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AccessOne Patient Finance Survey

Analysis on how healthcare costs impact patient behavior

Limited Payment Options in Revenue Cycle Hurt Patients—Especially Families

Families who can't afford to pay their out-of-pocket medical bills are twice as likely to have their accounts sent to collections.

Record increases in patients' out-of-pocket costs for care¹ show the importance of healthcare providers offering flexible options for payment. But a recent survey by AccessOne shows that while 68 percent of patients want to discuss financing options with providers, the majority of providers are falling short—and families, especially, are feeling the pinch.

Twenty-seven percent of households with children are likely to delay care because they can't afford to pay for it, according to a survey of nearly 700 people, each with at least \$35,000 in household income.

Families also are less likely to pay their out-of-pocket costs in full—**and their chances of having their account sent to collections are twice as high**. More than one-fifth of survey respondents with families who had trouble paying their medical bills reported that their accounts had been sent to collections, compared with 9 percent of individuals who faced similar difficulty.

Yet while best practices for patient financial communications point toward the importance of discussing payment options with patients before care is delivered², only 21 percent of respondents say their healthcare providers have spoken to them about available patient financing options in the past two years. Additionally, the survey found patient financing options are far less prevalent than lower-yielding collection agency approaches within healthcare—to the detriment of patients and providers.

The findings underscore the need for expanded and more flexible payment options for all patients.

Measuring the Impact

The survey, commissioned by AccessOne and conducted by ORC International, shows that despite higher deductibles and out-of-pocket expenses, patients often have little knowledge about their medical costs or how to pay for them.

Among survey respondents, the desire for both transparency and communication around healthcare costs and financing options is true across generations and income levels (*see the exhibit below*). Fifty-five percent want this discussion to occur before care or service is delivered. Meanwhile, one out of five patients are not comfortable speaking with their provider about their financial situation, making availability of information around cost and payment options before care or service is delivered all the more critical.

Exhibit One

All Generations Desire Greater Transparency from Providers Around Medical Costs



Source: AccessOne Patient Financing Survey, August 2018.

The consequences of not offering financing options run deep, particularly for families.

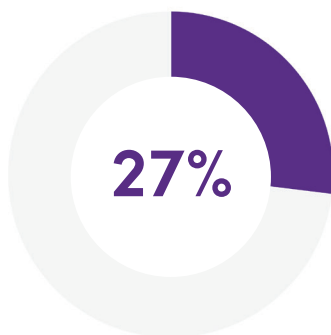
Survey results show households with children are more likely to switch providers because a competitor offered low- or no-interest financing. Forty-three percent of families are likely or very likely to switch providers based on availability of low- or no-cost financing, compared with 33 percent of other respondents.

One quarter of all women who responded to the survey also delayed care because they couldn't afford it—and given that women with children often put their health last³, this trend can impact both families and providers. When patients skip or delay care, this significantly impacts health outcomes⁴, increasing both the severity of chronic conditions and the expense of treating these conditions when patients must seek medical attention. The result: a sharp rise in costs of treatment when patients do seek care—affecting patients' pocketbooks as well as providers' ability to collect.

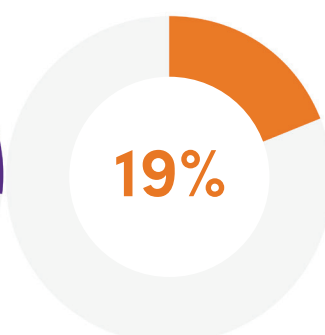
Exhibit Two

How Lack of Financing Options for Medical Bills Affect Families

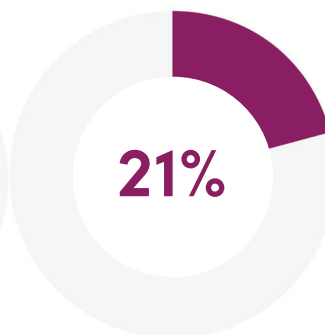
In the past two years:



of respondents with children have delayed care because they couldn't afford it



put the balance owed on a credit card since it would take more than a month to pay off the balance



of families did not pay their medical bill—and it was sent to collections



borrowed money from a family member to pay for a medical bill

Source: AccessOne Patient Financing Survey, August 2018.

Revenue Cycle Strategies for Providers

There are three actions providers should consider as part of their revenue cycle strategy to offset the impact of out-of-pocket medical costs for families and individuals and protect their financial health.

No. 1

Have discussions with patients about their estimated out-of-pocket expenses before or at the point of care. Seventy-seven percent of respondents say it's important or very important for providers to share information on costs before a procedure. Additionally, 62 percent believe it's important or very important for providers to offer a pricing list for common procedures.

