

A WHITE PAPER

Consumer Focus: The Key to Healthcare Financial Management





Table of Contents

04 The Problem: An Introduction
06 The Impact of Consumerism on Patient Payments & the Path Ahead
08 Guarantor-Centric Customer Service
10 Self-Serve Tools Aligned with Consumer Trends
12 Solutions to Bridge HIS/PMS Technology Limitations
14 A Case Study in Consumerism for the Revenue Cycle

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When it comes time for patients to pay their healthcare bills, no matter how satisfied they are with your clinical services, they will be no more likely to fulfill their financial obligations if they're frustrated with the financial process. You must satisfy their expectations as consumers if you want them to make full, timely payments.

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Dean Skonieczny

COO of Sirono, Former VP of
Products at Experian Health



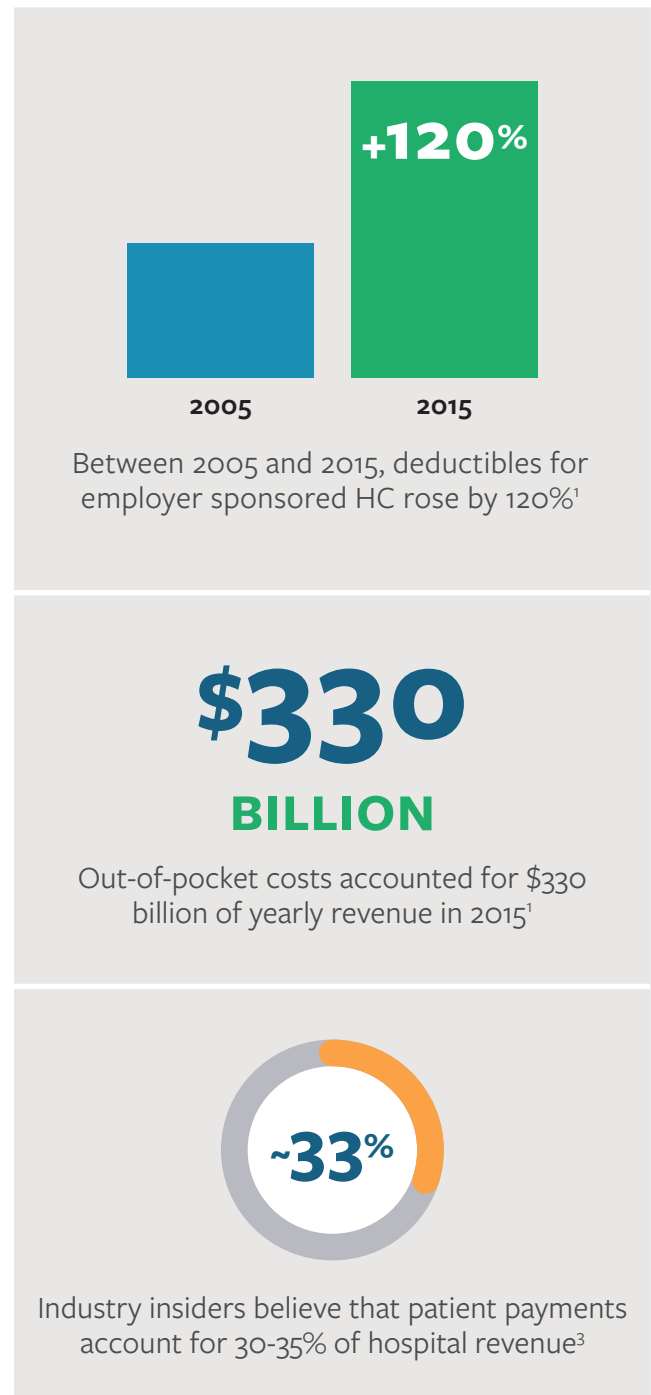
The Problem

Between 2005 to 2015, deductibles for employer sponsored healthcare plans rose by 120%.¹ From 2016 to 2017, premiums for Affordable Care Act insurance plans grew by 25% on average, and in some states, went as high as 145%.² Despite clear intent from lawmakers to either replace or improve the ACA, the trend in rising premiums, copays and deductibles shows no signs of abatement.

