

Revenue Cycle Advancement Center

Understanding Patient Financial Preferences

Results from the 2018 Patient Financial Experience Survey

In March 2018, we surveyed a cohort of patients who had recently had a non-emergent surgical procedure. In addition to asking each patient about their financial experience, we included a forced ranking exercise designed to measure which financial tools frequently offered by hospitals are seen as most valuable to patients.

This publication details the survey results, providing insight into patient financial preferences. Additionally, three distinct consumer profiles identify key differences among patients with commercial insurance, traditional Medicare, and Medicare Advantage. Hospitals and health systems may use this information to inform investment in and/or prioritization of financial tools according to their particular payer mix.

The 2018 Patient Financial Experience Survey

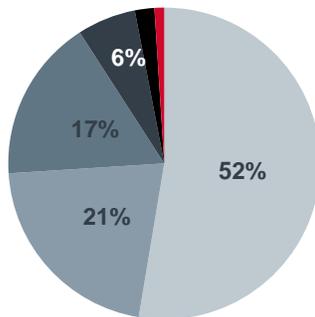
1,000 Survey participants with a non-emergency surgery in the past 18 months

30+ Questions on the patient financial experience

A Closer Look at Our Survey Respondents

Respondent Distribution by Payer Mix

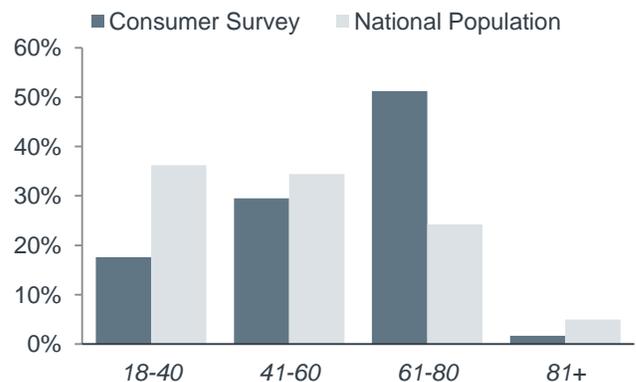
n=1,000



Respondents by Age Group

Percentage Per Age Group Versus National Population

n=1,000



Most Common Surgical Procedures¹

Cataract Surgery

Joint Replacement

Cosmetic Surgery

¹ The top five most common respondent procedures include: cataract surgery, joint replacement, cosmetic surgery, hysterectomy, kidney and ureter procedures, and spinal fusion.

Six Imperatives for Revenue Cycle Leaders

Findings from the 2018 Patient Financial Experience Survey

1 Above all else, offer your patients a pre-service price estimate.

Across all coverage categories, patients ranked pre-service bills as a top preference.



90%
Of patients consider pre-care price estimates to be somewhat or extremely important.

Patients' desire for pre-service bills reflects broader patient anxiety around the cost of care. 90% of total survey respondents consider pre-care price estimates to be somewhat or extremely important. Furthermore, our survey illustrated patients who receive a pre-care price estimate are more likely to pay their bill in full within one month—likely because estimates give patients the opportunity to budget for their future medical bill.

2 Frontload your financial counseling.

More than half of patients would prefer access to a financial counselor prior to scheduling their procedure.



56%
Of patients would prefer to access a financial counselor prior to scheduling their procedure.

Many patients enter an episode of care with questions—even fear—around the costs of their care. Introducing financial counselors early in the journey can eliminate much of the uncertainty patients face. Specifically, counselors can assist patients with price estimates and eligibility screenings, explain payment options, and answer any other questions patients may have.

3 Don't put all your efforts toward consolidated billing.

While patients see the benefits of a single bill, it is not the most important offering.



29%
of patients with Medicare Advantage ranked consolidated bills first

26%
of patients with traditional Medicare ranked consolidated bills first

The unified (or consolidated) bill has captured the time and attention of many health system finance leaders trying to make their revenue cycle more responsive to consumers' expectations. Overall however, survey respondents were more likely to prefer a pre-service price estimate over a consolidated bill. This isn't to say that the consolidated bill isn't important; overall it ranked 4th in importance, and was ranked 1st among a sizeable segment of both Medicare and MA patients.

