Healthcare Payments Insight Report

December 2024

Provider vs. Patient Experiences in Healthcare Payments



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Introduction

This whitepaper seeks to uncover some of the difficulties in understanding patient sentiment towards healthcare payments as well as provider capabilities and plans around payments in 2024. We surveyed both consumers and healthcare professionals to gather perspectives and better understand strengths, weaknesses, and opportunities for improvement.

On the surface, providers and patients really want the same things from payments technology – positive payment experiences, improved engagement, and streamlined workflows. This is illustrated when considering what providers value in evaluating new payment solutions, and mirrors key considerations from the patient point of view.

Patients want a seamless, transparent payment experience that allows them to pay off their financial responsibilities. While the needs of the payer and payee are largely in alignment, the path to realize this goal is not so straightforward due to the complexity of insurance policies and the obstacles to managing different payment types, eligibility criteria, and enrollment processes. In addition, healthcare providers are facing tangential challenges such as staff shortages, rising competition, and increasing costs of care that significantly impact the demand for consistent cash flow.

The following sections were designed to inform healthcare information technology professionals and organizational leaders on emerging challenges and opportunities in healthcare payments.

From this whitepaper, you will learn:

1. How the patient experience is becoming more convenient with the digitalization of payment methods, while consumers still struggle with cost transparency and payment flexibility.
2. How providers are now focused on key areas such as information sharing and data security while still struggling to collect timely payments from a significant share of patients.
3. Solutions to these issues and future directions for healthcare providers.

2024 Highlights

58% of patients are less than satisfied with the communication they receive on healthcare costs

45% of patients were not offered a payment schedule or financing options

40% of patients would like to see contactless payments and online portal payments supported by providers

55% of offices strongly agree that they are doing everything possible to protect patient personal data this year

76% of providers are happy with their patient payment platform

69% of providers have implemented a new payment solution in the past two years

Section One

The Patient Experience in the U.S.



Healthcare costs represent a major expense for most patients, and patients' view of an expensive medical bill is changing. According to this year's survey results, 30% of patients view a medical bill of $200-$499 as expensive, compared to 24% last year. The latest figures show that the average medical charge for a primary care visit is $203[1][2], the average cost of a hospital stay is $2,883 per day[3], and the average household medical debt in the U.S. is $15,670[4]. Considering that paying for healthcare is not only expensive for the average family, but can also be unavoidable and unexpected, providers' focus on improving the payment experience should center on the following areas to reduce uncertainty and boost payment ease for patients.

These areas are:

- Improving the ways providers communicate costs to patients (e.g., communication methods, cost transparency)
- Reducing payment friction (e.g., limited payment options, complex checkout flows)
- Offering financing or recurring payment options (e.g., limited payment options, complex checkout flows)

1 Mira Health (2024). How Much is a Doctor's Visit with and Without Insurance?

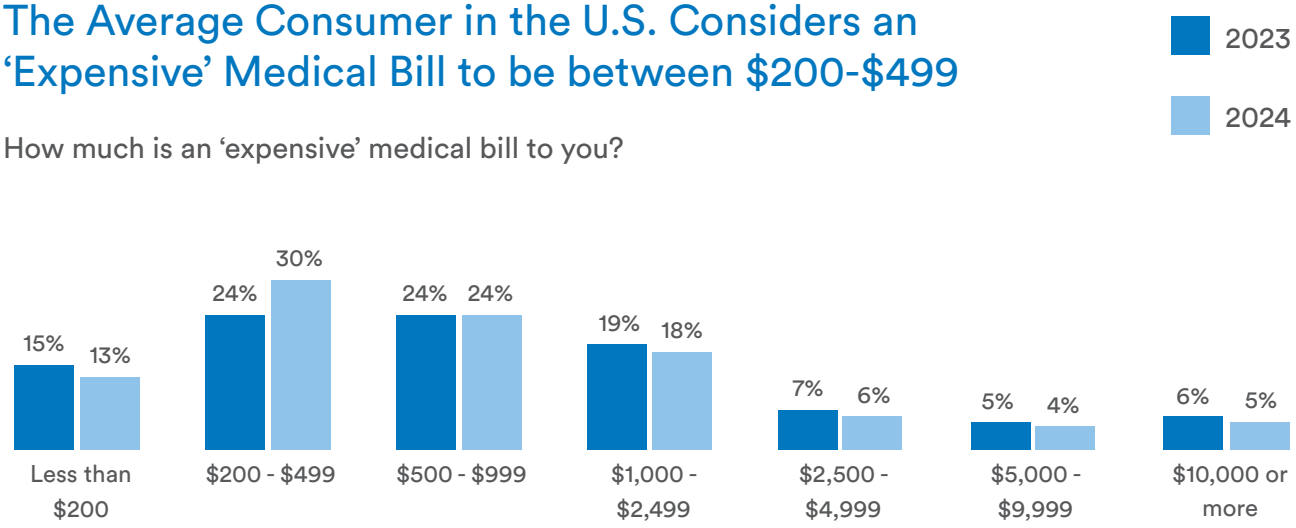
2 Visitors Coverage (2022). Average Cost of Medical Services in the US (& How to Prepare).