The implications of this fiscal shift have been obvious to the patient—their financial obligations have grown dramatically and will continue to do so. Likewise, healthcare organizations are seeing patient out-of-pocket costs add up to hundreds of billions of dollars every year.¹ In fact, many believe that patient payments make up a third of the average hospital's total revenue today.³ The predominant response has been to focus on the clinical aspects of care. These initiatives have had great success with patient satisfaction rates and medical outcomes, but have had very little impact on revenue generation.

That is because this cost-sharing shift gives patients more than just the power to demand better medical services; they now have the power to make demands about the ways healthcare organizations do business. As some of the savvier players in the industry have realized, in order to recoup and grow revenue, healthcare organizations must apply an intense focus on the consumer aspect of the patients they serve.

1. Jenny Cordina, Rohit Kumar, and Erin Olson, *Healthcare Systems and Services Practice: Enabling healthcare consumerism*, http://healthcare.mckinsey.com/sites/default/files/Enabling-Healthcare-Consumerism_R6B.pdf, (McKinsey & Company, 2017), 1. 2. Jed Graham, *ObamaCare Subsidies to Explode as Cheapest Bronze Plan Costs Surge 28%*, <https://www.investors.com/news/obamacare-subsidies-to-explode-as-cheapest-bronze-plan-costs-surge-28/>, (Investor's Business Daily, 2016). 3. Mike Miliard, *Revenue Cycle Vendors Rush to Innovate Amid Consumer Changes in Healthcare*, <http://www.healthcarefinancenews.com/news/revenue-cycle-vendors-rush-innovate-amid-consumer-changes-healthcare>, (Healthcare Finance, 2015).





It is so much easier to be nice, to be respectful, to put yourself in your customer's shoes and try to understand how you might help them before they ask for help, than it is to try to mend a broken customer relationship.



Mark Cuban

Entrepreneur and Owner
of the Dallas Mavericks

The Impact of Consumerism on Patient Payments & the Path Ahead

The payment process, and the entire financial experience, must be focal points for healthcare organizations. When frustrated with the billing process, only 33% of patients will pay their bills in full. But when satisfied with the billing process, 74% of patients fulfill their total financial obligations.⁴

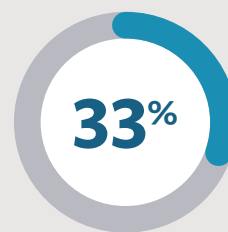
These statistics prove the tremendous impact of a satisfactory consumer experience on patient payments, and by extension, healthcare revenue as a whole. Patients will show their approval of an organization's business practices with their wallets and checkbooks.

As an indicator of the healthcare industry's current ability to satisfy consumer expectations, the strong majority of patients, two thirds or more, do not pay their medical bills in full. In fact, if current rates hold true, it is projected that up to 95% of patients will not fulfill their obligations by the year 2020.⁵

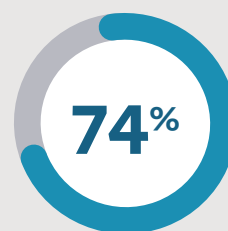
But as dire as these numbers appear, the overwhelmingly positive financial impact of a satisfactory billing experience is cause for hope and a clear path to successful healthcare financial management through consumerism. There are three key areas where healthcare organizations can readily address the consumer's needs and satisfy their expectations with proven ROI.

- *Guarantor-Centric Customer Service*
- *Self-Serve Tools Aligned with Consumer Trends*
- *Solutions to Bridge HIS/PMS Technology Limitations*

4. Kelly Gooch, Study: Satisfied patients more likely to pay medical bills in full, <https://www.beckershospitalreview.com/finance/study-satisfied-patients-more-likely-to-pay-medical-bills-in-full.html>, (Becker's Hospital Review, 2016). 5. "Patients May be the New Payers, But Two in Three Do Not Pay Their Hospital Bills in Full", <https://newsroom.transunion.com/patients-may-be-the-new-payers-but-two-in-three-do-not-pay-their-hospital-bills-in-full>, (TransUnion, 2017).