Six Imperatives for Revenue Cycle Leaders (continued)

Findings from the 2018 Patient Financial Experience Survey

4 See payment plans as a need-to-have resource.

Most patients will choose to enroll in a payment plan, if offered.



Of patients will choose to enroll in their offered payment plan.

While most patients want to pay their medical bill, few have the financial resources to immediately front the cost. Only 35% of American households have the financial liquidity to cover a \$2,500 deductible.

Customized payment plans empower patients who may not otherwise have the ability to pay. These plans are particularly crucial for the uninsured and HDHP¹ patients. Systems can establish payment plans in-house, through a third-party vendor, or via partnership with a local bank.

5 Don't shy away from asking for point-of-service (POS) payment.

Asked for appropriately, POS payments increase likelihood of full payment.



Patients who pay a portion of their care at service are twice as likely to pay their total patient obligation.

Previous RCAC research illustrates that patients who pay a portion of their care at service are twice as likely to pay their total patient obligation than patients that do not. While collecting prior to care is now an accepted part of best practice revenue cycle operations, some leaders have voiced concern around potential patient unhappiness when asked for payment. Our data show there may not be too much reason for concern, particularly around how access staff are asking for payment. Only 8% of survey respondents reported poor customer service skills from staff members asking for point-of-service payments.

Revenue cycle leaders should continue to invest time and resources in training and upskilling front office staff to ensure a high level of customer service.

6 Link physicians with price estimation information.

The majority of patients asked their physician for information around costs and obligations.



Of all survey respondents asked their physician for price information

When looking for cost information, patients turn to their physicians more frequently than any other source of information. However, 63% of physicians report an incomplete understanding of cost, meaning they are unable to answer patient pricing questions or provide inaccurate information.

To counter this behavior, health systems should train physicians to redirect patient price inquires to a hospital-managed resource, like a financial counselor or call center, or consider embedding price transparency tools within physician offices.

1) High deductible health plan

Source: 2018 Consumer Financial Experience Survey: Revenue Cycle Advancement Center interviews and analysis.

Notable Patient Differences by Payer

Type of Insurance Coverage Influences Certain Consumer Preferences

1 **Commercially-insured patients are twice as likely to price shop.**

25% of commercially-insured patients compared prices between two providers, compared to 11% of patients with Medicare Advantage and 7% of patients with traditional Medicare.¹



Patients with commercial insurance are twice as likely to price shop.

With continued cost-shifting from employers to employees, it follows that commercially-insured patients are more likely to compare prices among providers.

Systems in markets with a large proportions of price shoppers should prioritize financial tools that offer patients accurate cost information, such as an online cost estimator and a pre-service bill. Without these tools, price shoppers may base their provider decision on an inaccurate price quote from a physician or internet search.

2 **The commercially-insured are more likely to receive inaccurate price estimates.**

Over half of privately-insured patients reported receiving inaccurate price estimates before care, compared to 30% of Medicare and MA respondents.



Of commercially-insured respondents report receiving inaccurate price estimates.

Given the variation in benefits and plan design among the commercially-insured, price estimates are more challenging than estimates for patients with public coverage. While estimates are not intended to be perfect predictions, health systems must strive to provide the most accurate estimates possible (acknowledging that complications and/or changes in treatment impact final cost).

At a minimum, patient access staff and hospital-patient communications must include language explaining that information provided is just an estimate, and how circumstances may impact the final bill.

3 **MA² patients tend to ask their insurance company for price information.**

The majority of MA respondents reported asking their insurance company for prices, contrasting with all other patients who were more likely to ask their physician.



Of all Medicare Advantage patients asked their physician for price information

Having MA coverage may mean this population of patients is more comfortable interacting with their insurer than other patients. For all other patients, their physician may be their primary conduit to the health system, and as such serve as their source for both clinical and financial questions.