3 ValuePenguin (Oct 16, 2023). Typical US Hospital Stay Costs 384 Hours of Work with Average Earnings.

4 WalletHub (Aug 12, 2024). Medical Debt Statistics.

The Average Consumer in the U.S. Considers an 'Expensive' Medical Bill to be between $200-$499

How much is an 'expensive' medical bill to you?



Communication is Overlooked in Search of Collecting the Payment (Cost is Only One Complexity)

The Hospital Price Transparency Rule, which went into effect on January 1st, 2021, mandates that hospitals provide comprehensive pricing information for all common services in two forms on their website for easy access[5]. The purpose of this legislation was to make it easier for patients to compare prices across providers and give them estimates of the price of care before receiving treatment.

However, patients suggest that providing these convenient estimates does not completely resolve their concerns. Patients still report missing crucial information like insurance information, medical code definitions, lab costs, and itemized bills to help them understand what their actual bill will be and why. A thorough breakdown of costs improves patients' ability to accurately and precisely plan for both current and future treatments.

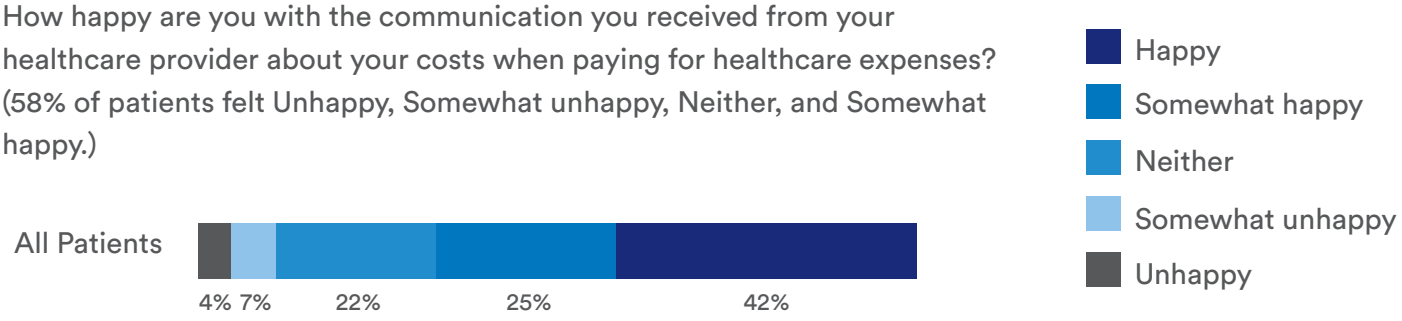
5 Centers for Medicare & Medicaid Services (Nov 2, 2023). Hospital Price Transparency.

In addition, transparency around costs fosters a trusting relationship between providers and patients that can even improve care outcomes. To ensure better patient outcomes, providers need to consider going above and beyond regulatory standards where possible and provide the most accurate cost estimates to individual patients as soon as they are able in the treatment process.

Communication about healthcare costs remains a chief hurdle for patients, with 42% reporting that they are fully happy with their providers' communication on costs, and a total of 58% of patients reporting varying degrees of satisfaction. In addition, when asked what would improve their healthcare payments experience the most, patients referenced hurdles like, "Knowing my costs as soon as possible", "Letting me know if additional costs will be coming next", and "Better upfront cost estimates." The more information patients are given up-front about their healthcare treatment and costs, the more they are able to prepare for and avoid unexpected costs, make informed decisions about the kinds of treatment they accept, and develop an accurate budget, all of which increases the likelihood of patients paying their bills on-time. Patients want cost information as soon as possible in the treatment process (i.e., at the time of scheduling an appointment, or at least before treatment is provided) because financial planning takes time, especially for patients living paycheck-to-paycheck.

58% of patients are less than happy with their providers' communication on healthcare costs.

How happy are you with the communication you received from your healthcare provider about your costs when paying for healthcare expenses? (58% of patients felt Unhappy, Somewhat unhappy, Neither, and Somewhat happy.)



Information Sharing and Payment Flexibility Remain Problematic

Healthcare pricing and cost information is complex. Multiple parties are involved in getting an estimate of out-of-pocket costs for patients. And patients often don't understand their coverage and report dissatisfaction with healthcare provider billing processes[6]. Our survey revealed that a little less than half (45%) of patients don't receive adequate information about their medical bills. Access to timely billing information is critical for patients who are unsure how they will fund their visit, especially when the bill is considered expensive.

6 Healthcare Financial Management Association (2023). The patient as the new payer: 5 opportunities to improve the patient financial experience.

Despite its potential to help patients pay larger healthcare bills, 67% of patients reported being dissatisfied with healthcare payment options offered to them. Financing options help patients receive necessary treatment without having to delay the service, decreasing the risk of worsening health problems and complications. Financing improves the patient experience, reduces stress for patients, and increases trust and loyalty with the institution while providers enjoy the increased revenue.

There is also a gap in patient awareness of financing options, as 45% of patients reported they were never offered an option, although 78% of providers offered patient payment schedules. Because of this gap, financing options need to be marketed consistently and in a timely manner. Education on payment arrangements should be baked into administrative workflows to ensure all patients are fairly treated and aware of their options.

