



AccessOne®

Compassionate financing. Accessible care.

## **AccessOne Patient Finance Survey**

How healthcare cost information and payment options affect patient behavior

## The New Normal: Consumers Are Shopping for Healthcare—and Affordable Payment Options

At a time when family health coverage costs as much as an economy car, consumers need up-front information on out-of-pocket costs and affordable payment options—and they're willing to switch providers to get it.

Price transparency is moving from theory to reality.

Two in five consumers say they would switch providers to access affordable payment arrangements to cover their costs of care—including **half of households with children**, an AccessOne survey found. That's an increase over 2018 survey figures, when 33% of individuals and 43% of households with children said they would be willing to switch providers for more affordable payment options.

Among more than 1,000 consumers surveyed, three-in-four consumers are willing to shop around for care based on price, and 38% are already doing so. They are also pushing for cost information before care is delivered, survey results show.

Meanwhile, 59% say providers' willingness to share price information prior to the point of service is a critical factor in determining where to seek care—including 69% of Gen Xers, who typically manage care for themselves, their parents and their children.

The survey results reflect the pressures consumers face in a rising-rate healthcare environment, where the cost of family health insurance is now \$20,000 a year, as much as an economy car.<sup>1</sup> There are also warning signs for providers of the need to heighten transparency if they wish to retain patients in a cost-sensitive environment.

### What's Driving Demand for Cost Information and Flexible Payment

Patients are the new payer in healthcare, and they shoulder a greater percentage of healthcare costs than ever before:

The amount workers contribute toward family coverage now totals \$6,000,<sup>2</sup> not including the cost of deductibles and co-pays.

**47%** of Americans are on high-deductible plans, with deductibles of \$1,350 for individuals and \$2,700 for families.

Consumers also are feeling the pinch after insurance:

Consumers' out-of-pocket costs of care rose **14%**<sup>3</sup> in 2018 alone.

**60%** of AccessOne survey respondents say they or their family members **spent at least \$1,000 on healthcare in the last 12 months.**

**38%** spent \$2,500 or more on care in the past year.

## Exhibit One

### The Impact of Cost on Consumer Decision-Making by Generation

Delayed care because they could not afford to pay for it:



Put the balance owed on a credit card:



Unable to pay bill in full and it was sent to collections:



Used a 0% or low-interest payment plan through my healthcare provider:



Borrowed money from a friend to pay medical bills:



Source: 2019 AccessOne Consumer Survey.

## Why Cost Conversations Are More Integral than Ever

Lack of up-front cost information and discussions is putting stress on the consumer-provider relationship, impacting care decisions and patient satisfaction.

At a time when more consumers carry high-deductible plans, half of survey respondents say it's very important that they have the opportunity to discuss costs of care with their physician. Yet 31% say they feel only somewhat comfortable doing so, and 11% are uncomfortable initiating these conversations.

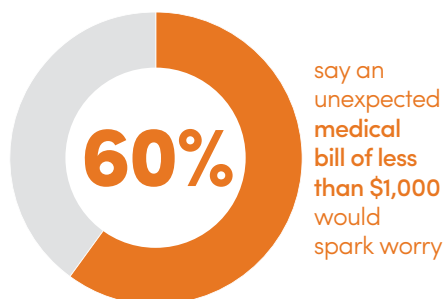
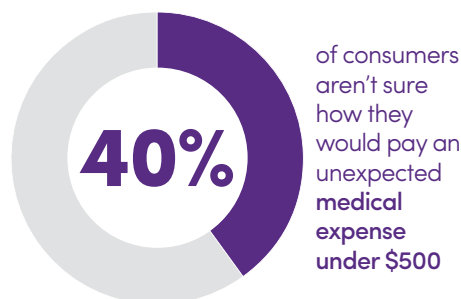
When consumers don't feel prepared to manage the costs of their care, they are more likely to postpone treatment to avoid the expense: 56% of consumers have delayed care due to costs—26% by a year or more, AccessOne survey results show.

The exhibit below shows the price points at which cost becomes a concern for consumers.

