



Investment in patient financial experience key to revenue improvement

Perspectives from leading health systems

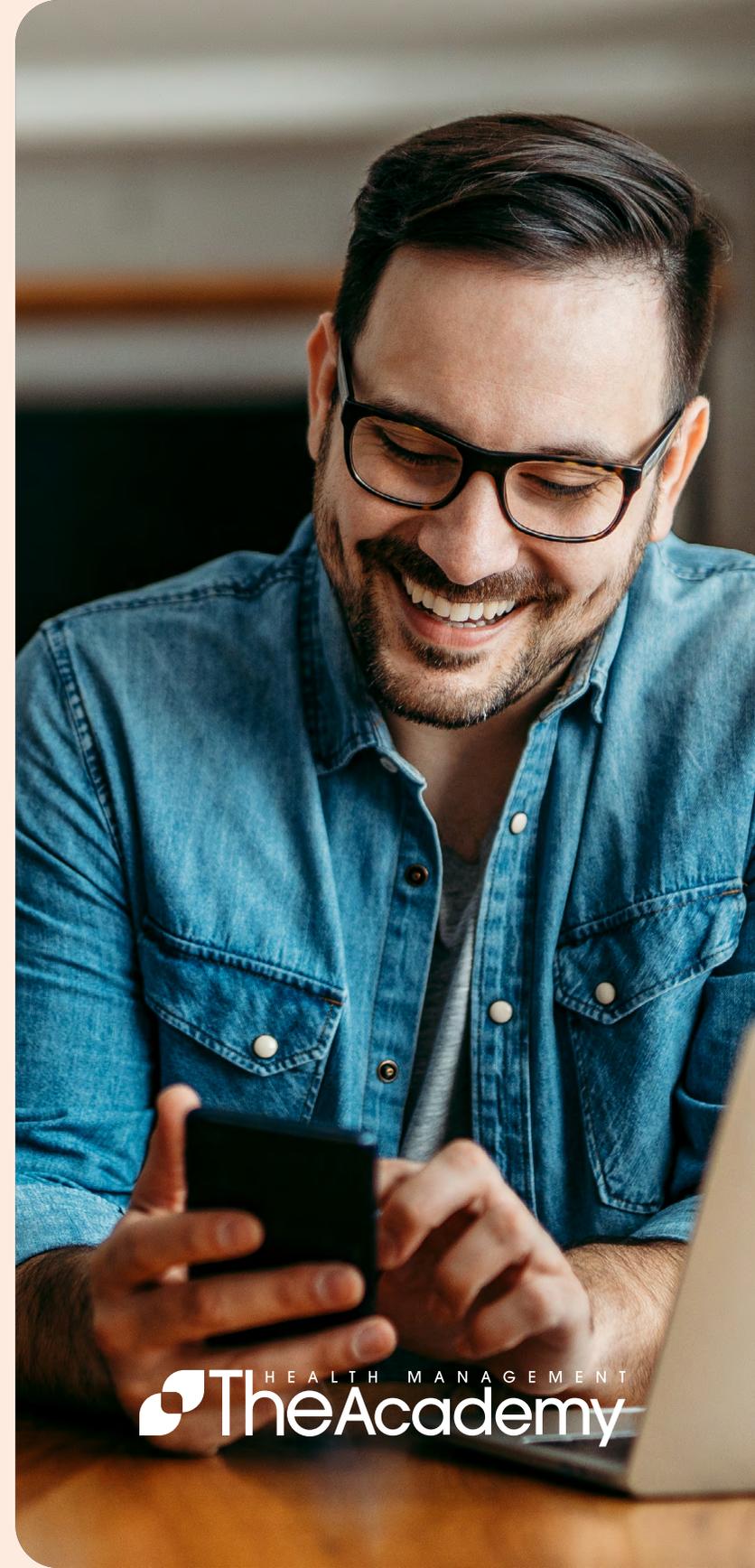




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Waystar helps providers simplify healthcare payments through a smart platform and better experience that yields powerful results throughout the complete revenue cycle.



Since 1998, The Health Management Academy has cultivated the premier community of influential changemakers in healthcare. Our members are aligned around a common goal of improving health for all, and a core belief that partnership will accelerate progress.

RESEARCH OVERVIEW

Profile of participating health systems

35 leading health systems represent top voices in healthcare

The Academy conducted research to understand how leading health systems (LHS) — defined as large, integrated delivery systems with over \$2 billion in total operating revenue — are advancing the patient financial experience (PFX).

This research captures perspectives¹ across 35 unique health systems representing a significant share of the leading health system (LHS)² market. Additional details on the research methodology and participating health systems are included on the following page.

RESEARCH METHODOLOGY IN BRIEF

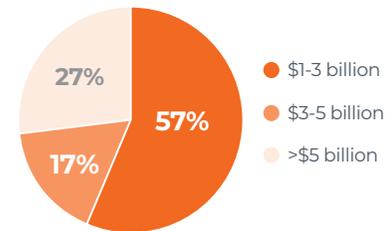
Surveyed 30 leaders¹ from leading health systems

Collected secondary data, completed an applied literature review

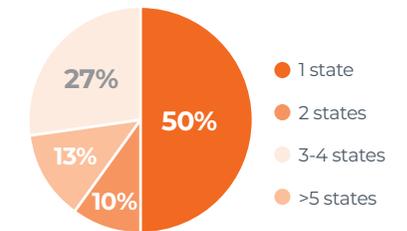
Conducted 5 in-depth interviews with LHS RCM + consumer leaders

Profile of participating health systems³

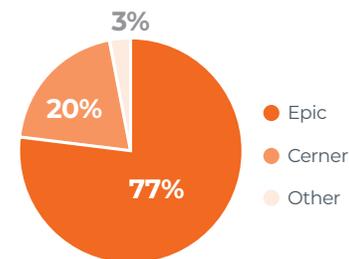
Health system size (by net patient revenue)



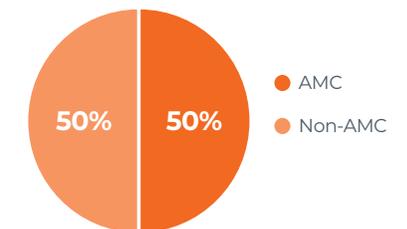
Geographic footprint



Participants by EHR vendor



Participants by Academic Medical Center (AMC) status



¹ Respondent roles for qualitative and quantitative research included: VP or Director of Revenue Cycle, VP or Director of Patient Access, VP or Director of Patient Financial Services, Director of Patient Accounts, Chief Revenue Cycle Officer, Chief Financial Officer, Chief Technology Officer, Chief Business Officer, and Executive Director of Business Initiatives.