Patients use Different Strategies to Manage the High Cost of Healthcare, but Few are Optimal

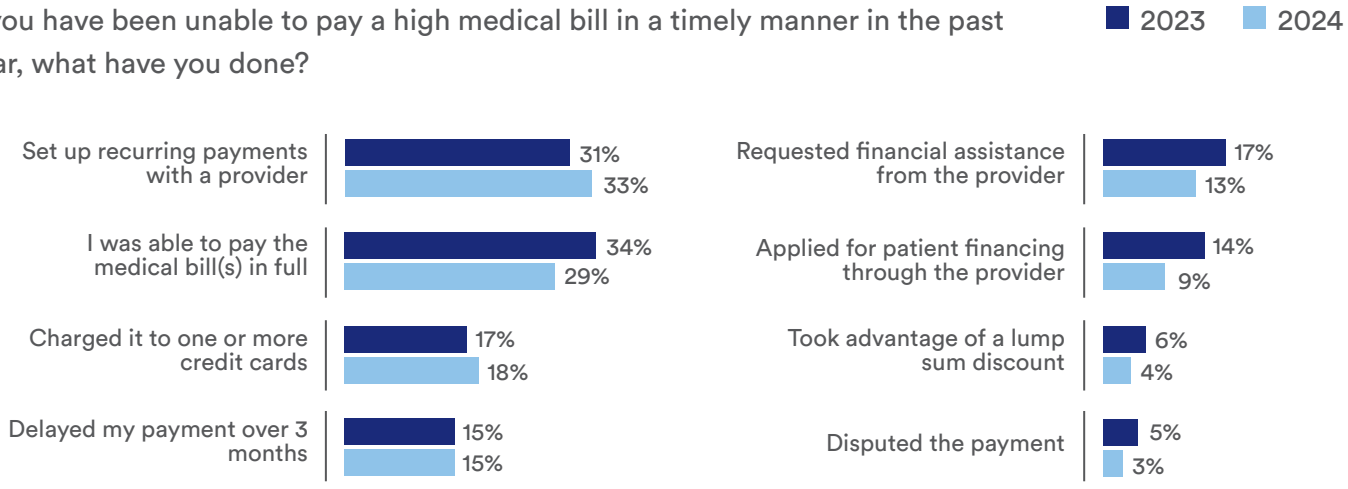
The top 3 ways patients manage large healthcare expenses include:

1. Talking to a provider about less expensive options (39%)
2. Calling their insurance provider (35%)
3. Delaying the service (30%)

In struggling with high medical bills, 18% have used credit cards to finance unaffordable healthcare costs in the past year, 15% have delayed payments for over 3 months, and 3% have even disputed the payment.

Response to Inability to Pay - 2023 vs 2024 Comparison

If you have been unable to pay a high medical bill in a timely manner in the past year, what have you done?

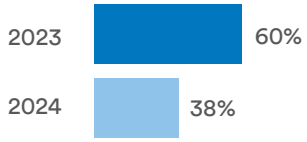


Use of credit cards to finance healthcare expenses can be financially problematic for patients. High interest rates mean patients can actually pay more when using a credit card than if using deferred- or no-interest financing options. Although providers typically implement a 90-180 day grace period, delaying payment is not ideal for providers either because of cash flow concerns. Disputes also delay payments from being made to providers, and require an increased administrative workload to comply with regulations. Patients dispute payments when they encounter financial hardship or there is confusion around what was charged and why. Providers may be able to avoid the burden of disputes, delays in payment, and credit card burden for patients if education on financing options as an alternative is provided sooner in the treatment process.

The Expansion of Healthcare Payment Methods Adds Convenience for Patients

Once a patient is aware of their options, they want convenient avenues and methods that streamline the payment process. What is convenient for some may not be convenient for others, so offering a variety of payment channels and methods is important to appeal to a diverse base of patients. Some patients are taking advantage of more convenient payment options already, while other, more traditional payment options are decreasing in use.

Large healthcare organizations saw checks used as a payment method less often in 2024 than in 2023.