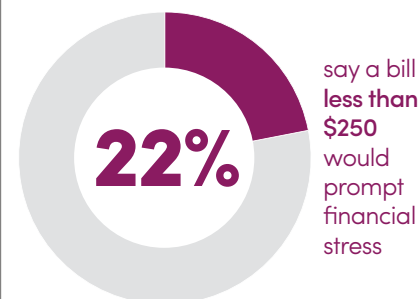
## Exhibit Two

### When Healthcare Cost Pressures Become Too Much for Consumers

An AccessOne survey shows:



Smaller amounts also are cause for concern for some consumers:



# 56%

of survey respondents have delayed care due to costs—and 26% have delayed care by a year or more.

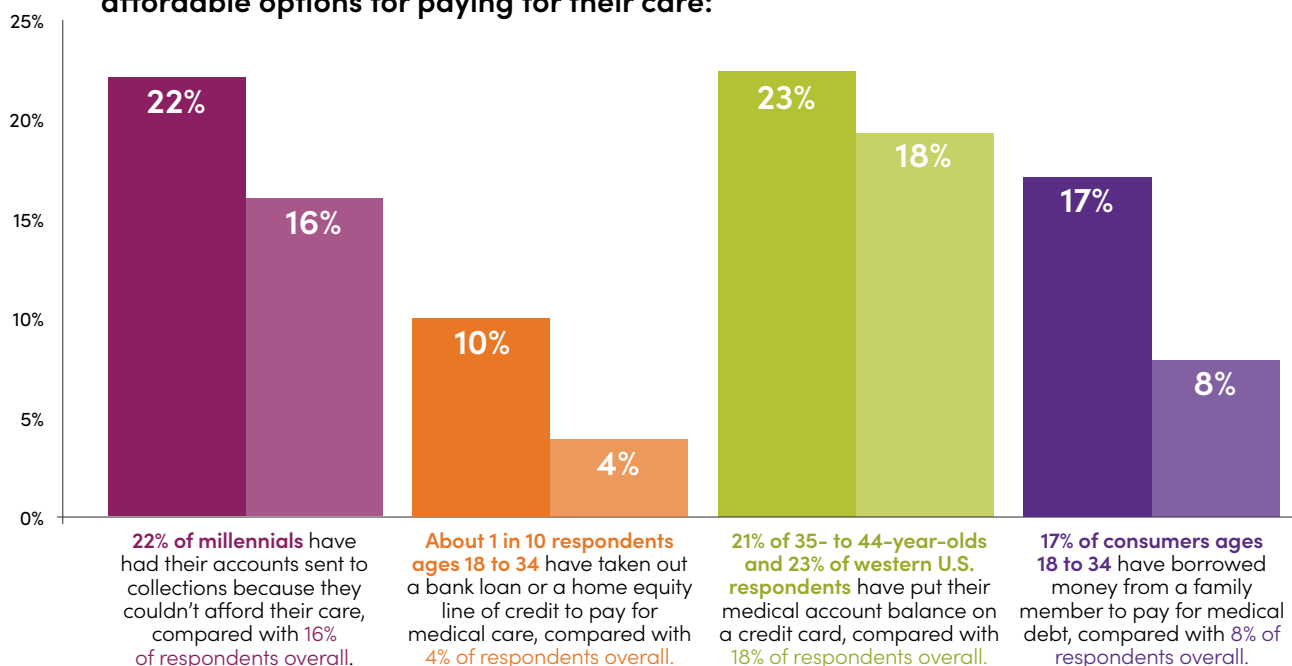
Then there's the matter of how to pay for the care they have received:

- One in five consumers don't understand their options for paying for medical procedures or other healthcare expenses.
- Just 27% are very satisfied with their options for payment.
- **Consumers also aren't likely to receive payment plan information from their providers:** 74% of survey respondents say that in the past two years, their providers have not spoken with them regarding patient financing options or the availability of a payment plan.

## Exhibit Three

By the Numbers: Why Affordable Payment Options for Care Matter

Responses to the AccessOne survey reveal the stress consumers face when they lack affordable options for paying for their care:



Each of these experiences detracts from the patient experience. That's why one of the biggest risks providers face when they don't develop a patient-centric approach to price transparency is loss of patients.