² Leading health systems (LHS): The approximately 150 innovative integrated delivery systems with over \$2B in total operating revenue.

³ 2022 survey of leading health system CXOs; n= 30.

SECTION 1

The opportunity for automation to drive financial stability + patient loyalty

Health system revenue hinges on the patient financial experience (PFX)

Health systems have prioritized clinical over financial experiences

When health systems reflect on their “financial health,” much of the focus is on revenue cycle financial indicators like claim management, denials, and collections. Yet an area that needs attention is the patient financial experience, which impacts short- and long-term provider revenue. While industries like retail and banking have evolved to meet consumer desires for convenience and personalization, health systems have been slow to adapt.

All too often, patients experience inaccurate estimates, surprise bills, lack of clarity, and limited payment options. The result: patient dissatisfaction and, more significantly, poor clinical outcomes when patients defer care due to financial constraints.

60% of consumers **who received an inaccurate estimate or bill report desire to switch** providers for better care experience¹

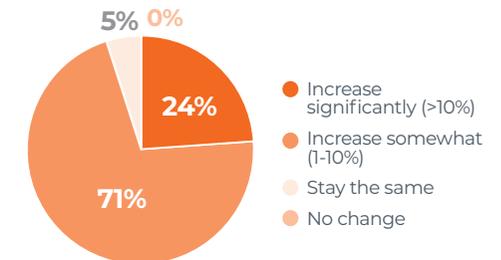
Patients' first and last touchpoints with a health system are typically financial interactions. These financial and billing experiences are make-or-break moments: 60% of patients who paid out-of-pocket healthcare costs and received either an inaccurate estimate or an unexpected bill report interest in switching healthcare providers for a better payment experience.¹ Given the interdependencies within revenue cycle management (RCM) processes, a disjointed revenue cycle not only leads to patient dissatisfaction with the financial experience, it risks patient retention which could result in direct financial losses.

Expected change in revenue from patient obligations in the next five years

LHS Finance Executives, n=17³

95%

of executives expect **revenue from patient obligation to rise**



Payer denials have also been on the rise for the last decade. When a payer denies a claim, the patient is often caught in the middle between the health system and payer. Unfortunately, resolution doesn't always happen quickly. The percentage of claims that took more than 90 days to be paid rose from 32% in 2021 to 37% in 2022. Amidst increased labor costs and workforce burnout, staff are spending more time with less resources managing these issues.

As margins narrow and health systems seek to manage labor costs, leaders must take a critical look at future investments with an eye on those that will yield desired results. Past processes and tools may not be the answer given today's macro-economic pressures, workforce shortages, and the growing importance of patient loyalty, which is tied to financial experience and satisfaction.

¹ Cook, D. Health care consumers plagued by inaccurate procedure estimates. Benefits Pro. August 2022.

² HealthLeaders. Cost of Denials Saw 67% Increase in 2022. Jan 2023.

³ In fall of 2021, The Academy surveyed 17 LHS financial executives about their patient financial experience strategy.

Titles included VP of Revenue Cycle, SVP of Finance, VP of Finance, Revenue Cycle Customer Service, and System Director, Budget + Revenue Integrity.

PFX improvement at risk due to insufficient automation + competing needs

2023 LHS CXO priorities set stage for improving the patient financial experience

LHS Executive Survey, n=155¹

2023 priorities	PFX strategy
1 Cost management	Improved patient engagement yields increased and faster payments, reducing cost to collect
2 Care team wellbeing <small>(including clinical + financial teams)</small>	Accurate estimates and self-service payment tools reduce staff burden and allow a personalized financial journey
3 Reduce admin burden	Process automation and vendor consolidation reduces costs, adds efficiency, enhances security

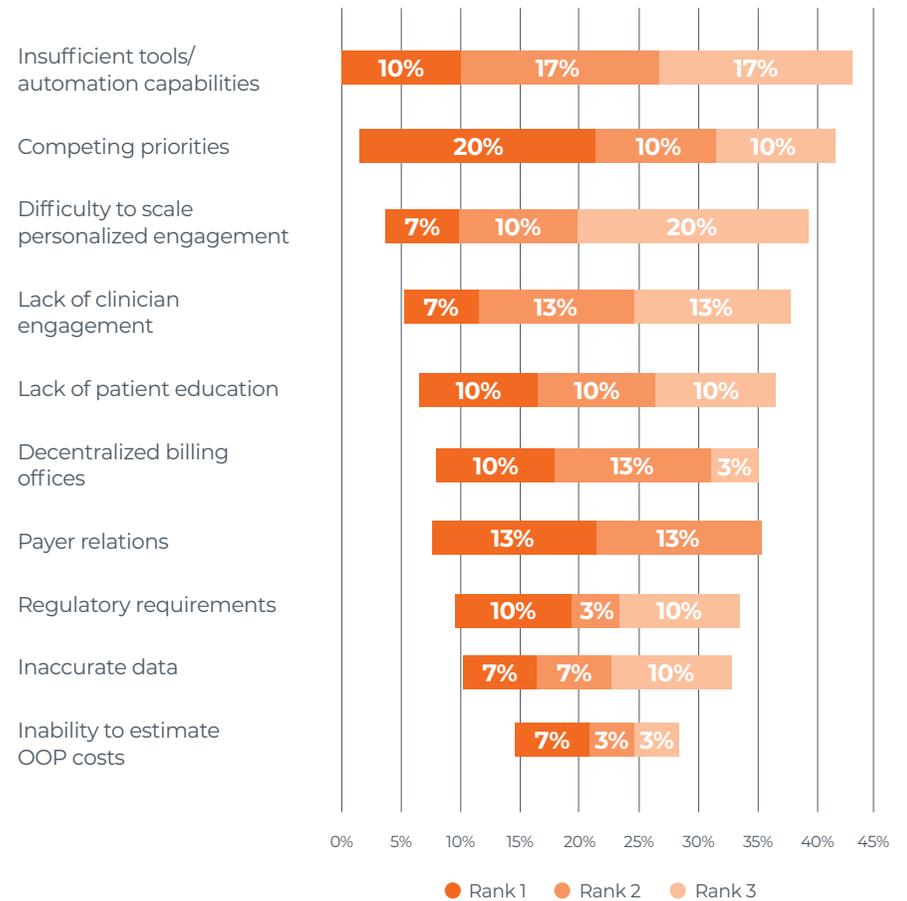
Health system leaders surveyed ranked competing priorities as the most pressing barrier to improving the patient financial experience. Across the C-suite, cost containment, maintaining a financially sustainable workforce, and improving efficiency were viewed as critical priorities. Compared to priorities cited in 2022, data and analytics to improve decision-making, reducing care team burden, and automation (AI/ML/RPA) are higher priorities in 2023.