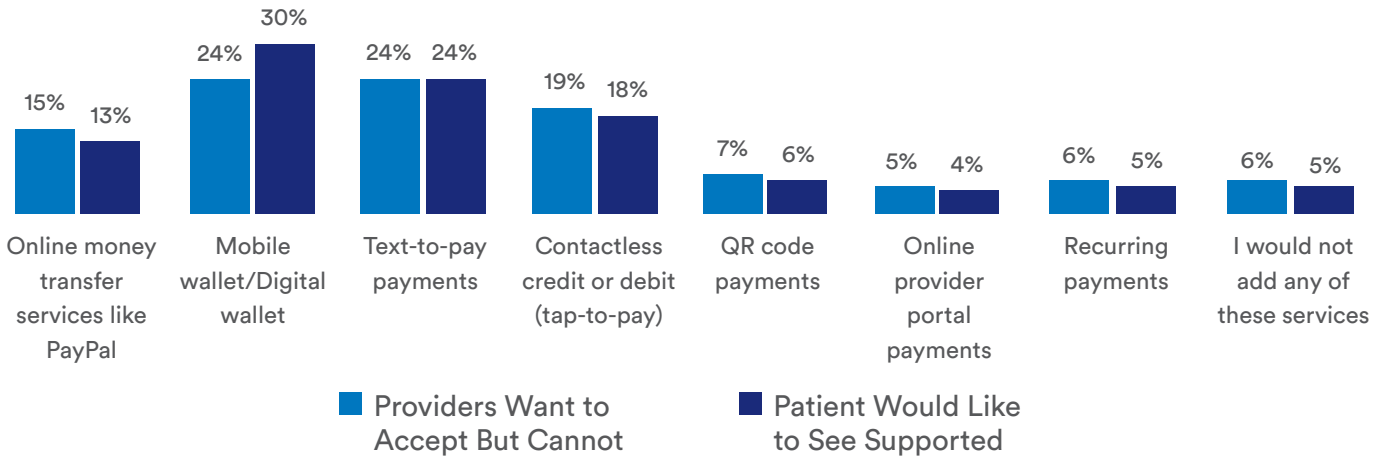


Younger patients are least likely to pay with traditional payment methods, including cash and checks. Only 7% of Generation Z had paid for a healthcare bill with a check in the past year, whereas 30% of the Silent Generation had.

There are still payment methods patients are interested in, but may not have been offered to them. For example, 19% of patients expressed a desire to pay with online money transfer services like PayPal, while 54% of providers do not currently offer these services but would like to.
Consumers are used to conveniently moving money in and out of their accounts to pay for products and services. The digitalization of healthcare payments is also characterized by rising interest in contactless payments, digital wallet applications, and recurring payments, which many providers are motivated to provide.

Patients Want to See Tap-to-Pay, Online Portals, Online Money Transfer Services, and Recurring Payments Supported by Providers

Payment methods providers & patients want to see supported.



Section Two

The Provider Experience in the U.S.



Providers have different areas to consider when it comes to collecting a payment. For each top line consideration for collecting the full payment due, there is a bottom-line consideration for the cost to collect that payment.

In addition, providers have become more aware of the need for security as their patient populations move away from check payments and toward electronic payments.

Payments: Provider Expectations and Consumer Timeliness

Healthcare costs are increasing in the U.S., and about half of patients report challenges in affording healthcare[7]. The average medical bill is $2,442 according to enterprise providers surveyed in this study. The sample included dentists, primary care physicians, hospital/healthcare systems, medical specialists, mental health providers, optometrists, and x-ray technicians, among others. About half of consumers report worrying about affording their healthcare premiums as well. The cost of healthcare can cause patients to delay care, or if that is not an option, delay payment.

Providers estimated that on average 66% of patients pay their medical bills before the debt is sent to collections. This number is lower for smaller organizations. About four in ten adults have medical debt in the form of credit card debt or owing collections agencies, family and friends, or other lenders.

Payment Channels and Methods are Evolving to Include Online Portals and Digital Payment Methods

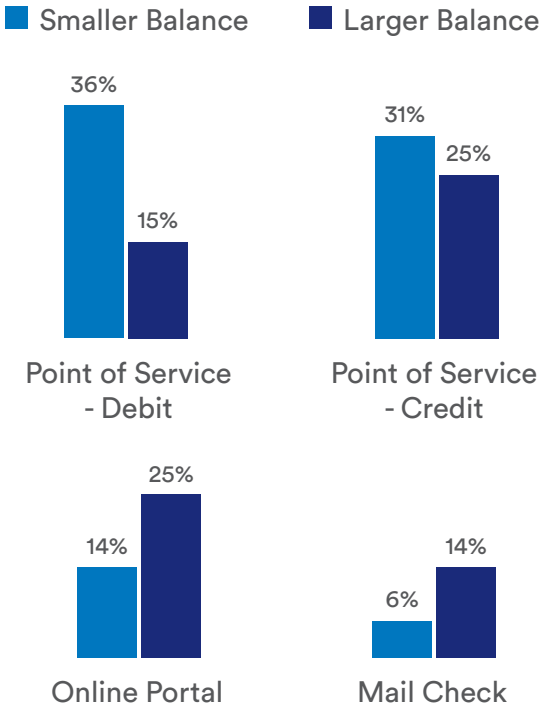
Check payments are being replaced by self-service options like online portals. Portals help decrease administrative burden for providers while also providing a convenient way for patients to utilize digital payment methods. Online portal bill pay functionality is offered by a majority of enterprise providers (63%). Credit/debit cards (78%), Google Pay (66%), Apple Pay (64%), and PayPal (63%) are the most popular payment methods offered by providers via online healthcare portal.

The top channels patients used to pay for smaller healthcare expenses and co-pays are point of service debit, point of service credit, and online portals.

For larger balances, payment preferences shift from debit to credit and using a check; the top channels patients reported using to pay for larger healthcare balances were point of service credit, online portal, point of service debit, and mailing a check. Online portals were more likely to be used by patients paying for larger healthcare costs. On average, 45% of an organization's patients pay at least some of their bills through the online portal. This number decreases for smaller providers. In addition, 18% of patients reported desiring recurring payment options, such as payment schedules, from their healthcare provider.

Online Portals and Credit Cards are the most popular forms of payment for Larger Healthcare Balances, While Debit is most Popular for Smaller Healthcare Balances

How do you prefer to pay to smaller or larger healthcare balances?