Health systems may want to consider proactively reaching out to MA patients with information on price to try and build a positive financial relationship with these patients.

¹ Price shoppers are also more likely to be under 40, have a health savings account (HSA), and are more likely to make health care decisions for another adult family member.

² Medicare Advantage

Source: 2018 Consumer Financial Experience Survey; Colla et al., "Physician Perceptions of Choosing Wisely and Drivers of Overuse," *The American Journal of Managed Care*, May 2016; Revenue Cycle Advancement Center interviews and analysis.

Notable Patient Differences by Payer (continued)

Type of Insurance Coverage Influences Certain Consumer Preferences

4 Commercially-insured patients with a high deductible¹ were most likely to report bill confusion.

Almost double the number of patients with high-deductibles report being confused about bills compared with all other patients.



19%
of high-deductible patients reported being somewhat or extremely confused by their medical bill.

Patient billing can be complicated and laced with medical jargon. Survey data show that patients with the largest share of financial responsibility were those most likely to report confusion. Complex or convoluted bills may cause patients to delay, or even skip payment, negatively impacting hospital collections.

Revenue cycle leaders should push for accurate, consumer-friendly language to ensure each patient understands their financial obligation, and also ensure bills include information to direct patient questions to a financial counselor or call center.

5 Patients with high deductibles are much more likely to be turned over to a collection agency.

29% of high-deductible patients were turned over to collections compared to 0% of traditional Medicare, Medicaid, and commercially-insured low-deductible patients.



3X
Commercially-insured patients with a high deductible are three times more likely to be turned over to collections.

With deductibles that may reach well into the thousands of dollars under high-deductible plans, patients may struggle to pay their balance.

Customized payment plans are particularly crucial for the high deductible population. Allowing patients to choose from a curated selection of payment plans turns that large lump sum into a series of accessible payments. These plans decrease the patient's financial anxiety and ultimately empower patients who may not otherwise pay their bill.

¹) High deductible health plan defined as commercial plans reaching an annual deductible of at least \$2,500.

The Patient Financial Journey: All Survey Respondents

Whether to Budget or Price Shop, Patients Want a Pre-Care Price Estimate

This profile examines preferences of the entire survey population, showing patient preferences at each step of the patient financial journey, a series of six critical flashpoints identified by previous RCAC research. Hospitals and health systems should use this information to prioritize and/or invest in the financial tools that patients most value.

The Patient Financial Journey

Data Based on the Responses from 1,000 Adult Patients



Whom Should I Choose?

Price Shoppers² Ask Their Physician for Prices



18%

of patients compared prices among providers



Price shoppers are **twice as likely** to ask their physician for price than call the hospital billing department



How Much Will I Have to Pay?

Even Non-Price Shoppers Want to Budget for Their Care



Percentage of patients who consider knowing their price before care **somewhat or extremely important**

Patients are **twice as likely** to prefer that the hospital proactively provides a price estimate (rather than seeking the estimate themselves)



Why/What Should I Pay Now?

Patients Are More Likely to Pay Their Total Obligation After Paying a Portion at Point-of-Service



25%

of patients were asked for point-of-service payment

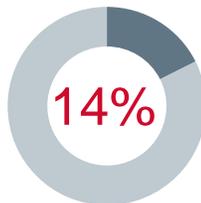


Patients are **twice as likely** to pay their total patient obligation after paying a portion at point-of-service



What Do These Bills Even Mean?

Patients Want an Accurate Bill with Consumer-Friendly Language



Percentage of patients who found their bill **somewhat or extremely difficult to understand**

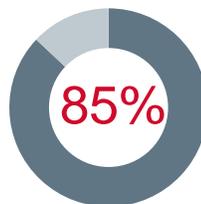
65%

of patients would consider switching providers for a better health care payment experience



How Can I Pay My Bill?

If Offered a Payment Plan, Most Patients Will Enroll



Percentage of patients who chose to enroll in their offered payment plan



50% of patients would prefer to pay their medical bill online via their provider's website, plan website, or automatic bank bill-pay portal.