## Healthcare Costs Put Pressure on Families

Nationally, one in four families<sup>4</sup> say healthcare affordability is their biggest concern.

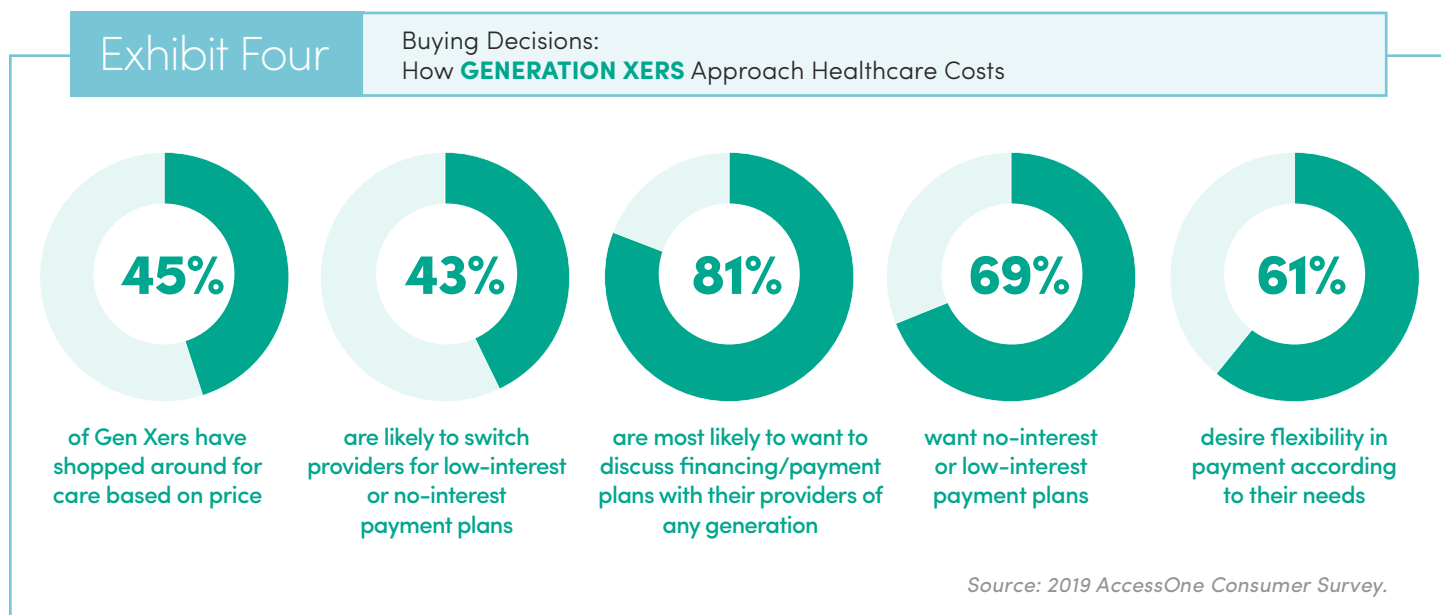


## Breaking Down Generational Mindsets Toward Out-of-Pocket Costs

Survey results show that attention to transparency and affordability make a difference in a provider's ability to retain specific segments of patients and protect revenue.

**Generation X.** Gen Xers highly value price transparency: 69% of Gen Xers want their healthcare provider to share costs of care before treatment, and 81% believe the opportunity to discuss their ability to pay for their costs of care with their physician is important. Gen Xers also are **50% more likely than millennials and twice as likely as baby boomers to delay care** when they aren't sure how they will manage the expense.

The concerns Gen Xers have around healthcare costs are reflected in their approach to care as demonstrated in the exhibit below.



Given that 45% of Gen Xers are concerned about their ability to pay for an unexpected medical expense under \$500, it's clear that gaining and retaining business from Generation X patients—and, therefore, from the children and parents for whom they manage care—is highly dependent on openness around healthcare costs and a willingness to offer affordable payment options.