7 KFF (Mar 1, 2024). Americans' Challenges with Health Care Costs.

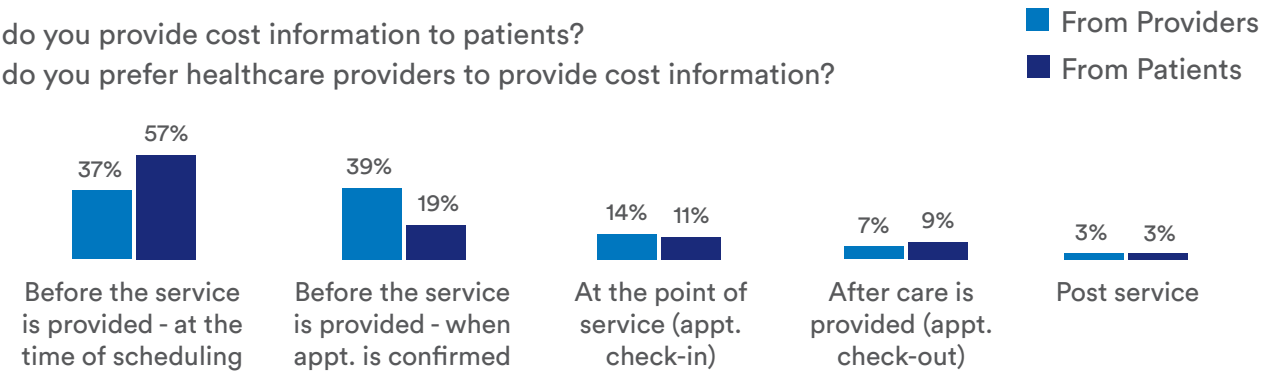
Information Sharing and Data Security Are Primary Focuses

Challenges centered around payments are not only about when patients receive cost information, but the level of detail of the information they receive. Most providers reported that they communicate cost information before the service is provided (76%),14% communicate at the point of service and 11% communicate post-service, either at appointment check-out or post-service. Communicating cost information before the service is provided aligns with patient expectations. However, 45% of patients were less than satisfied with the adequacy of information received about their medical bills. Patients want access to more information than what they currently receive. Providers can communicate the following to provide more comprehensive cost information to patients:

1. Insurance portion of costs
2. Whether deductible has been met
3. Any lab costs
4. Payment options available
5. Description of medical codes used
6. Detailed breakdowns of costs
7. Explanations of charges

Patients want upfront cost information for services, and most providers accommodate this preference.

When do you provide cost information to patients?
When do you prefer healthcare providers to provide cost information?



Data breaches are becoming more common in healthcare[8]. The average cost of a data breach across the globe in 2024 was nearly $5 million, and in the U.S. the average cost nearly doubles[9]. In fact, data breaches are the most costly for the healthcare industry, compared to all other industries[8].

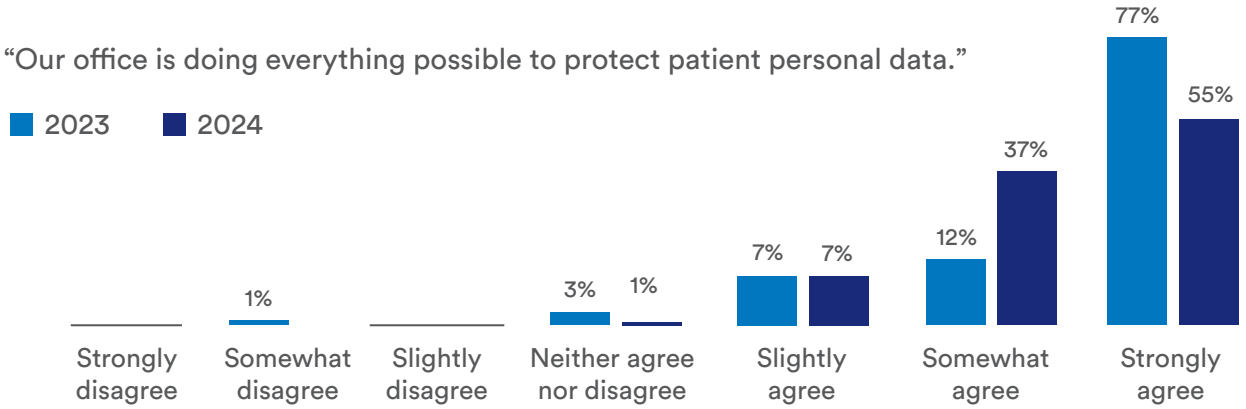
8 The HIPAA Journal (Aug 23, 2024). Healthcare Data Breach Statistics.
9 IBM (2024). Cost of a Data Breach Report 2024.

Consequently, patient personal data security is becoming more of a focus for healthcare providers.

55% Fewer organizations agreed this year that they are doing a lot to protect patient data than last year (77%).

66% Of the largest healthcare organizations strongly agree that they are put more effort into securing patient data than smaller organizations (38% strongly agree), like doctor's offices.

Only 55% of offices strongly agree that they are doing everything possible to protect patient personal data this year.



Providers and their Payments Partners are Navigating a Complex Environment, and There is Work to be Done

Healthcare payments for providers with over $25M in annual revenue are becoming more complex to manage. Since the pandemic, providers' use of remote and third-party technology accelerated, increasing the degree to which systems are interconnected. This helps to organize care delivery but also increases the need for more comprehensive security and interoperability. Our provider survey identified the following areas as ways to improve payment processes for providers as they navigate a complex payments environment.