Only 33% of patients pay their bills in full when dissatisfied with the billing process⁴



74% pay their bills in full when satisfied with the billing process⁴

2 in 3

PATIENTS

do not pay their bills in full⁵

By the year 2020, it is projected that the number could rise to 95%⁵



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If you make customers unhappy in the physical world, they might each tell six friends. If you make customers unhappy on the internet, they can each tell 6,000.

A large, white, stylized closing quotation mark on a background of overlapping, semi-transparent geometric shapes in various shades of gray and white.

Jeff Bezos

Founder and CEO of Amazon.com

Guarantor-Centric Customer Service: The foundation for higher payment yield & customer loyalty

Customer service is one of the most challenging aspects of healthcare today. Health information systems (HIS) such as Epic were designed to manage a health system or hospital's data and workflow while facilitating transactions with handfuls of major payers. Where they fail is providing the processes and tools for billing agents to quickly and efficiently service thousands upon thousands of patients.

Using a complex HIS for example, accessing a single patient's information may require cycling through multiple screens, and it may not even be possible to see the guarantor's total obligation across hospital departments and family members. This lack of accessibility for patient financial information makes it difficult for agents to provide timely and informative customer service under any circumstance. Considering that most patients are required to communicate with agents by phone during business hours in which they typically work and are busy, it becomes exceedingly difficult to meet even modest customer service expectations.

A guarantor-centric approach to customer service begins with consolidating all financial information about a patient—and all of their dependents—in one single screen. This enables a seamless flow of information to the guarantor through a variety of communication channels, including paper statements, phone, text, email, and live chat. With those processes and tools, billing agents are able to answer every reasonable billing question without delay, from estimate adjustments to specific elements of final charges.

In addition, they're able to do so in whatever means of communication suits the patient.

The advantages of a guarantor-centric approach to customer service go beyond facilitating higher rates of patient payments. Primarily, it protects a healthcare organization against bad PR online, as people are 52% more likely to leave negative reviews than positive reviews.⁶ Additionally, it promotes customer retention and combats customer attrition.

Poor customer service causes 44% of people to cease doing business with any organization,⁷ and as 51% of patients say they would switch providers for better customer service, healthcare is no exception.⁸ As Accenture's *Patient Loyalty: It's up for grabs* states, "Indeed, consumers are as likely to switch doctors or hospitals as hotels if they don't get the service experience they want, and they are more likely to dump a doctor than abandon an airline due to poor service."⁸ Because a single patient represents \$200,000 in revenue to a practice on average,⁹ guarantor-centric customer service can protect and generate incalculable revenue.



People are 52% more likely to leave negative reviews online⁶



51% would leave their medical provider for better customer service⁸



\$200,000

Loss of a patient due to dissatisfaction results in the loss of more than \$200,000 in income for the typical practice⁹

6. "Bad Customer Service Interactions More Likely to Be Shared Than Good Ones", <http://www.marketingcharts.com/online/bad-customer-service-interactions-more-likely-to-be-shared-than-good-ones-28628/>, (Marketing Charts, 2013). 7. Nicola Brookes, *The Multibillion Dollar Cost of Poor Customer Service*, <https://www.newvoicemedia.com/blog/the-multibillion-dollar-cost-of-poor-customer-service-infographic/>, (NewVoiceMedia, 2014). 8. Matthew Collier and Leslie Meyer Basham, *Patient Loyalty: It's up for grabs*, https://www.accenture.com/t20160322T034105Z_w_us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Strategy_7/Accenture-Strategy-Patient-Engagement-Consumer-Loyalty.pdf#zoom=50, (Accenture, 2016) 4. 9. Bhanu Prakash, *Patient Satisfaction*, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3047732/#ref6>, (Journal of Cutaneous and Aesthetic Surgery, 2010), 151-155.



As organizations continue to identify ways to connect with patients 'on their terms,' the key is to provide as many self-service options to patients as possible. Blending non-healthcare consumer behaviors with innovative ways to improve a patient's experience is the only option to keep our healthcare consumers happy.