Yet, health systems that make PFX investments can address these priorities. Technology that improves the patient financial experience also helps reduce costs, capture more revenue, and manage labor, thus decreasing customer service call volume and minimizing the administrative burden placed on clinicians and finance staff. Improved PFX technology and processes can also protect long-term revenue dependent on patient satisfaction and loyalty.

¹ In late 2022, The Academy surveyed CFOs, CSOs, COOs, CMOs, CNOs, CIOs, and CHROs to understand their priorities and their perceptions of performance relative to goal for each. There were approximately 25 priorities evaluated in each survey.

Barriers preventing investment in the patient financial experience

Percent of executives that selected²



² 2022 survey of leading health system CXOs; n= 30.

SECTION 2

Current fragmented approach creates inefficiency + friction for patients

Low satisfaction signals new approach required to drive success

60% of finance leaders believe that creating a consumer-centric patient financial journey is a priority.¹ Yet only 3% survey executives are very satisfied with PFX processes and 7% with PFX technology.² Middling satisfaction is tied to disjointed processes, insufficient automation capabilities, competing priorities, and fragmented point solutions that many health systems have in place today.

3% of executives very satisfied with **PFX processes**

7% of executives very satisfied with **PFX technology**

Although health system leaders have identified the patient financial experience as a priority, few have a clear strategy to make RCM technology investments to support it. The absence of a comprehensive strategy indicates that health systems are still in the nascent stages of addressing the patient financial experience. In fact, when asked, “what the patient financial experience entails,” many executives gave varying answers that focused on individual components of the experience rather than as a continuum.

¹ 2019 survey of leading health system CXOs; n=20.
² 2022 survey of leading health system CXOs; n= 30.

“COVID taught us that front-end RCM jobs are hard, but hiring qualified employees is even harder. We need to lean on technology because we are in a human constrained environment.”

—
Chief Revenue Officer, Midwest Leading Health System

Today’s modular, “plug-and-play” approach to PFX solutions does an average job of solving pain points, and ultimately has become a band-aid resolution that is unsustainable long-term. Health systems can look to build a holistic partnership to improve their revenue cycle, which will result in an improved patient financial experience.

Historically, revenue cycle technology vendors offered differentiated areas of expertise. As such, finance executives commonly viewed RCM vendors in a siloed fashion and as “plug-and-play” vs. holistic solutions. Health systems are now struggling to manage a jumble of disparate point solutions, often supported by multiple vendors, requiring resources to manage interoperability, or lack thereof. Ultimately, this legacy approach, while well-intentioned, is contributing to a fragmented PFX journey and the perspective that insufficient tools and automation capabilities remains the biggest barrier to improving the patient financial experience. This mindset contributes to low satisfaction with processes and technology when automation is needed most given workforce shortages.

Today, few revenue cycle technology vendors have innovative, comprehensive offerings that remove barriers and providers’ burdens. Health systems that wish to evolve the patient financial experience must find vendors that can meaningfully solve challenges, including unification of PFX solutions across the complete revenue cycle.

At a minimum, vendor partners should provide:

- Purpose-built automation to drive process improvement + workforce efficiencies
- Accurate + transparent payment information to drive clarity + trust
- Personalized patient communication channels to appeal to patient preferences

Legacy approach leaves gaps in the patient journey

Health systems serve diverse patient populations and, as such, need to offer a wide breadth of communication channels based on patient preferences. Without high-quality, comprehensive communication offerings across the entire revenue cycle, health systems will continue to undershoot consumer expectations.

Today, health systems are least likely to offer synchronous communication services that engage consumers across interactions from the front- to back-end of the revenue cycle. Although patient portals are among the top offered services, synchronous tools that help patients understand (via live messaging) and pay their bills (via digital payments) are often missed opportunities to elevate the patient financial experience. Notably, large health systems (> \$5 billion total operating revenue) are more likely to invest in services across the entire patient financial journey continuum while smaller systems focus investments on pre-service offerings.

The deviation between health system size often results in larger health systems becoming more proactive in redesigning the patient financial experience. Notably, larger health systems look to address pain points along the patient financial journey before receiving an outsized number of clinician and patient complaints.