For patients, the most meaningful cost information is their estimated out-of-pocket cost after insurance pays its portion of the bill, according to the Healthcare Financial Management Association (HFMA)⁵. According to HFMA, providers should invest in transparency tools that provide patients with the:

- Total estimated price of the service
- Network status (whether the service with a particular provider is in network and, if it isn't, information on how the patient can locate an in-network provider)
- Out-of-pocket responsibility after insurance
- Other relevant information to the service that would be provided, such as clinical outcomes, patient safety, or patient satisfaction scores

HFMA also recommends the use of technologies that can pinpoint, in real time, the anticipated out-of-pocket costs based on the portion of the deductible met to date.

No. 2

Offer a variety of options for payment. More than half of respondents are concerned about their ability to pay a medical bill of less than \$1,000, while 46 percent would worry about their ability to pay an unexpected medical expense of \$1,000 or more. Given that a significant portion of consumers carry high deductibles, this speaks volumes about the potential impact of an unexpected medical expense on provider revenue:

- The average deductible among workers covered by employer health plans is \$1,573 for individual coverage⁶.
- The percentage of Americans enrolled in high-deductible plans—defined as plans with deductibles of \$1,300 or more for individual coverage and \$2,600 for family coverage—climbed to 39.3 percent in 2016⁷.
- Average deductibles for silver plans on the health insurance exchanges total nearly \$4,000⁸.

It's one reason why making low- or no-interest financing options available for patients makes good business sense.

What types of financing plans matter most for patients? Survey results show strong interest in financing options for both low balances (\$1,000 or less) and high balances (greater than \$1,000). Among those surveyed, 54 percent of those surveyed say they would use a low-interest or zero-interest financing option for a balance of \$1,000 or less, and 46 percent would rely on such financing for balances higher than \$1,000. Meanwhile, 57 percent say availability of a no-interest finance option is important or very important in evaluating a provider.

No. 3

Publicize the availability of no- or low-interest financing options. Survey data shows providers gain a competitive advantage when no- or low-interest financing options are available: 46 percent of Millennials, 36 percent of Gen Xers and 28 percent of Baby Boomers would switch providers for a better financing option.

Across generations, survey respondents show strong interest in the availability of no- or low-interest financing options for bills under \$1,000:

- 67 percent of Millennials
- 55 percent of Generation X
- 40 percent of Baby Boomers

Meanwhile, Baby Boomers hold the strongest interest for no- or low-interest financing options for medical bills over \$1,000, followed by Generation X:

- 33 percent of Millennials
- 45 percent of Generation X
- 60 percent of Baby Boomers

Healthcare providers should integrate zero-interest and low-interest financing options into their revenue cycle management programs to help reach patients before they delay care—and prevent more bills from ending up in collections, where the chances of recovery are lower.

Footnotes

1. Johnson, C.Y., "Out-of-Pocket Health Spending in 2016 Increased at the Fastest Rate in a Decade," *The Washington Post*, Dec. 6, 2017.
2. "Best Practices for Communications in Advance of Service," Healthcare Financial Management Association (HFMA), <http://www.hfma.org/Content.aspx?id=19957>.
3. Sizensky, V., "New Survey: Moms Are Putting Their Health Last," January 2015, <https://www.healthywomen.org/content/article/new-survey-moms-are-putting-their-health-last>.
4. Gillies, T., "Why Health Care Costs Are Making Consumers More Afraid of Medical Bills than an Actual Illness," CNBC, April 22, 2018.
5. *Price Transparency in Health Care: Report from the HFMA Price Transparency Task Force*, HFMA, 2014.
6. "2018 Employer Health Benefits Survey," Kaiser Family Foundation, Oct. 3, 2018, <https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey/>.
7. *High-deductible Health Plans and Financial Barriers to Medical Care: Early Release of Estimates From the National Health Interview Survey, 2016*, National Center for Health Statistics, Centers for Disease Control and Prevention, 2016.
8. Goodman, J.C., "High-Deductible Health Insurance: The Good, the Bad and the Ugly," *Forbes*, May 11, 2018.

Methodology

The survey was commissioned by AccessOne and conducted by ORC International from August 13-15, 2018. ORC International surveyed 693 people with at least \$35,000 in annual household income. Completed interviews were weighted by age, sex, geographic region, race and education to ensure reliable and accurate representation of the total U.S. adult population

About AccessOne®

AccessOne is a leading provider of flexible, co-branded patient financing solutions. Founded by providers, our solution provides a consumer-focused experience which drives high patient satisfaction for our clients. We have helped over one million consumers afford out-of-pocket medical expenses for health systems nationwide. We offer the most comprehensive platform in the industry with funding models that help more providers and programs that reach more patients. All patients qualify for our program with no credit reporting or negative outcomes.

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