Stacy Calvaruso

Founder and CEO of Access Strategies



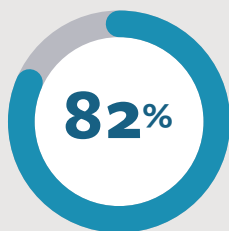
Self-Serve Tools Aligned with Consumer Trends: When consumerism increases patient satisfaction and facilitates payments

Today's consumer is accustomed to receiving transparent information and a high level of control in their online financial transactions. Consumer-focused giants like Amazon provide robust online portals where shoppers can get exacting information about items and orders and communicate with representatives through a variety of means—even for insignificant purchases. In healthcare, patients often pay more for medical services than their online purchases, but the online platforms that patients have access to are often sources of frustration, not convenience. In fact, the digital tools offered by many providers are their lowest rated aspects of care.¹⁰

This lack of user-friendly digital solutions detracts from patient satisfaction and poses a roadblock to patient payments. Up to 90% of patients want to pay their bills online, but still receive bills in the mail.¹¹ Millennials in particular are accustomed to finding information and paying bills online,¹² and an average of 82% of patients across all ages believe that digital tools are more effective than traditional means of communication and want online options to manage nearly every aspect of care.¹⁰

The best way to bridge this gap in consumer expectations is to provide an intuitive online portal with transparent

information, a high degree of financial control, and clear paths for resolutions. A consolidated view of a guarantor's financial obligations, and their dependents', offers transparency into pricing that sets expectations about financial responsibilities. Enabling patients to create their own payment plans and make payments through credit, debit or bank account offers greater convenience and control over the financial process. And offering live chat and email communication with billing agents provides convenient paths for financial resolutions.



82% of respondents view digital solutions as the most effective means for a wide variety of healthcare needs¹⁰



90% of patients want to pay their healthcare bills online¹¹



90% of patients still receive healthcare bills in the mail¹¹

¹⁰. Jenny Cordina, Rohit Kumar, and Erin Olson, *Healthcare Systems and Services Practice: Enabling healthcare consumerism*, http://healthcare.mckinsey.com/sites/default/files/Enabling-Healthcare-Consumerism_R6B.pdf, (McKinsey & Company, 2017), 6. ¹¹. "Trends in Healthcare Payments Fifth Annual Report", (InstaMed, 2015), 23-24. ¹². "Americans Pay More Than Half of Their Bills Online", <https://www.aciworldwide.com/news-and-events/press-releases/2017/january/americans-pay-more-than-half-of-their-bills-online>, (ACI Worldwide, 2017).

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On the IT front, one thing is really clear: the IT systems behind revenue cycle, most of them were built in the '80s or '90s—and that's being generous to some of them...Those systems are not really capable of dealing with the revenue cycle shift that these organizations need to go through to effectively manage their receivables.¹³

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Stuart Hanson

Chair of the HIMSS Revenue
Cycle Improvement Task Force

Solutions to Bridge HIS/PMS Technology Limitations:

Integrating consumer-focused solutions with cloud-based technology

Because modern consumerism is in large part based on cutting-edge digital technologies, the iterative, dated nature of the typical health information system poses an extreme challenge for healthcare organizations that want to provide consumer-friendly digital solutions to billing agents and patients.

As Pamela Jodock, senior director, health business solutions at HIMSS states, "As much as we know they're outdated, we know that the cost of fully replacing those systems and starting over with completely modern technology is not realistic. The cost of doing that is exorbitant."¹³ The expenses associated with the back-end integration of new digital tools would likely negate the financial benefits for years to come, at which point those tools may seem outdated to the average consumer. Additionally, many hospital and health system IT teams have backlogs that stretch back several years. Even if a healthcare organization has the funding for upgrades and additions, they simply may not have the necessary personnel for implementation.

Cloud-based technology presents a solution to these technological challenges and their associated drains on resources. The very nature of front-end implementation obviates the principle difficulties of back-end integration. System-wide backward compatibility issues are largely avoided and the onus of implementation and troubleshooting falls primarily on the developers of the cloud-based tools. This enables a seamless integration with very little effort on the part of internal IT teams.