77%

of health systems leverage modular vendor partnerships to support RCM

23%

of health systems complete RCM functions with internally built solutions

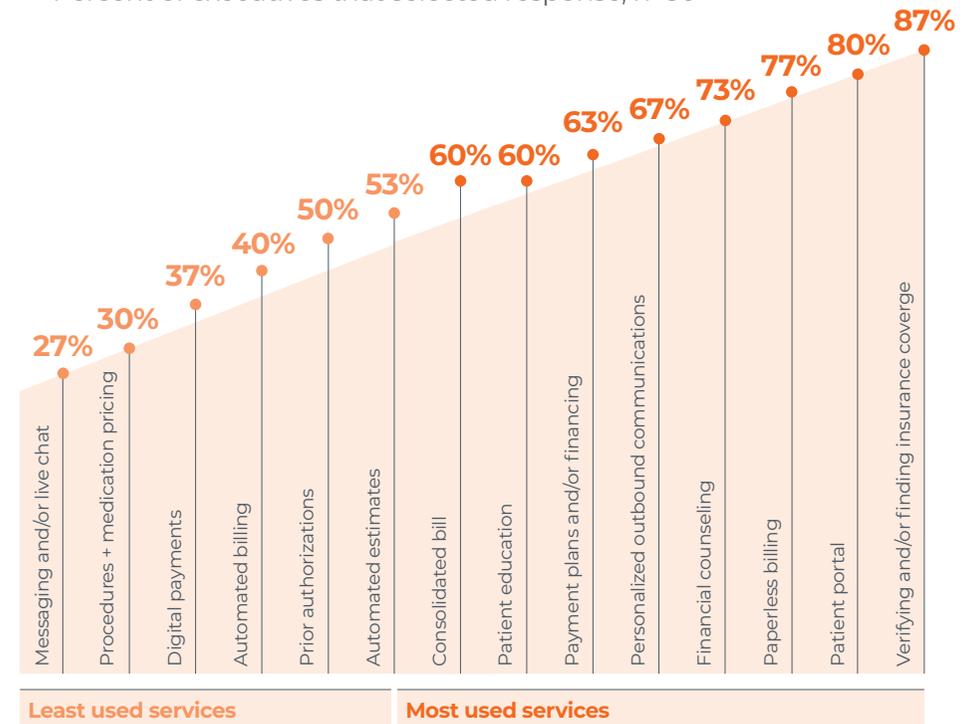
The disconnect between investments to improve the patient financial experience and satisfaction underscores this point: Current strategies are not consistently solving or improving health systems challenges. In fact, 77% of LHS leverage a modular partnership to support RCM and yet only 7% are very satisfied with their

technology. Therefore, it is clear legacy solutions are not delivering the necessary services patients want or the return on investment (ROI) health systems seek.

The most frequently deployed services occur pre-service, indicating health systems are prioritizing patient access-related tasks, leaving room to invest in point-of-service, and post-service touchpoints. Additionally, only three services — patient portals, financial counseling, and messaging/live chat options — are offered across multiple touchpoints.

Services used to improve the patient financial experience

Percent of executives that selected response, n=30¹



¹ 2022 survey of leading health system CXOs; n= 30.

Complexities within each RCM touchpoint create friction

A top five priority for CFOs in 2023 is to expand the adoption of automation.¹ Automation, specifically in areas like revenue cycle, also serves as a key enabler to the #1 CFO priority, cost management, though returns are far smaller when organizations take a siloed approach to solutions.

Over indexing pre-service improvements stalls progress

When improving the patient financial experience, executives historically focus on pre-service tasks in hopes these improvements have positive downstream impact. For example, by improving the quality of data collected, many believe that claims are less likely to be denied.

Executives also view pre-service tasks as the most difficult to improve, particularly patient estimates (63%), prior authorizations (53%), and patient collection (50%). Modifying these workflows are particularly challenging.

Producing accurate patient estimates is difficult as insurance information doesn't always integrate within electronic health record (EHR) systems. Anecdotally, executives note that producing inaccurate estimates is more harmful to patient trust and leakage than providing no estimate at all. It's clear there is a need to address the lack of benefit and contractual information absent from many traditional electronic data interchange (EDI) channels and EHR capabilities. It would be beneficial for health systems to invest in automated technology solutions which support a more holistic search for benefits, including coverage found on payer portals, and obtaining fee schedules and contractual rates for out-of-network providers.

Complex prior authorization processes continue to impact providers delivering timely care, often resulting in preventable delays and denials. From January 2021 to August 2022, prior authorization denials on inpatient accounts rose 67%.² Lack of information in the EHR is often a result of manual and time intensive authorization processes. Payer portals continue to be a source of authorization information yet have limited standard

integration methods or portal access methods to deliver value at-scale.

Opportunities exist for more holistic PFX management by using broader, connected strategies to reduce friction between functions, rather than addressing challenges individually.

“Invest to remove unnecessary friction. Curate consumer experience so you can get the outcomes you want; collect payments faster, improvement in cash yield.”

—
VP of Revenue Cycle, Midwest Leading Health System

Most challenging revenue cycle management touchpoints to improve the patient financial experience

LHS Executive Survey, n=30^{2,3}



¹ In late 2022, The Academy surveyed CFOs, CSOs, COOs, CMOs, CNOs, CIOs, and CHROs to understand their priorities and their perceptions of performance relative to goal for each. There were approximately 25 priorities evaluated in each survey.

² Cost of Denials Saw 67% Increase in 2022, Jan 2023.

³ 2022 survey of leading health system CXOs; n= 30.

* Executives ranked each touchpoint on a scale of least to most challenging, so percentages will add up to more than 100%.

SECTION 3

Holistic PFX solutions support upstream drivers of patient satisfaction

Patient satisfaction is an important but lagging indicator of the patient financial experience

Patient satisfaction scores one of many key metrics to drive the patient financial experience

One of the major limitations in understanding the patient financial experience is the fact that current measures calculate experience in one patient satisfaction metric.

This is the case even though patients are impacted by revenue cycle interactions across their entire care journey, including “invisible” interactions like eligibility verification to pre-registration before they engage with a clinician through post-visit billing questions/needs.

Even if a patient has positive experience leading up to and during an appointment, one mishap on their claim can overshadow the whole experience, producing a poor satisfaction score.