A Majority of Providers Store Patient Payment Method Data Electronically

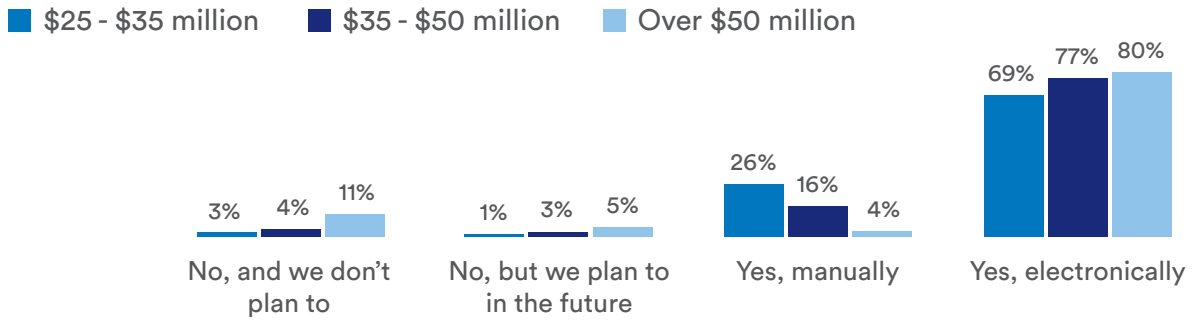
Providers that do store patient payment method data require a higher focus on security controls to safeguard the information. Healthcare providers, with the help of their payment providers, implement a variety of protocols to make this happen, such as encryption, tokenization, and PCI DSS compliance and validation practices. In addition, providers adopt other access and audit controls.

77% of providers store patients' preferred payment method data electronically as a business process

26% of the smallest organizations we surveyed are more likely to do this manually than the largest organizations (4%)

Smaller organizations spend more time manually storing patient's preferred payments methods.

Do you currently store the patient's preferred payment method data as a business process?

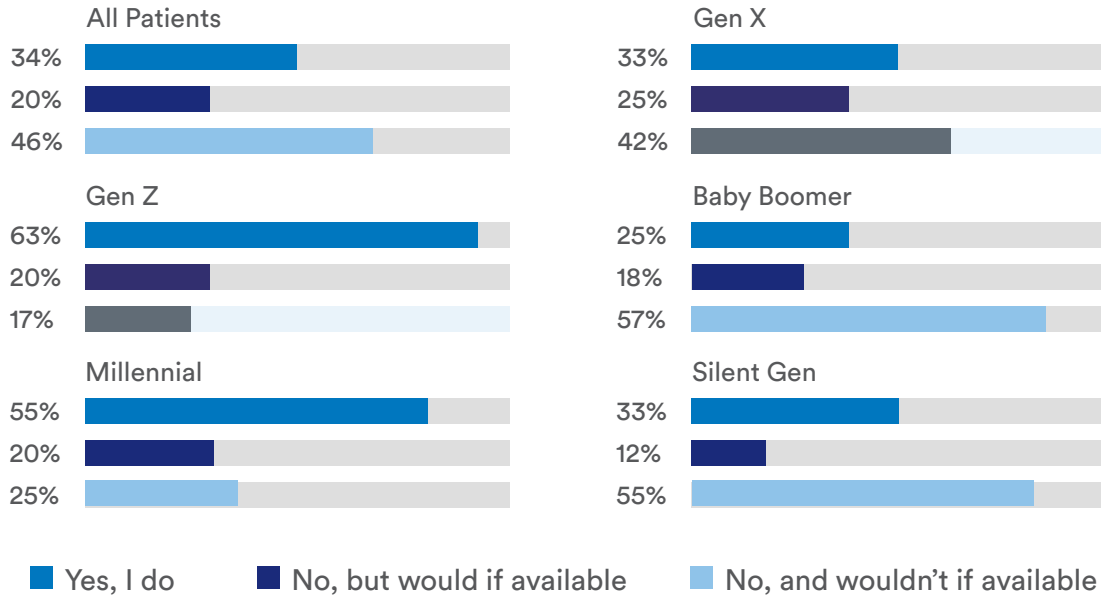


Younger generations are more likely to store payment methods with providers.

Most providers do offer the storage of card data. And, there appears to be a number of patients who would be willing to use this.

- 54% of patients either are or are willing to store their payment method with providers.
- Across every generation except the Silent Generation, at least 43% are currently using or would be willing to store payment method data. This illustrates a significant opportunity for providers.

Do you currently store your preferred payment method with your healthcare provider?



There is room for improvement in interoperability.

Interoperability has significant potential for improvement. Integrated payment systems enhance provider functionality while simplifying the patient payment experience. The degree of integration—how seamlessly payment solutions connect to provider workflows—can influence both automation and security levels within those workflows. Ultimately, improved interoperability reduces administrative burdens, boosting provider efficiency. For instance, a unified system fosters better communication between clinical and administrative teams.

50% of providers say that their patient payment solutions work moderately well with their other systems

39% said that they work extremely well together

Larger organizations have more bandwidth to prioritize patient payments.