But in the realm of consumer-focused technologies, not all cloud-based solutions are created equally. Choosing a platform that is built on secure, enterprise-grade software



is critical for future-proofing capabilities for consumer-centric functionalities. Small companies with homegrown platforms will be responding to consumer demands, not setting the trends. New features may take months or even years to develop. Conversely, if healthcare organizations utilize solutions built on an enterprise-grade framework like Salesforce, the same customer relationship platform used by consumer trendsetters like Amazon and Virgin Airlines, the newest portal, communication, and other consumer-centric features will always be readily available. That is why at Sirono, we have leveraged the Salesforce architecture to create a suite of customer service products specifically for healthcare organizations.

The Right Customer Service Platform for Healthcare:



Integrates Seamlessly



Leverages Enterprise Software



Provides Future-Proof Upgradability

13. Mike Miliard, *Revenue Cycle Vendors Rush to Innovate Amid Consumer Changes in Healthcare*, <http://www.healthcarefinancenews.com/news/revenue-cycle-vendors-rush-innovate-amid-consumer-changes-healthcare>, (Healthcare Finance, 2015).



While most patient experience initiatives at hospitals are focused on the clinical experience, the financial experience is just as important—and current systems are not aligned with patient expectations to facilitate payment. That's why we started our company.



Phelps Jackson

Chief Executive Officer of Sirono

Sirono:

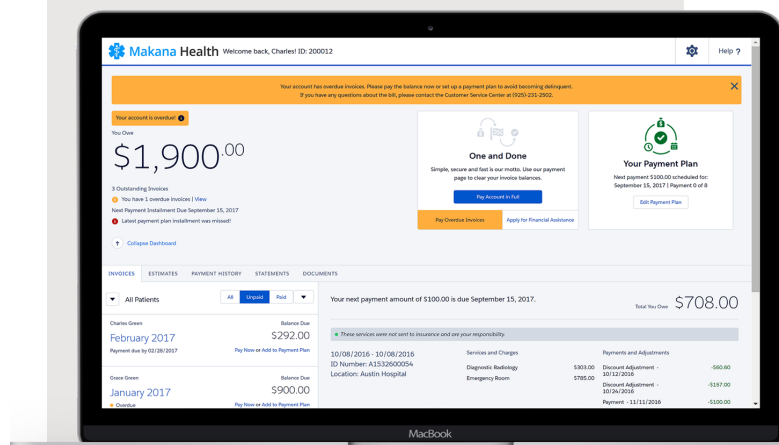
A case study in consumerism for the revenue cycle

With front-end, cloud-based integration as the starting point, each of Sirono's three core products bring different elements of consumerism to healthcare financial management.

The Patient Receivables Suite is an online engagement platform that facilitates high quality customer service, consolidating all patient and dependent financial information on one screen while providing multiple options for agents to communicate with patients. The Patient Financial Portal is a self-service, web-based application in which patients can view their entire family's financial obligations, create payment plans within set guidelines, and make payments via credit, debit, or bank account. The Analytics Suite is a data management platform that aggregates all patient financial and contact center KPIs to constantly measure the financial impacts of the consumer experience and corresponding initiatives.

Sirono's customers see an average year over year increase of 35% in patient payments. In fact, within the first few months of production, a leading academic medical center improved patient satisfaction scores by 68% and increased payment collections by 50%.

After considering the results above, it is difficult to deny the ROI of a guarantor-centric approach to customer service backed by digital self-service tools. In spite of the extreme pressures that healthcare organizations face from rising deductibles and copays, consumerism offers a clear path to a stronger revenue cycle and effective financial management.



+68%
**IN PATIENT
SATISFACTION**

+50%
**PATIENT
COLLECTIONS**

Using Sirono's three core products, an academic medical center increased patient satisfaction by 68% and increased patient collections by 50%



Sirono's customers increase patient payments by an average of 35% year over year

If you'd like to learn more about the benefits of consumerism in healthcare financial management, please visit Sirono at NGPX booth 301.