\$1.4M

Estimated total lifetime value per patient¹

¹ The real reason loyalty lacks in healthcare. Becker's Hospital Review. May 2018.
² 2022 survey of leading health system CXOs; n= 30.

“We can’t afford a lot of swings and misses. We worked with an automation vendor for two years with no discernable ROI, so we parted ways.”

—
Chief Revenue Officer,
Midwest Leading Health System

Top metrics used to measure the patient financial experience among health systems

LHS Executive Survey, n=30²

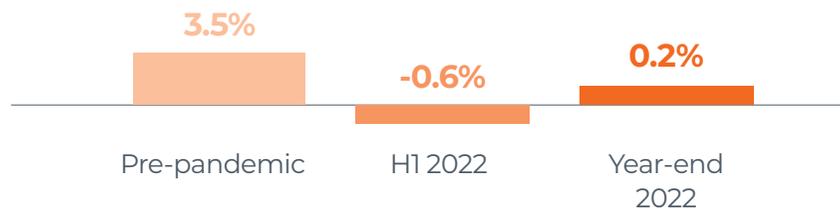
Rank	Metric	%
1	Patient satisfaction scores	97%
2	Clean claim rate	93%
3	Days in total discharged not final billed	87%
4	Pre-registration rate	83%
5	Insurance verification rate	83%
6	Bad debt	83%
7	Cash collection as a percentage of net	83%
8	Patient service revenue	80%
9	Point-of-service cash collections	80%
10	Aged AR as a % of total AR	80%
11	Case mix index	73%
12	Aged AR as a % of total billed AR	73%
13	Net days in account receivable	73%
14	Percentage of patient schedule occupied	70%
15	Denial write-offs as a % of net patient service revenue	70%
16	Charity care	70%
17	Uncompensated care	70%
18	Days in final billed not submitted to payer	67%
19	Total charge lag days	67%
20	Late charges as a percentage of total charges	67%
21	Patient reviews	67%
22	Aged AR as a % of billed AR by payer group	63%
23	Days in total discharged not submitted to payer	60%
24	Remittance denial rate	60%
25	Service authorization rate	53%

Patient financial care requires focus on patient priorities

Patients can have over 40 touchpoints along their care journey¹— from scheduling an appointment, obtaining financial clearance, estimating financial liability, clinician consultations, performed laboratory exams or procedures, and, ultimately, paying a bill. Health system leaders who recognize the inextricable link between revenue cycle and the patient financial experience are looking to make significant investments as they understand patient satisfaction leads to patient loyalty, resulting in improved margins. Historically, adding more revenue cycle staff was the most common solution to address patient payments challenges. But in 2023, health systems are prioritizing cost management: the average LHS margin dropped by over three percentage points to 0.2% since the start of 2020.² Margin pressures and ongoing workforce shortages require executives to look beyond labor investments to mitigate PFX challenges.

LHS 2022 operating margins well below pre-pandemic levels

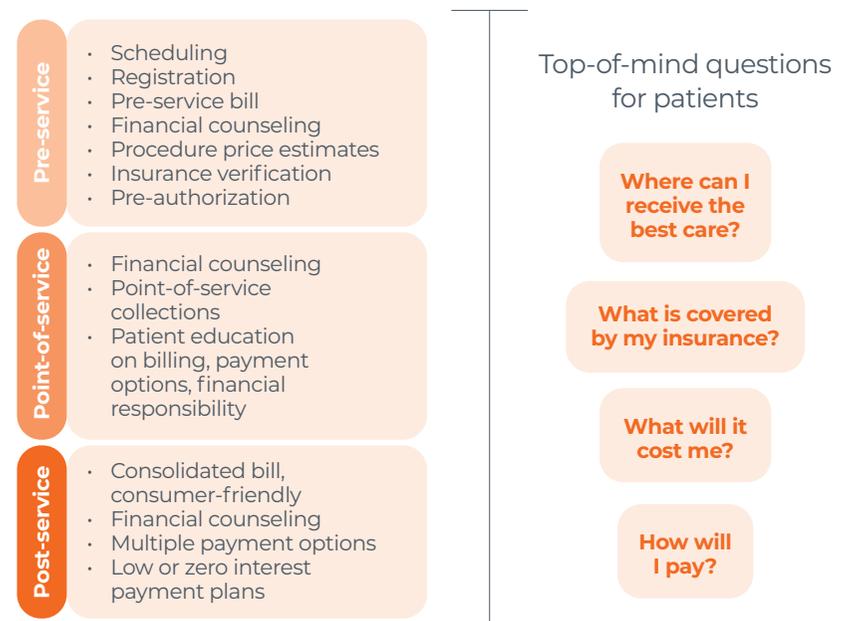
Not-for-profit health system medians



In lieu of additional staff, health systems are relying on technology to support the patient financial journey. 77% of surveyed health systems partner with patient financial vendors, yet many use point solutions to support functional revenue cycle needs. These technology solutions, serviced by multiple vendors with different processes and functions, unintentionally fragment the patient journey.

Further, legacy systems and processes were designed to optimize payer payment, not patient engagement. Looking ahead, health systems are prioritizing human-centric approaches to improve the patient financial experience and re-engineer the role technology serves across the entire revenue cycle to provide patient- and provider-facing solutions to improve payment transparency, accuracy, and engagement.

Addressing patient priorities requires human-centric approaches



“We created various steps within the revenue cycle — like patient financial clearance and patient access. They need to see us as one seamless process.”

Head of CRM and Patient Access, Southwest Health System

¹ Arias M, Rojas E, Aguirre S, et al. Mapping the Patient's Journey in Healthcare through Process Mining. Int J Environ Res Public Health. 2020;17(18):6586. Published 2020 Sep 10.
² The Current State of Hospital Finances: Fall 2022 Update. Kaufman Hall. September 2022.

Three conclusions driving PFX innovation

Given the current state of prioritizing the patient financial journey, executives will need to account for three macro trends to drive change. These perspectives may influence PFX investments moving forward and summarize key findings from this report.