**Millennials.** Health data for millennials point to a generation that is more at-risk for health complications at earlier ages than previous generations, yet less able to manage the financial costs of their care:

- Millennials face higher rates of chronic disease than their Gen X counterparts did at the same age, especially millennials ages 34 to 36.<sup>5</sup>
- The rate at which millennials are diagnosed with the top 10 conditions that face this cohort is increasing.<sup>6</sup> From 2014 to 2017, millennials were more likely to be diagnosed with behavioral health conditions than other generations and demonstrated higher prevalence of digestive, cardiovascular and endocrine system disorders, including Crohn's disease and Type II diabetes.

For providers, failure to address out-of-pocket costs of care early in the encounter could increase bad debt.

## Exhibit Five

By the Numbers:

**MILLENNIALS** Carry High Medical Expenses—and Are Less Able to Pay for Them

**27%**

have spent **\$5,000 or more** on healthcare expenses in the past year, compared with 19% of *baby boomers*

**50%**

just half of millennials understand their payment options

**42%**

are concerned about their ability to pay an unexpected medical expense **under \$500**

**22%**

have had their account sent to **collections** when they were unable to pay in-full

Source: 2019 AccessOne Consumer Survey.

Millennials also demonstrate strong interest in wanting to discuss their ability to pay for their out-of-pocket costs of care (75%) and payment options (80%) in advance.

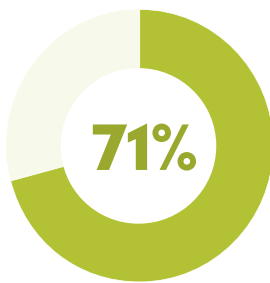
**69% of Millennials desire low-interest or no-interest payment plans to fulfill their financial responsibility for care.**

**Baby Boomers.** Baby boomers are much less likely to switch providers for more affordable payment options, but they, too, crave up-front information on healthcare costs: 55% consider transparency around out-of-pocket costs to be a critical factor in evaluating a healthcare provider.

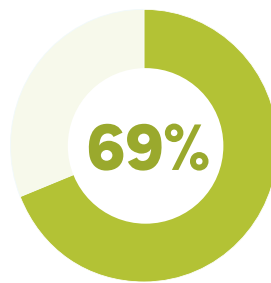
And while three in four baby boomers are comfortable discussing costs of care with their providers and understand their options for payment, they also want to discuss financing or payment plan options with their provider.

## Exhibit Six

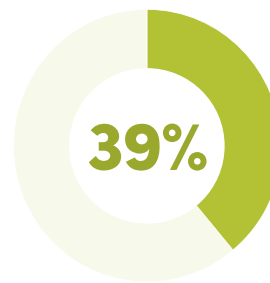
What **BABY BOOMERS** Want:  
Greater Transparency and Flexibility on Healthcare Costs



want to  
discuss their  
ability to pay  
for treatment  
with their  
physician



want to  
discussing  
financing or  
payment plan  
options with  
their provider



desire the  
flexibility  
to change  
payment  
plan terms,  
if needed

Source: 2019 AccessOne Consumer Survey.

Unless providers can close the gap between the level of price transparency and affordability consumers desire and the degree of openness and options that currently exists, they risk losing patients to providers that:

- Offer low-interest or no-interest payment plans
- Actively initiate conversations around patients' out-of-pocket responsibility prior to service
- Demonstrate care in helping patients find affordable solutions
- Show flexibility in response to patients' needs

## Action Steps for Providers

How can providers most effectively satisfy increased demands for transparency and affordability in a rising-responsibility environment? Here are six strategies to consider.

### No. 1

**Put patients at the heart of your price transparency strategy.** Provide easy ways for patients to obtain cost information, such as by listing the prices for common procedures on your website or by providing cost estimation calculators on your organization's website. Moreover, make price transparency meaningful. Share the patient's anticipated out-of-pocket costs prior to the point of service, such as during registration, and make sure the amount due takes into account the portion of the patient's deductible met to date. Leading organizations provide this information with consumers in their preferred communication format, whether by phone call, text (with a link to a secure portal), email or postal mail.

