

The background of the slide is a green-tinted photograph of a medical office desk. It features a stethoscope, a calculator, a stack of financial documents, and a portion of a spreadsheet with numerical data.

# The impact of patient financial satisfaction on the independent medical practice



# The impact of patient financial satisfaction on the independent medical practice

The ongoing consumerism movement in healthcare has put economic purchasing power and decision-making squarely in the hands of patients, who are now expected to have more skin in the game and to make more informed choices about their medical spending. As a result, healthcare providers must work harder to accommodate the wants and needs of these newly “consumerized” patients. In addition to expecting high-quality care, consumers of healthcare want to do business with a medical practice that respects their preferences.

A 2015 McKinsey report on patient satisfaction provided some important insights that medical practices can apply to the way they do business.<sup>1</sup> The authors looked at critical consumer satisfaction issues in other industries and applied them to healthcare, stating that it is important to link patient-experience initiatives to specific business goals (patient retention, increased word-of-mouth referrals, expanded patient volume, and so forth.) The McKinsey report also noted that many providers err by not considering the entire care journey in terms of both clinical and financial elements that influence consumer satisfaction—from pre-service scheduling that includes price transparency right up to the way the bill is paid.

The patient’s satisfaction with financial factors is often overlooked in healthcare. Yet research tells us that:

- 96% of patient complaints are related to customer service issues—not quality of care.<sup>2</sup>
- A third of insured consumers have been surprised by a medical bill they were not expecting.<sup>3</sup>

- Patients view limited payment method options in healthcare as a “gap” in their care experience.<sup>4</sup>

The independent medical practice that ignores the latest trends in consumer preferences is likely to face consequences that can damage the practice’s brand or reputation. These can include negative online reviews, low patient retention, and difficulty in growing the practice. For example, we know from Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) results that patients who are satisfied with a hospital’s billing practices are five times more likely to recommend that hospital to a friend or family member. (Higher HCAHPS scores also correlate with better profit margins, according to the 2016 Melior Consumer Survey report.<sup>5</sup>) There is good reason to believe these lessons about patient financial satisfaction with hospitals apply in equal measure to the independent medical practice. Other surveys and reports are just as revealing.

**The amount a consumer must pay out of his own pocket before a health plan begins to cover medical expenses has *increased* by **255%** since 2006.**

## What consumer trends are telling us

There is little doubt that patients have truly become consumers. The current healthcare system has shifted more and more economic responsibility onto their shoulders. By 2016, 75 million Americans were enrolled in high-deductible health plans.<sup>6</sup> The amount a consumer must pay out of his own pocket before a health plan begins to cover medical expenses has increased by 255% since 2006.<sup>7</sup> This out-of-pocket healthcare spending by patients is expected to rise steadily—a Kalorama Foundation report estimates it will hit \$608 billion by 2019.<sup>8</sup>

The trend of increased consumer financial responsibility has also affected a medical practice’s ability to maintain a positive cash flow. In one survey, 73% of providers reported it takes one month or longer to collect the patient’s portion of a bill.<sup>9</sup> The independent medical practice must not only recognize the role consumerism plays in patient satisfaction and loyalty, but its result on the bottom line as well. In other words, a medical practice must see the big picture from the consumer’s point of view.

Although accessing care is vastly different from choosing a cellular plan or purchasing electronics at a big-box store, consumers themselves don’t view healthcare as being unlike other industries. In fact, consumer research clearly demonstrates that patients want the same level of price transparency, customer service, and value that they expect from their cable provider. A 2015 survey found that 76% of consumers reported finding medical bills to be far more confusing than their utility bills.<sup>10</sup> The repercussions of unclear bills include patients who are less likely to pay on time, less likely to pay the correct amount, and less likely to pay at all.

So what do healthcare consumers want? From the research, several preferences emerge as being especially relevant to the independent medical practice.<sup>11</sup>

- All generations want more convenient methods of paying medical bills—it is a myth that this preference is unique to millennials.
- Only 21% of consumers want to write a check to pay for health services.
- The vast majority (92%) say it's important to them to understand their out-of-pocket costs prior to receiving a service.
  - A rising number of consumers are paying medical bills through the provider's patient portal.
  - When a payment plan is necessary for a large medical bill (e.g., ten monthly installments of \$100), consumers are increasingly opting to set up automatic debits.
  - 61% of consumers reported interest in making medical payments using a digital wallet (Apple Pay, Samsung Pay, PayPal, for example)
  - Consumers overwhelmingly want an omni-channel payment experience for medical bills, just as they have for other household bills.

Consumers overwhelmingly want an **omni-channel payment experience** for medical bills, just as they have for other household bills.

Omni-channel payment processing can be defined as the ability to take payments in a variety of ways without a marked difference in convenience, service, or branding. Payment channels include mobile apps, web browsers, patient portals, digital wallets, automated phone lines, automatic debits, and a bank's online bill pay service. It's notable that the healthcare industry has fallen behind other industries when it comes to omni-channel payments—and this represents a missed opportunity for the independent medical practice to accommodate consumer preferences while increasing collections.

Essentially, consumers today want to engage whenever and wherever it's most convenient for them, which means their preferred payment channel can vary from month to month. In 2016, one out of every five consumers reported paying the same recurring household bill through a different channel from month to month, and 70% reported using three or more different bill payment methods per month.<sup>12</sup> When patients have access to the payment option they prefer at any given moment in time, their satisfaction with a provider rises—along with the practice's revenue collections.