Approximately half of the organizations surveyed still manage at least some manual payment reconciliation, while the other half use fully integrated payment solutions. Larger organizations, which often rely on multiple billing systems, have a greater need for integrated payment systems. As more organizations adopt integrated solutions, demand for tools and services that streamline processing times will continue to grow. In general, healthcare providers that place a strong emphasis on the patient experience tend to be larger healthcare systems.

67% of the largest providers say the patient payment experience is extremely important

47% of the smallest providers surveyed say the patient payment experience is moderately important

53% of providers reported that all patient payments auto-post in their PMS/EHR system, 40% said that most do, but not all

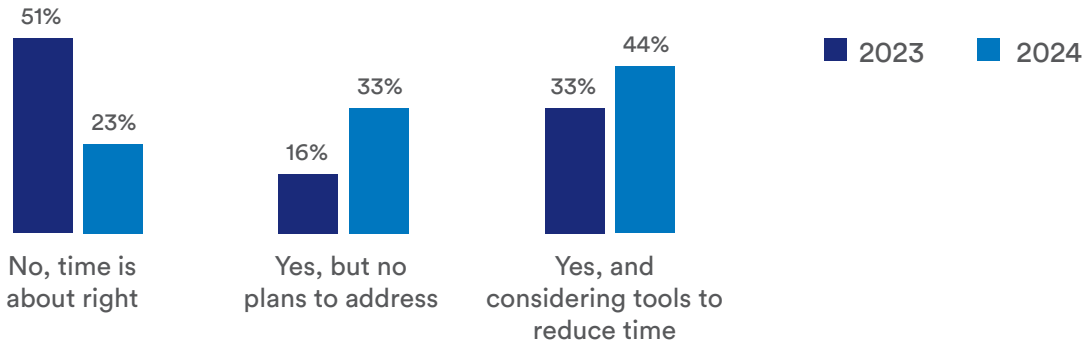
47% of providers were dealing with at least some manual reconciliation of payments

47% of providers boast a fully integrated solution

44% of providers are looking at tools and services to reduce time spent processing and reconciling patient payments this year compared to last year (33%)

Only 23% of Healthcare Providers felt that they Spend About the Right Amount of Time Processing and Reconciling Patient Payments - This is Much Lower than Last Year (51%)

Do you feel that you spend too much time processing and reconciling patient payments?

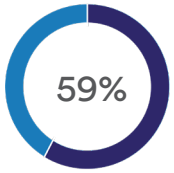


Providers are spending more time this year than last year reconciling patient payments. More providers are considering tools to reduce the amount of time processing and reconciling patient payments than those who are not considering these tools.

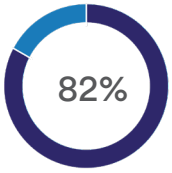
Healthcare Technology Platforms – Where do Things Stand?

76% of providers were happy with their patient payments platform, although mental health care providers and hospital/healthcare systems are least likely to be satisfied.

Most platforms received a happiness rating of 79% or above.



EHR Solutions Satisfaction



Patient Payment Partners Satisfaction

Choice in payment platform is critical to solving some top challenges providers face. The right payments platform can provide the best omni-channel mix to appeal to a providers' patient base. Here are some examples of how a high-quality technology platform can ameliorate inefficiencies in healthcare and support the payments experience:

Administrative burden – managing billing and insurance through integrations with EHR and viewing data through advanced reporting and analytics to show payment trends, patient behavior, and revenue cycle management to project cash flow.

Labor shortages – increasing efficiency through automated payment options and payment processing, which reduces human error and streamlines workflows.

Security – protecting patient data from cyber threats through robust digital security practices such as P2PE, tokenization, validation of compliance with PCI DSS, HIPAA compliance measures, MFA, secure payments gateways, and regular security audits and updates.

Patient payment preferences – providing a user-friendly interface and payment options similar to those offered by retailers (e.g., text-to-pay, 0% interest financing, tap-to-pay)

Section Three

Opportunities for Improvements and Innovation in Healthcare



The Solution: Leveraging Recurring Payments and Consistent Sources of Cost Information to Retain Patients

The following represent the top five opportunities for healthcare organizations to support patient engagement and positive payments experiences, based on the results of our patient and provider surveys:

1 Provide exact cost information as soon as possible in the treatment process

Patients want to pay their bills on-time and need accurate cost estimates in order to plan their treatment (e.g., only accept what they can afford) and make a budget for the treatments that are required. The sooner they have information about costs and payment options, the better-informed choices they can make to prepare for and avoid unexpected costs, increasing the likelihood of
on-time payments.

2 Utilization of online portals to communicate detailed cost information

Online portals can give patients the ability to view detailed billing statements, receive cost estimates, peruse payment options, examine insurance information, and have access to communication avenues which give them direct and convenient access to providers. 79% of providers feel that they already communicate bill information adequately to patients, yet a smaller number of patients believe this to be true for them (45%).

3 Improved patient education of payment options, including financing options

A significant portion of patients stated they were not offered financing by their provider. Considering that patient financing options like buy now, pay later programs, point-of-sale lending, and recurring payments are often the most cost-effective and easiest ways of reducing a large payment into more manageable, smaller installments, it is important that patients receive detailed information about their options so that they can properly weigh their choices.

4 Offering payment options before the service is provided

The sooner patients are aware of their options, the better their ability to plan for successful, on-time payment(s). Providing a map of options before treatment is what most patients prefer (76%), either at the time of scheduling or appointment confirmation.