1 Process improvements to date have focused on pre-service offerings but have yet to yield results



The opportunity to improve the patient financial experience is clear; only 3% of LHS executives report they are very satisfied with their patient experience process and 7% report they are very satisfied with their tools. But progress has been slow due to competing priorities. 20% of executives ranked competing priorities as the most pressing barrier to improving the patient financial experience. Given the focus on other priorities, LHS have been addressing the patient financial experience in segments, starting with pre-service offerings. However, many investments have not yielded positive results.

2

Health systems see ample opportunity to enhance their patient financial experience by expanding automation



At first glance, it's encouraging that most executives are somewhat satisfied (77%) with their technology and tools to support the patient financial experience. But lukewarm satisfaction with existing technologies means that only a few health systems (7%) are very satisfied with their technology or tools. Health systems have an opportunity to expand the use of automation technologies to all parts of the revenue cycle. Anecdotally, executives shared that automation has the potential to make health systems more proactive in addressing consumer concerns. To date, most automation focuses on pre-service offerings, but given the fact that patients are paying more out of pocket and denial rates are rapidly rising, health systems will increasingly look to automate post-service offerings, too.

3

Cross-continuum solutions are core to enabling a holistic patient financial experience



Many health systems lack a comprehensive strategy to advance the patient financial experience. To date, providers have focused on RCM and patient financial experience as separate endeavors, using “plug-and-play” solutions that solve common barriers. To create a superior and cohesive patient experience, LHS must focus on investing in cross-continuum solutions that unite RCM and patient experience. Without a holistic, unified strategy and high-quality, human-centric services, the patient financial experience will remain fragmented and continue to fall short of patient expectations — putting health system revenue in jeopardy.

HEALTH SYSTEM SPOTLIGHT

A health system's journey to increase patient satisfaction + boost payments

Renown Health is the largest locally owned, not-for-profit healthcare network in Northern Nevada, with 4 hospitals, 150 clinics and a medical group with 7,000 employees system-wide.

Revenue cycle leaders at Renown Health are on a mission to create a positive experience across the patient financial journey. Executives have spent time trying to improve the patient financial experience, which started with ensuring a patient understands their needs. Then Renown provided their workforce with the right technology and tools to streamline processes, reduce costs, and maximize revenue.

Renown[®]
HEALTH



“As people who use our own services, we knew first-hand that our patient experience was not what it could be. We wanted our solution to be fully connected so the patient doesn't have to go from one website to another.”

—
Kara Martinezmoles, VP of Revenue Cycle, Renown Health

Investing in the patient financial experience starts with a strong workforce

Like most health systems, Renown Health grapples with ongoing staffing shortages. To support retention, revenue cycle leaders at Renown Health prioritized patient-centered care and professional growth. Knowing that patients view the health system as one entity, all staff are equipped with self-service resources to guide patients across the entire financial journey.

Renown found that a large proportion of patient access staff spent an outsized proportion of time helping one patient versus many. As one leader described, “No one comes to work in healthcare because they like transactions, they do it for the human impact.” Renown Health staff are encouraged to prioritize patients regardless of time spent. Doing so required significant changes to workflow and the technology to support them.

Technology + automation to unify the patient financial journey

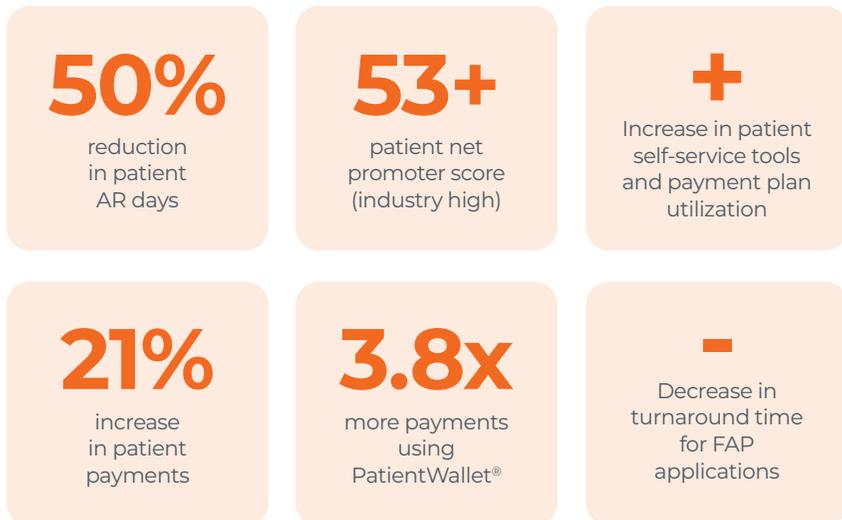
Technology and automation are integral components to Renown Health's PFX strategy. They use technologies to improve efficiency across all parts of the revenue cycle: front-end (e.g., financial outreach assistance, insurance verification), mid-cycle (e.g., coding), and back-end (e.g., electronic billing and statements). Executives firmly believe that staff engagement is vital when making decisions to invest in new technologies or modify workflows. Patient access staff are seen as key decision-makers.

In 2021, after an extensive RFP to find the right partner, Renown Health formed a partnership with Waystar to accelerate progress alongside their goals to better meet consumer needs. After implementing comprehensive solutions, the results speak for themselves.

“Patients can now raise an issue, and my department has the ability to resolve it. So we can now actively help people through the patient financial journey,” shares Kara Martinezmoles, VP of Revenue Cycle at Renown Health.

Renown Health is committed to continuous improvement and has ongoing plans to invest in its staff and technology to improve the patient financial experience.

