparency tools – in the form of mobile apps, websites and text-based tools that allow consumers to compare charges for a health care service – have existed for more than a decade.[8] Yet few patients have been able to use them effectively to find low-cost, high-value providers.[9] Patients might conflate lower cost with lower quality and choose care in unexpected ways. For example, they may prefer a lower-cost option for a non-urgent, standardized service like a diagnostic scan, but a higher-cost option for something more complex, like a procedure that requires an inpatient stay.

Taking a multipronged approach to price transparency may be more effective at helping consumers choose high-value care than price transparency tools alone. Consider choosing or designing:

Easy-to-explain pricing. Pricing should be both clear and defensible, meaning it should be easy to explain why a service or procedure costs what it costs.

Price transparency tools that highlight provider or service quality alongside pricing. Although patients tend to associate lower medical costs with lower quality, the two aren’t always connected. Tools that help convey the relationship between medical costs and quality may help patients understand that high costs don’t always equate to high quality.

Patient tools and communications that encourage patients to take advantage of incentives. Overall costs do appear to decrease when patients are given incentives to shop for lower-cost, higher-value care. For example, payers often use tiered provider networks and prescription drug formularies – combined with information about costs associated with each tier – to encourage patients to choose higher-value services and medications.[10]



of surveyed consumers would be more likely to get routine and elective care if they knew the cost of care before their procedure or service and had the tools to use that information to shop for lower-cost, higher-value care.[7]

> For most industries, you know how much you expect to pay before you show up. Creating transparency and having mechanisms in place to do transactions seamlessly before I come in or as I'm walking out would be a meaningful innovation."
>
> **— Puneet Maheshawari**
> Vice President, OI Software Network and Data, Optum Insight

While billing processes may remain complex, health care leaders can begin creating more seamless payment experiences by:

- Offering multiple avenues for digital payment
- Ensuring bills are accurate and easy to understand
- Educating consumers about the benefits of HSAs
- Building price transparency tools that also encourage patients to choose high-value care

While the actual cost of care still requires attention, leaders can look to create easier and more transparent payment experiences on behalf of their consumers. This focus can go a long way in helping organizations reap the rewards of higher satisfaction and retention over time.

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