5 Storing preferred payment methods to facilitate automatic payments

Storing preferred payment methods lends itself well to healthcare providers. Not only does it streamline billing processes and improve cash flow, but it also enhances the patient payment experience. However, nearly half of patients (46%) would not store patient information even if the option was available. Providers should work to build trust with their customers while advertising their capabilities, as some customers may prefer to review the accuracy of bills before agreeing to pay.

Leveraging New Technologies – Continuous Improvement for Providers is Essential

Implementing new patient payment solutions require buy-in from all stakeholders pre- and post-implementation to ensure the new solution is fully integrated into workflows, especially at the frontline level. This is important because nearly 7 in 10 providers implemented a new solution, and that pace should continue.

69% implemented a new patient payment solution within the past two years

84% did so to add a new payment channel (i.e., expand ways to pay, online, etc.)

74% did so to add a new payment type for patients (i.e., payment schedule, etc.)

41% added a new recurring payments product

The top four barriers for implementing a new solution included:

47% technical compatibility issues

50% security issues

48% resistance to change from the organization

48% the need for training on the system

Looking ahead: Healthcare Payments

Smaller healthcare organizations like doctor's offices have a ways to go when it comes to leveraging technological solutions to reduce manual processing, supporting the patient experience, data security, interoperability of systems, and storing preferred payment methods. These gaps likely lead to a reduced number of patients paying bills on-time.

Enterprise providers plan to improve their payment systems through better communication with patients, conducting feedback surveys with patients, and patient data security software updates. Conducting patient feedback surveys can help smaller providers better understand the patient journey, and results can help prioritize which changes and improvements will move the needle of patient satisfaction and on-time payments the most.

All providers grapple with manual billing processes. Technologies are available to reduce the manual processes that orchestrate payment systems, namely:

1. Omni-channel payments
2. Online portals and mobile applications
3. Automated and recurring billing
4. EHR integration

Conclusion

Patient expectations for the healthcare payment experience are becoming more digitalized and consumer-centric – the ability to have choice in payment methods and self-service account access has never been more important for improving payment rates and reducing delays in payment for providers. In tandem, patient data security takes a front seat as the need for risk management features becomes more apparent. As providers strive to meet these expectations, payment systems will become even more complex to manage.

The need for technological solutions to streamline manual processes is growing, and smaller organizations may struggle to keep up with growing demands.

Methodology

About this Survey

The Strawhecker Group and U.S. Bank conducted a survey of 2000 consumers across the United States to understand their sentiment towards healthcare payments in 2024, what payments they prefer to use for healthcare, and what pain points they experience while paying for healthcare. The survey, conducted between June 20th and June 24th 2024, included feedback from individuals who were over the age of 18 in the United States. The margin of error for those surveyed was +/- 2% at a 95% confidence level. Two attention checks were included within the survey to ensure effortful responding, as well as manual data cleaning to ensure understanding of content. All respondents had visited a hospital, clinic, urgent care center or doctor's office in the past six months and paid for treatment.

The Strawhecker Group and U.S. Bank conducted a survey of 320 healthcare providers across the United States to understand their capabilities and plans around healthcare payments in 2024, including what payments they accept and what future changes they plan to make to the payment techniques and services they offer. The survey, conducted between June 21st and July 7th 2024, included feedback from people who work in healthcare who have decision-making power over payment systems in healthcare organizations within the United States. The margin of error for those surveyed was +/- 5% at a 95% confidence level. An attention check was included within the survey to ensure effortful responding, as well as manual data cleaning to ensure understanding of content.

Both surveys were conducted in English.

About U.S. Bank

As a leader in the financial services and healthcare industry, U.S. Bank, understands the challenges of balancing good patient care with strong business performance. While partnering with us, you can get paid faster and improve consumer financial engagement with our solutions designed specifically for the healthcare industry.

Benefits of partnering with us:

One powerful platform—We will work with you and your payment partners as you make decisions regarding your payment processing environment.

Health systems—You can spend more time on patients and allow us to handle the payment processing. Our payment and revenue cycle solutions make transactions quick and convenient for staff and patients.

Medical practices—You can get paid faster. Our healthcare payments solution helps you conveniently manage payments in a single system while extending more payment options to patients.

Strategic partners—Our healthcare payment solutions can be integrated with your existing platforms. With a flexible combination of solutions and services, we can help you deliver more value and grow your business.

Strategic vision for healthcare—Our team understands the complexity of the stakeholders served by you. We are focused on creating an integrated payment environment that is best suited to achieve your goals and objectives in both the near and long term.

Security and compliance—We will help you protect sensitive data with the latest security technologies. We are committed to the highest level of adherence to compliance and certifications, such as PCI DSS, HIPAA, and all other industry-related requirements. Our focus on the highest adherence to the regulatory and security requirements of the payment industry drive our entire approach.

Implementation—We provide integrations that create efficiency, and bring seamless transition and implementation to ensure no interruption of service.

Account management—You will have 24/7 access to a team of healthcare focused resources to address your servicing needs.

Extensive healthcare experience—We have experts who support our extensive healthcare client base. This team is composed of tenured client executives, healthcare specific operational account support members, solution engineers as well as product management recourses to support the ongoing needs of our clients.

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