1) Price shoppers defined as patients who compare prices among two or more systems before selecting a provider.

2) Due to a small sample size, we are unable to make custom profiles for Medicaid, the uninsured, or patients with military insurance.

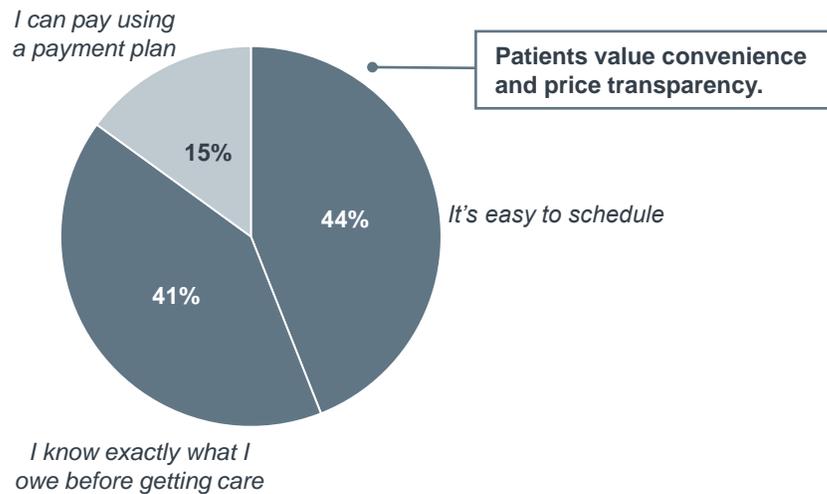
Financial Tool Ranking: All Survey Respondents

Patients Value Scheduling Convenience and Price Transparency

The Most Important Influence on Provider Choice

“Which is most important to you when choosing a hospital or health care provider to undergo a non-emergency surgery?”

n=1,000



Financial Tools and Support, Ranked by All Respondents

“Please rank the offerings according to how beneficial they would be to you if you were undergoing non-emergency surgery”

n= 1,000

Tool Rank	Financial Tool	Tool Definition
1	Pre-Service Bill	A more precise estimate of the total cost of care sent after scheduling but prior to receiving care, including what portion will be covered by insurance, what portion is expected to be paid by the patient, how much must be paid upon arrival for care, and how to pay the patient portion of the bill.
2	Online Price Estimator	A tool patients can access on the hospital or health care organization’s website, before scheduling a procedure, to get a rough estimate of the total cost of the procedure and how much they will be expected to pay.
3	Financial Counselor	An employee of the hospital or health care organization who works with patients regarding their medical bills. They help patients understand what they owe, the types of insurance benefits they have, whether or not they qualify for financial assistance, and may provide payment portions.
4	Consolidated Bill	One single bill sent to the patient after receiving care that includes all charges incurred (hospital, physician, and any imaging or lab) and an easy-to-understand explanation of benefits.
5	Patient Portal	A secure, online portal that allows patients to schedule appointments or procedures, access appointment information, see insurance details and outstanding balances, pay their bills, and securely message providers.
6	Payment Plans	A plan designed to help patients pay off their health care bill over the course of several months, via credit card, debit card, or automatic bank withdrawal at low (3%) or zero interest.
7	Financial Call Center	A single number patients can call to receive information about how much procedures cost, find out about outstanding balances, and pay balances for any hospital, physician, or ambulance bill.

Source: 2018 Consumer Financial Experience Survey; Revenue Cycle Advancement Center research and analysis.

The Patient Financial Journey: Commercially-Insured

Meeting the Needs of This Critical Cohort

The data here reflects the preferences of commercially-insured patients—patients who obtain coverage through an employer, the exchanges, or an insurance company.¹ Hospitals and health systems should use this information to prioritize and/or invest in the financial tools that patients most value to boost collection rates.

The Financial Journey of the Commercially-Insured Patient

Data Based on the Responses from 517 Commercially-Insured Patients



Whom Should I Choose?