## Adopting a patient-centric revenue approach

Viewing patients as true consumers in every sense of the word means not only accommodating their preferences, but building relationships with them at every stage

of the revenue cycle. Each touchpoint in the care journey should build patient loyalty and trust—including the billing experience, which many consumers find to be a confusing and stressful point of contact. A medical practice that is receiving complaints about billing processes, incurring negative reviews online, or seeing large numbers of accounts that are 30 days past due should consider ways to improve.

There are five best practices that can make medical bills more palatable to patients, increase their loyalty to a practice, and build a better brand.

- 1. Improve clarity and cost transparency.** Educate patients even before they arrive for a service, preferably at the time of scheduling. Be prepared to check insurance eligibility and provide an accurate breakdown of their out-of-pocket costs. Keep in mind that self-pay patients or those with high-deductible plans can better manage expenses that they are prepared for.

*An omni-channel payment strategy creates a need for channel integration, so that **every financial transaction is recorded** in every channel and account status can be viewed in real time, 24/7.*

- 2. Implement smarter front-office billing processes.** The goal is to keep patients engaged with their financial responsibilities. Send appointment and balance-due reminders, and use real-time account data at the point of service to check for and collect outstanding balances. Be prepared to set up automatic monthly payments for large balances sooner rather than later—even when a service or procedure is scheduled.
- 3. Add more payment options and channels.** Think in terms of convenience and diversity and remember that consumers increasingly don't want to write checks. Each payment channel should be able to accept a variety of payment types: check, credit card, debit card, prepaid card.
- 4. Avoid billing confusion.** Bills should not only be timely, but easy to read at a glance. Above all, they should be accurate. Patients report being billed for co-pays they paid at the time of service, being billed for services that were canceled, and being balance-billed for in-network care.
- 5. Consider the impact of financial satisfaction on branding.** A practice can earn patient loyalty by recording and honoring individual choices in billing and payment

preferences. It can drive patient engagement by creating bills and statements that include practice-specific messaging.

An omni-channel payment strategy creates a need for channel integration, so that every financial transaction is recorded in every channel and account status can be viewed in real time, 24/7. Clearly, this imperative calls for state-of-the-art technology and robust financial solutions.

## Integrated technologies that make an impact

Patient-centric billing and payment solutions can reduce the cost of billing and collections while increasing profitability and patient loyalty. NextGen® Financial Suite is a managed-services offering that allows independent medical practices to harness the solutions needed to make a stronger impact, get paid faster, and enrich the overall

patient experience. All core technologies are included: EHR, practice management, software hosting, e-Prescribing, electronic eligibility, clearinghouse, rules engine, and A/R analytics.

Using managed services or maintaining in-house control with individual, financial connectivity solutions through NextGen® Electronic Data Interchange (NextGen EDI), a practice can:

*Patient-centric billing and payment solutions can **reduce the cost of billing** and collections while **increasing profitability and patient loyalty**.*

- Ensure accurate patient identity, demographics, and insurance coverage eligibility prior to treatment.
- Create treatment estimates based on contractual allowances, to improve cost transparency.
- Offer 24/7 online payment options through a patient portal or payment portal.
- Offer mobile, digital wallet, and e-check payment options.
- Send balance reminders via text messaging or email and allow patients to respond through the pay-by-text feature.
- Use the credit-card-on-file capability to set up automatic payments according to the terms of a patient's payment plan.
- Meet PCI security standards for credit card transactions, in-person, via telephone, or online payments.
- Create customized, branded statements either on paper or electronically,

according to patient preference, using templates designed to draw the patient focus to balance due, for example.

- Send pre-collection letters and statements without outsourcing to a collection agency.
- Boost revenue collections, decrease accounts-receivable days by 20-30%, and reduce write-offs for bad debt.

We invite you to join the 6,000+ physicians across the U.S. who use solutions provided by NextGen Healthcare to achieve their business goals.

**Take the next step:**

Contact us at 855-510-6398 or [email results@nextgen.com](mailto:email_results@nextgen.com).

---

<sup>1</sup> MCKINSEY REPORT

<sup>2</sup> JOURNAL OF MEDICAL PRACTICE MANAGEMENT

<sup>3</sup> CONSUMER REPORTS

<sup>4</sup> CONSUMER REPORTS

<sup>5</sup> 2016 MELIOR CONSUMER SURVEY

<sup>6</sup> CDC CENTER FOR NATIONAL HEALTH STATISTICS.

<sup>7</sup> INSTAMED TRENDS IN HEALTHCARE PAYMENTS ANNUAL REPORT 2015

<sup>8</sup> KALORAMA FOUNDATION REPORT

<sup>9</sup> INSTAMED TRENDS IN HEALTHCARE PAYMENTS ANNUAL REPORT 2016

<sup>10</sup> INSTAMED TRENDS IN HEALTHCARE PAYMENTS ANNUAL REPORT 2015

<sup>11</sup> INSTAMED TRENDS IN HEALTHCARE PAYMENTS ANNUAL REPORT 2016

<sup>12</sup> EIGHTH ANNUAL BILLING HOUSEHOLD SURVEY, FISERV INC., 2016