Renown Health's powerful results

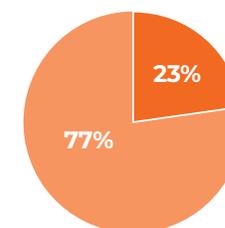


Data appendix

Additional data: Graph 1

Health system management of revenue cycle touchpoints

Percent of executives that selected response, n=30

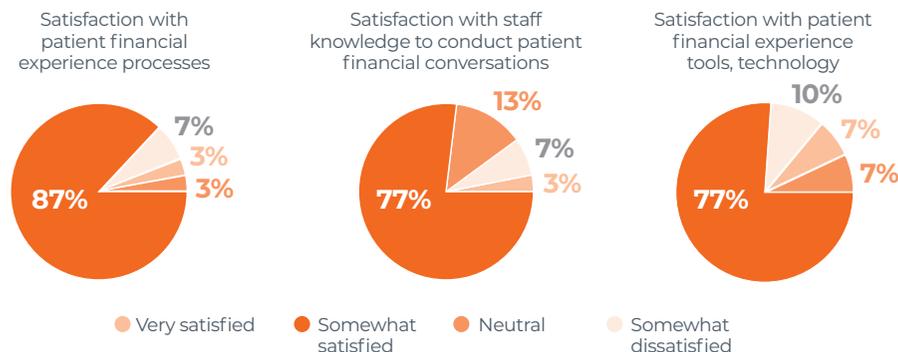


- All revenue cycle functions, including patient financial services outsourced to a vendor
- Outsource components of patient financial services to a vendor, but complete the remaining functions within your organization, using technology or an internally built solution.
- Complete all revenue cycle functions, including patient financial services, in-house using technology, and/or internally built solution
- Complete all revenue cycle functions, including patient financial services, in-house using manual processes

Additional data: Graph 2

Health system satisfaction with the patient financial experience

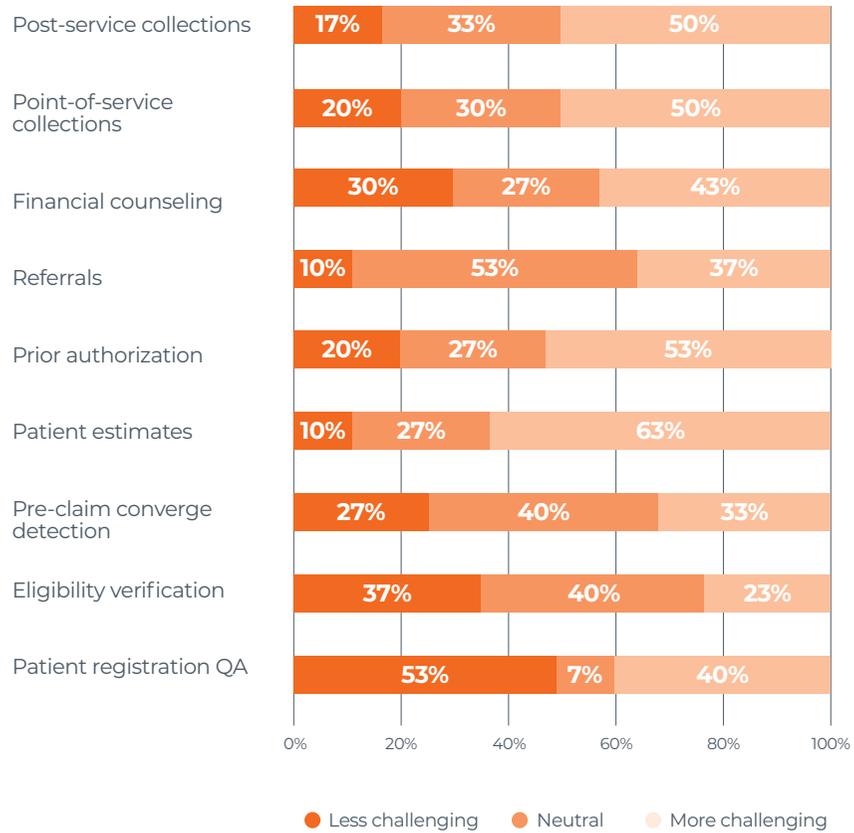
Percent of executives that selected response, n=30



Additional data: Graph 3

Most challenging RCM touchpoints to improve the patient financial experience

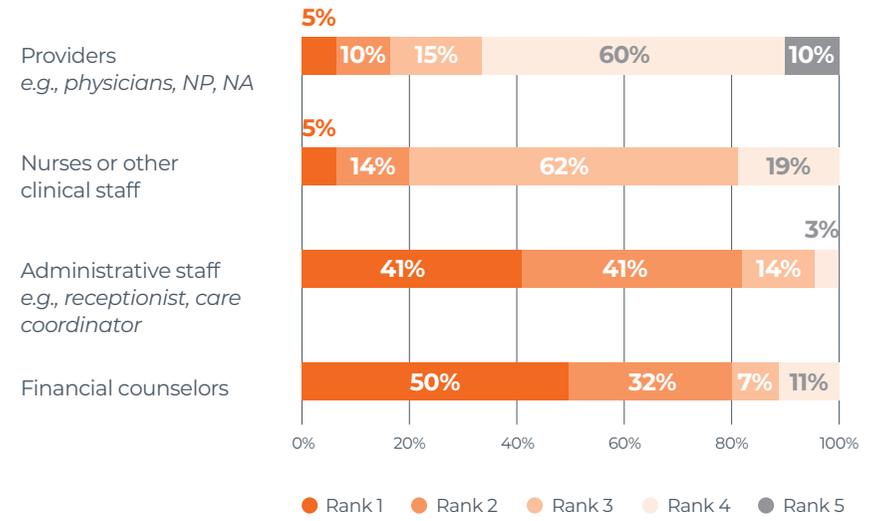
Percent of executives that selected rank, n=30