Price Shoppers Ask Their Physician for Prices



25%

of commercially-insured patients compared prices among providers



How Much Will I Have to Pay?

Even Non-Price Shoppers Want to Budget for Their Care



Percentage of commercially-insured patients who consider knowing their price before care **somewhat or extremely important**

Our survey showed that commercially-insured patients who receive pre-care price estimates are **more likely** to pay their bill in full within one month of arrival



Why/What Should I Pay Now?

Patients Are More Likely to Pay Their Total Obligation After Paying a Portion at Point-of-Service



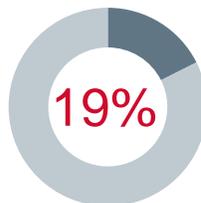
33%

of commercially-insured patients were asked for point-of-service payment



What Do These Bills Even Mean?

Patients Want an Accurate Bill with Consumer-Friendly Language

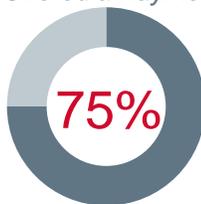


Percentage of commercially-insured high deductible patients¹ who found their bill **somewhat or extremely difficult to understand**

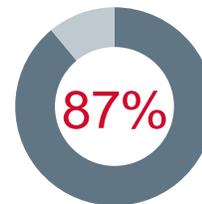


How Can I Pay My Bill?

If Offered a Payment Plan, Most Patients Will Enroll



Percentage of commercially-insured patients who were offered a payment plan



Percentage of commercially-insured patients who chose to enroll in their offered payment plan

1) Respondent deductibles ranged from \$0 to over \$8,500

2) High deductible health plan defined as commercial plans reaching an annual deductible of at least \$2,500

Financial Tool Ranking: Commercially-Insured

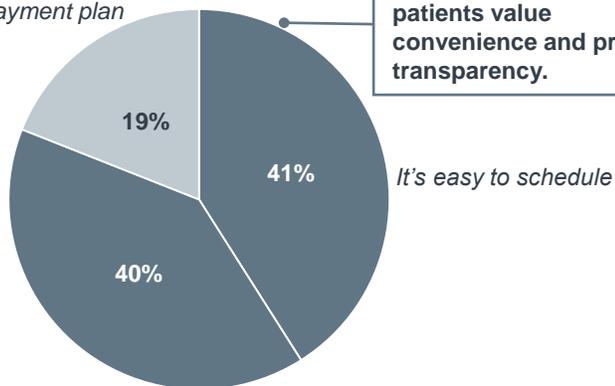
Equally Valuing Convenience and Price in Provider Choice

The Most Important Influence on Provider Choice

“Which is most important to you when choosing a hospital or health care provider to undergo a non-emergency surgery?”

n=517

I can pay using a payment plan



Commercially-insured patients value convenience and price transparency.

“

Customer Service Matters

“My bills were confusing and bill collectors started calling—some of those were quite rude. [...] The whole process was more stressful than the surgery!”

Commercially-Insured Respondent

Kidney Stone Removal

”

Financial Tools and Support, Ranked by Commercially-Insured Patients

“Please rank the offerings according to how beneficial they would be to you if you were undergoing non-emergency surgery”

n=517

Tool Rank	Financial Tool	Tool Definition
1	Pre-Service Bill	A more precise estimate of the total cost of care sent after scheduling but prior to receiving care, including what portion will be covered by insurance, what portion is expected to be paid by the patient, how much must be paid upon arrival for care, and how to pay the patient portion of the bill.
2	Online Price Estimator	A tool patients can access on the hospital or health care organization’s website, before scheduling a procedure, to get a rough estimate of the total cost of the procedure and how much they will be expected to pay.
3	Financial Counselors	An employee of the hospital or health care organization who works with patients regarding their medical bills. They help patients understand what they owe, the types of insurance benefits they have, whether or not they qualify for financial assistance, and may provide payment portions.
4	Consolidated Bill	One single bill sent to the patient after receiving care that includes all charges incurred (hospital, physician, and any imaging or lab) and an easy-to-understand explanation of benefits.
5	Patient Portal	A secure, online portal that allows patients to schedule appointments or procedures, access appointment information, see insurance details and outstanding balances, pay their bills, and securely message providers.
6	Payment Plans	A plan designed to help patients pay off their health care bill over the course of several months, via credit card, debit card, or automatic bank withdrawal at low (3%) or zero interest.
7	Financial Call Center	A single number patients can call to receive information about how much procedures cost, find out about outstanding balances, and pay balances for any hospital, physician, or ambulance bill.