### No. 2

**Initiate patient financial discussions early in the patient encounter.** When providing out-of-pocket estimates, engage patients in conversations around their ability to pay for the care they will receive. Explore whether patients are concerned about how they will manage their out-of-pocket costs, and assess whether a payment plan is needed. Given that 40% of respondents worry about their ability to pay a healthcare expense under \$500, addressing cost concerns in advance and agreeing upon the best approach for fulfilling patients' financial responsibility for care is critical. It's an approach that also strengthens the patient financial experience, the first and last encounter patients will have with your organization.

It's also important to ask for a portion of payment prior to delivery of care. Payment of even a portion of the balance due demonstrates good faith that the patient will follow through with paying for the amount due. It is also far easier to collect from a patient while the patient is in your facility than after care is delivered.

### No. 3

**Develop patient-friendly billing statements.** Ensure that billing statements contain sufficient detail and are easy to understand. According to the Healthcare Financial Management Association,<sup>7</sup> the best bills are written clearly and concisely, using language any patient could understand, and they make it easy for patients to assess:

- How costs were determined
- How much insurance has paid for its portion of care
- The amount the patient is liable to pay
- When payment is expected
- How to make a payment
- Who to call with questions or for assistance in establishing payment arrangements

### No. 4

**Offer flexible options for payment.** One size does not fit all. Offering a variety of payment plans enables patients to pay with dignity, no matter their financial circumstance. One best practice: Give patients the flexibility to adjust payment arrangements if the size of their monthly payment becomes too much for them to handle comfortably. Fifty-two percent of survey respondents say having the opportunity to lower monthly payments when necessary is appealing.

### No. 5

**Create a seamless patient financial experience.** Where possible, give each patient a single point of contact during the cost estimation and payment process for continuity in financial care. It's also important that all staff follow common procedures for delivering price estimates, navigating discussions around payment, and establishing payment plans is critical. Make sure staff use scripted language for these conversations, and train staff regularly to handle complex financial discussions, especially in an era of high deductibles and increased out-of-pocket costs.

### No. 6

**Provide self-service options for account management and payment.** This approach meets patients where they are by giving tech-savvy patients who don't have questions about their bill the opportunity to self-manage their account. Consider offering self-service options through a patient portal and look for ways to allow patients to self-enroll in payment plans prior to service. Doing so empowers patients by enabling them to direct their financial experience—creating a positive impression that remains after the care encounter is over.

## Footnotes

1. Tozzi, J., "Health Insurance Costs Surpass \$20,000 a Year, Hitting a Record," *Bloomberg*, Sept. 25, 2019, <https://www.bloomberg.com/news/articles/2019-09-25/why-is-health-insurance-so-expensive-20-000-a-year-for-coverage>.
2. Tozzi, J., "Health Insurance Costs Surpass \$20,000 a Year, Hitting a Record," *Bloomberg*, Sept. 25, 2019, <https://www.bloomberg.com/news/articles/2019-09-25/why-is-health-insurance-so-expensive-20-000-a-year-for-coverage>.
3. "Out-of-Pocket Costs Rising Even as Patients Transition to Lower Cost Settings of Care," Transunion, Press Release, June 25, 2019, <https://newsroom.transunion.com/out-of-pocket-costs-rising-even-as-patients-transition-to-lower-cost-settings-of-care/>.
4. Kirzinger, A., Munana, C., Wu, B., and Brodie, M., "Data Note: Americans' Challenges with Health Care Costs," Kaiser Family Foundation, June 11, 2019, <https://www.kff.org/health-costs/issue-brief/data-note-americans-challenges-health-care-costs/>.
5. *The Health of Millennials*, Blue Cross Blue Shield, April 24, 2019, <https://www.bcbs.com/the-health-of-america/reports/the-health-of-millennials>.
6. *The Health of Millennials*, Blue Cross Blue Shield, April 24, 2019, <https://www.bcbs.com/the-health-of-america/reports/the-health-of-millennials>.
7. "Patient-Friendly Billing: Purpose and Philosophy," Healthcare Financial Management Association, <https://www.hfma.org/patientfriendlybilling/>.

## Methodology

The survey was commissioned by AccessOne and conducted by ORC International from Aug 22-25, 2019. ORC International surveyed 1,004 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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