Additional data: Graph 4

Care team members accountable for patient financial responsibility education

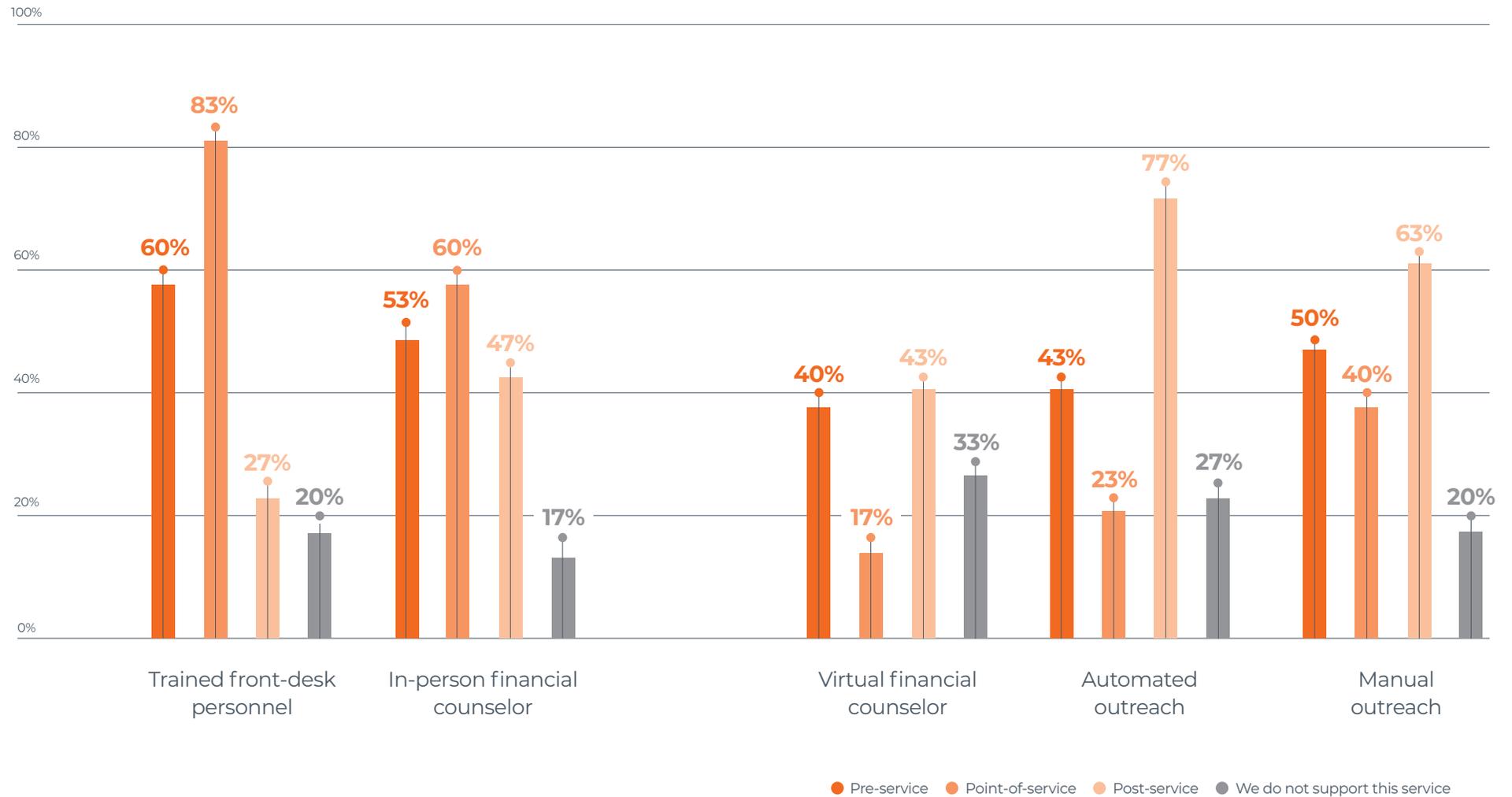
Percent of executives that selected rank, n=30



Additional data: Graph 5

Patient financial responsibility education across the patient journey

LHS executive survey, n=30*



* Results do not add up to 100% as participants were able to select multiple responses

Additional data: Graph 7

Technology services health systems leverage to improve the patient financial experience*

Percent of executives that selected service, n=30

Patient registration QA	53%	20%	13%	10%	3%	0%
Eligibility verification	57%	27%	7%	7%	3%	0%
Coverage detection/ Insurance discovery	57%	27%	10%	3%	3%	0%
Patient estimates	67%	20%	7%	3%	3%	0%
Prior authorization	53%	23%	7%	10%	7%	0%
Referrals	43%	20%	13%	13%	10%	0%
Financial counseling	33%	23%	20%	7%	13%	3%
Patient payment	53%	27%	10%	3%	7%	0%
	My organization is currently investing in technology to improve the patient financial experience	My organization is currently evaluating technology investments to improve the patient financial experience	My organization is considering technology investments to improve the patient financial experience in 1-3 years	My organization is considering technology investments to improve the patient financial experience in 3 years	My organization is not considering or technology to improve the patient financial experience	I don't know

* Among health systems that manage their RCM internally

Methodology

In 2022, The Health Management Academy conducted qualitative interviews and administered a quantitative survey to leading health system executives regarding their perspective on the patient financial experience. The 30 quantitative survey responses and 5 qualitative insight conversations represent 35 unique health systems.

Respondent roles include: VP or Director of Revenue Cycle (10), VP or Director of Patient Access (10), VP or Director of Patient Financial Services (5), Director of Patient Accounts (1), Chief Revenue Cycle Officer (4), Executive Director of Business Initiatives (1), Chief Financial Officer (2), Chief Technology Officer (1), and Chief Business Officer (1)

Disclaimer: The information and opinions in this report were prepared by The Academy. The information herein is believed to be reliable and has been obtained from public and proprietary sources believed to be reliable. All survey data and responses are collected in good faith from sources with established expertise and are believed to be reliable. Opinions, estimates, and projections in this report constitute the current judgment of the authors as of the date of this report. They do not necessarily reflect the opinions of The Academy and are subject to change without notice. Any products referenced within this report have not been independently evaluated. Neither The Academy nor Waystar recommends or endorses any of the products identified by survey respondents. All registered names or brands referenced in this document remain the property of their respective owners and are included for identification purposes only. This report is provided for informational purposes only. Any reproduction by any person for any purpose without The Academy's written consent is prohibited.



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