Source: 2018 Consumer Financial Experience Survey; Revenue Cycle Advancement Center research and analysis.

The Patient Financial Journey: Traditional Medicare

Despite Minimal Price Shopping, Medicare Patients Still Want Transparency

The data here reflects responses of traditional Medicare patients—patients age 65 or older and patients with certain disabilities. Hospitals and health systems should use this information to prioritize and/or invest in the financial tools that patients most value to boost collection rates.

The Financial Journey of the Traditional Medicare Patient

Data Based on the Responses from 210 Medicare Patients



Whom Should I Choose?

Price Shoppers Ask Their Physician for Prices



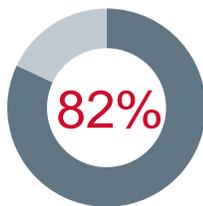
7%

of traditional Medicare patients compared prices among providers



How Much Will I Have to Pay?

Even Non-Price Shoppers Want to Budget for Their Care



Percentage of traditional Medicare patients who consider knowing their price before care **somewhat or extremely important**

Traditional Medicare patients are nearly **twice as likely** to prefer that the hospital proactively provides a price estimate (rather than seeking the estimate themselves)



Why/What Should I Pay Now?

Patients Are More Likely to Pay their Total Obligation After Paying Portion at Point-of-Service



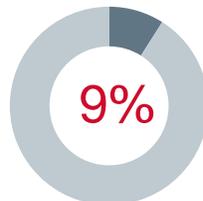
11%

of traditional Medicare patients were asked for point-of-service payment



What Do These Bills Even Mean?

Patients Want an Accurate Bill with Consumer-Friendly Language

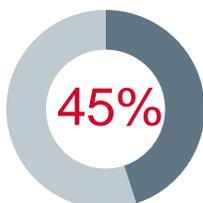


Percentage of traditional Medicare patients who found their bill **somewhat or extremely difficult to understand**



How Can I Pay My Bill?

If Offered a Payment Plan, Most Patients Will Enroll



Percentage of traditional Medicare patients who were offered a payment plan



Percentage of traditional Medicare patients who chose to enroll in their offered payment plan

Source: 2018 Consumer Financial Experience Survey; InstaMed, "Trends in Healthcare Payments Eight Annual Report: 2018," InstaMed, May 2018; Revenue Cycle Advancement Center research and analysis.

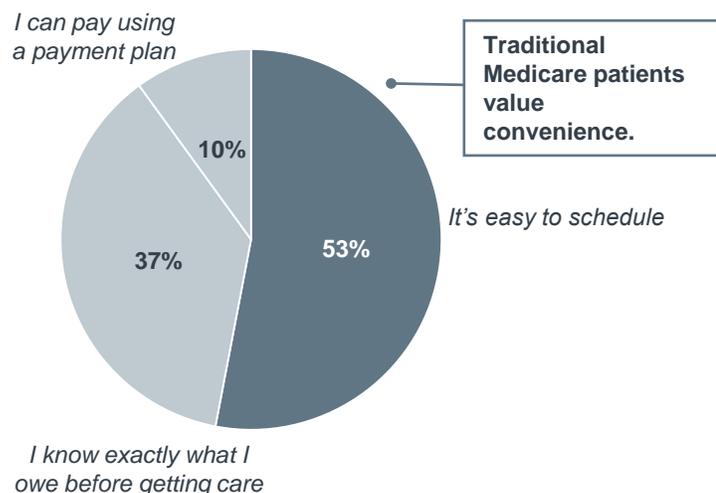
Financial Tool Ranking: Traditional Medicare

Scheduling Convenience is Critical to Provider Choice

The Most Important Influence on Provider Choice

Which is most important to you when choosing a hospital or health care provider to undergo a non-emergency surgery?

n=210



“ Cost Isn’t Always Top-of-Mind

“Payment was not an issue as I have Medicare and supplemental insurance. However, I would have appreciated an estimate before surgery.”

Traditional Medicare Respondent
Foot Surgery

”

Financial Tools and Support, Ranked by Traditional Medicare Patients

“Please rank the offerings according to how beneficial they would be to you if you were undergoing non-emergency surgery”

n=210

Tool Rank	Financial Tool	Tool Definition
1	Pre-Service Bill	A more precise estimate of the total cost of care sent after scheduling but prior to receiving care, including what portion will be covered by insurance, what portion is expected to be paid by the patient, how much must be paid upon arrival for care, and how to pay the patient portion of the bill.
2	Online Price Estimator	A tool patients can access on the hospital or health care organization’s website, before scheduling a procedure, to get a rough estimate of the total cost of the procedure and how much they will be expected to pay.
3	Consolidated Bill	One single bill sent to the patient after receiving care that includes all charges incurred (hospital, physician, and any imaging or lab) and an easy-to-understand explanation of benefits.
4	Patient Portal	A secure, online portal that allows patients to schedule appointments or procedures, access appointment information, see insurance details and outstanding balances, pay their bills, and securely message providers.
5	Financial Counselors	An employee of the hospital or health care organization who works with patients regarding their medical bills. They help patients understand what they owe, the types of insurance benefits they have, whether or not they qualify for financial assistance, and may provide payment plan options.
6	Payment Plans	A plan designed to help patients pay off their health care bill over the course of several months, via credit card, debit card, or automatic bank withdrawal at low (3%) or zero interest.
7	Financial Call Center	A single number patients can call to receive information about how much procedures cost, find out about outstanding balances, and pay balances for any hospital, physician, or ambulance bill.

Source: 2018 Consumer Financial Experience Survey; Revenue Cycle Advancement Center research and analysis.

The Patient Financial Journey: Medicare Advantage

Relying More on Payer Than Provider for Price Estimates

The data here reflects responses from patients with Medicare Advantage plans. Hospitals and health systems should use this information to prioritize and/or invest in the financial tools that patients most value to boost collection rates.

The Financial Journey of the Medicare Advantage Patient

Data Based on the Responses from 166 Medicare Advantage Patients



Whom Should I Choose?

Price Shoppers Ask Their Insurance Company for Prices



11%

of Medicare Advantage patients compared prices among providers



Price shoppers were **most likely to call their health insurance company** when looking for prices



How Much Will I Have to Pay?

Even Non-Price Shoppers Want to Budget for Their Care



Percentage of MA¹ patients who consider knowing their price before care **somewhat or extremely important**

Medicare Advantage patients are nearly **twice as likely** to prefer the hospital proactively provides a price estimate, rather than seeking the estimate themselves



Why/What Should I Pay Now?

Patients Are More Likely To Pay their Total Obligation After Paying Portion at Point-of-Service



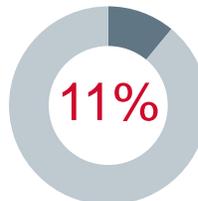
25%

of Medicare Advantage patients were asked for point-of-service payment



What Do These Bills Even Mean?

Patients Want an Accurate Bill with Consumer-Friendly Language

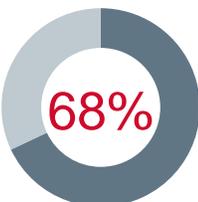


Percentage of Medicare Advantage patients who found their bill **somewhat or extremely difficult to understand**

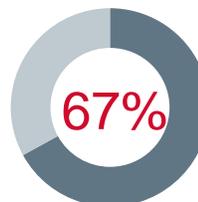


How Can I Pay My Bill?

When Offered a Payment Plan, Most Patients Will Enroll



Percentage of Medicare Advantage patients who were offered a payment plan



Percentage of Medicare Advantage patients who chose to enroll in their offered payment plan

1) Medicare Advantage

Source: 2018 Consumer Financial Experience Survey; InstaMed, "Trends in Healthcare Payments Eight Annual Report: 2018," *InstaMed*, May 2018; Revenue Cycle Advancement Center research and analysis.

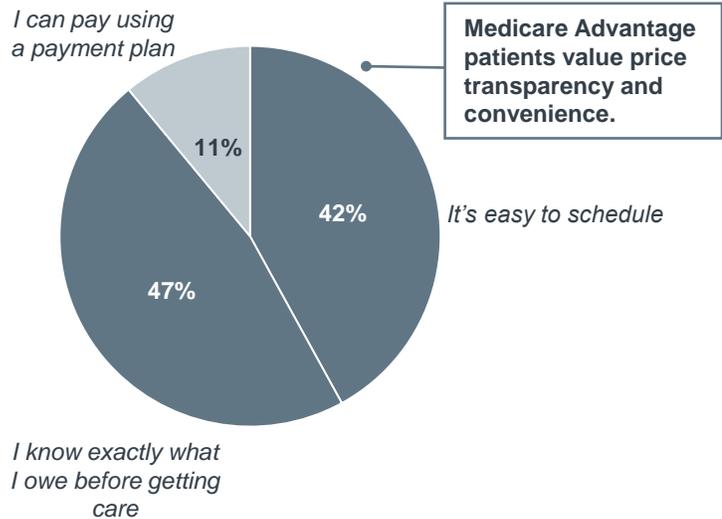
Financial Tool Ranking: Medicare Advantage

Equally Value Convenience and Price in Provider Choice

The Most Important Influence on Provider Choice

“Which is most important to you when choosing a hospital or health care provider to undergo a non-emergency surgery?”

n=166



“

These Customers Are Savvy

“I picked an in-network hospital. Then I paid two \$350 copays. A month later, I got more bills because the in-network hospital used an out-of-network anesthesiologist.”

Medicare Advantage Respondent
Cataract Surgery

”

Financial Tools and Support, Ranked by Medicare Advantage Patients

“Please rank the offerings according to how beneficial they would be to you if you were undergoing non-emergency surgery”

n=166

Tool Rank	Financial Tool	Tool Definition
1	Pre-Service Bill	A more precise estimate of the total cost of care sent after scheduling but prior to receiving care, including what portion will be covered by insurance, what portion is expected to be paid by the patient, how much must be paid upon arrival for care, and how to pay the patient portion of the bill.
2	Consolidated Bill	One single bill sent to the patient after receiving care that includes all charges incurred (hospital, physician, and any imaging or lab) and an easy-to-understand explanation of benefits.
3	Online Price Estimator	A tool patients can access on a hospital or health care organization’s website, before scheduling a procedure, to get a rough estimate of the total cost of the procedure and how much they will be expected to pay.
4	Financial Counselors	An employee of the hospital or health care organization who works with patients regarding their medical bills. They help patients understand what they owe, the types of insurance benefits they have, whether or not they qualify for financial assistance, and may provide payment plan options.
5	Patient Portal	Secure, online portal that allows patients to schedule appointments or procedures, access appointment information, see insurance details and outstanding balances, pay their bills, and securely message providers.
6	Financial Call Center	A single number patients can call to receive information about what procedures cost, find out about outstanding balances, and pay balances for any hospital, physician, or ambulance bill.
7	Payment Plans	A plan designed to help patients pay off any health care bills over the course of several months, via credit card, debit card, or automatic bank withdrawal at low (3%) or zero interest.

The best
practices are
the ones that
work for **you.**SM



2445 M Street NW, Washington DC 20037
1-202-266-5600 | [advisory.com](https://www.advisory.com)