



PATIENTCO'S ANNUAL SURVEY REPORT:

2021 State of the Patient Financial Experience
Insights to Elevate Patient Financial Care



EXECUTIVE SUMMARY

The Patient Experience in 2021: Diagnosis? Distrust.

Since the COVID-19 pandemic began, healthcare has been under a relentless spotlight. Health systems have had to constantly adapt - from expanding telehealth to swiftly rolling out vaccine programs - in order to keep their communities safe and healthy.

If there's any silver lining to the pandemic, it's that COVID-19 served as a catalyst for progress and positive change in the healthcare industry. However, once the threat of another COVID-19 surge subsides, we cannot return to the status quo. Findings from the Patientco annual State of the Patient Financial Experience Report explain why. To create this report, we surveyed over 3,000 patients and nearly 50 healthcare providers across the U.S. to uncover patients' expectations and what the future holds for healthcare.

After COVID-19, the #1 focus for healthcare providers is getting patients back in for care, but there are several distinct barriers that prevent patients from accessing care, according to our survey report. In fact, patients revealed that more skipped recommended healthcare treatment because of cost concerns versus fear of COVID-19. Interestingly, cost concerns were widespread across income levels. We asked patients if they would be less likely to defer care if their provider offered flexible payment options and 85% of patients with an annual household income that exceeds \$175,000 said yes.

Even when patients do seek care, more than half have felt confused about what they owe after their visit and what their insurance covered. What's more striking, it doesn't matter how many years of school a patient has under their belt, even PhD graduates felt confused about what they owe.

If left unresolved, these pain points will continue to deteriorate patient trust in the healthcare ecosystem. Patients should trust their providers to do no harm, both physically and financially. Therefore, getting patients back in for care will take more than eliminating the threat of COVID-19. Health systems must also eliminate threats to patient trust, which include unclear and unaffordable billing communication. Fostering trust benefits everyone in healthcare, from health systems to the patients themselves. When patients are no longer hesitant to receive care, entire communities can thrive and reach their full health potential while our health systems stay funded. In this scenario, everyone wins.

Patientco's 2021 State of the Patient Financial Experience Report shines a light on what it will take to rebuild trust with patients and remove the barriers that prevent them from seeking care so health systems can continue on their mission of delivering high-quality care to the communities they serve.

KEY INSIGHTS

1. More Patients Cite Cost Concerns Than COVID-19 as Reason for Skipped Care

Concerns about out-of-pocket costs are the #1 reason patients skip or delay recommended healthcare treatment. Nearly 1 in 3 patients has avoided care because they were worried about what they would owe and 15% skipped care because they lacked health insurance, which typically means higher out-of-pocket costs for the patient.

2. Nearly Half of Patients Need Financial Assistance for Bills Over \$500

For medical bills that exceed \$500, 45% of patients would need financial assistance and for bills that exceed \$1,000, the percentage is even higher, as 66% of patients would need assistance. However, most healthcare providers do not consider the bill balance amount when assessing a patient's eligibility for financial assistance.





3. Medical Bills Leave Patients Confused & Conventional EOBs Do Not Alleviate This

More than half of patients have felt confused when paying for healthcare services because it's difficult to understand what their health insurance covered and what they owe. Even for patients with a PhD or higher, 52% struggled to understand what their insurer covered on their last medical bill. An explanation of benefits (EOB) is designed to give patients clarity, but nearly 2 in 3 patients said that their EOB either did not make sense, took a long time to get, or they didn't know what to do with the information.

4. Providers Focused on Getting Patients Back in For Care After COVID-19

After COVID-19, revenue cycle teams are most focused on getting patients back in for care with 64% of providers citing this as a key focus, followed by solving for price transparency, which 51% of providers cited. Reducing costs, addressing talent and resource constraints, and the 2020 No Surprises Act tied for third, with 28% of providers citing these initiatives as top priorities.

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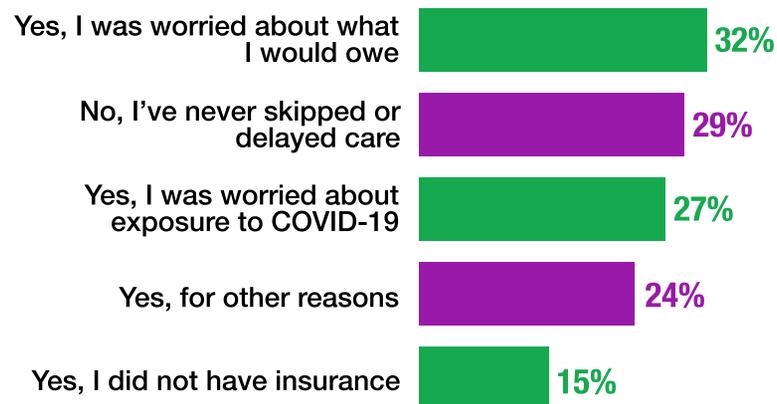
Methodology

PATIENTS CONTINUE TO SKIP CARE OVER COST CONCERNS

Cost concerns top COVID-19 as #1 reason patients skip care



Have you ever skipped or delayed recommended healthcare treatment? If so, why?



34% of women have skipped or delayed care because of cost and 30% of men have deferred care over cost.

Economic and health disparities were amplified by the pandemic. From February-April 2020, women's unemployment jumped by 12 percentage points while men's unemployment increased by less than 10 points, according to the Bureau of Labor Statistics¹, leaving many women without health insurance or stable income to afford care.

¹<https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>

For patients 60 years and older, concerns about COVID-19 were cited more than cost concerns as the reason for skipping care.

22% deferred care because of COVID-19 and only 15% deferred care due to cost concerns. However, for patients under 60, 41% skipped care because they were worried about what they would owe while 30% skipped care due to COVID-19.

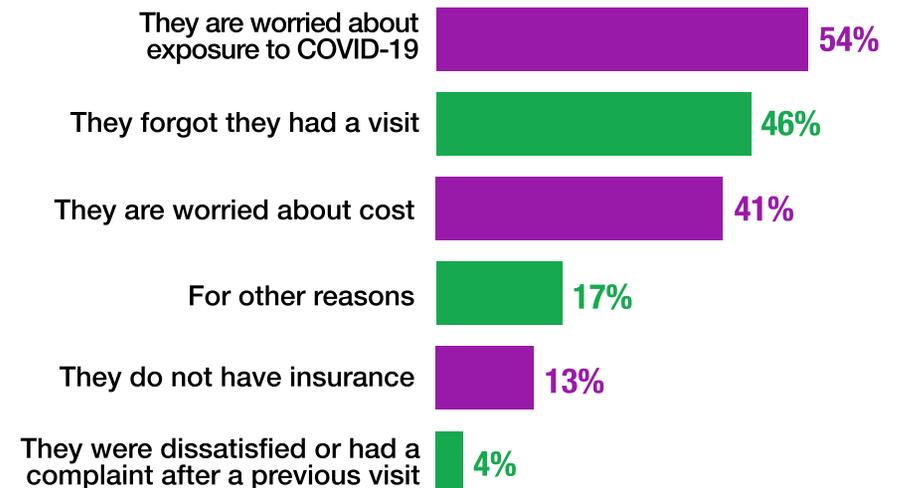
HEALTH SYSTEMS THAT ADDRESS PATIENTS' AFFORDABILITY CONCERNS CAN RESTORE VISIT VOLUME.

Providers cite cost among top 3 reasons patients cancel visits



Provider Survey

What are the top reasons your patients cancel visits?

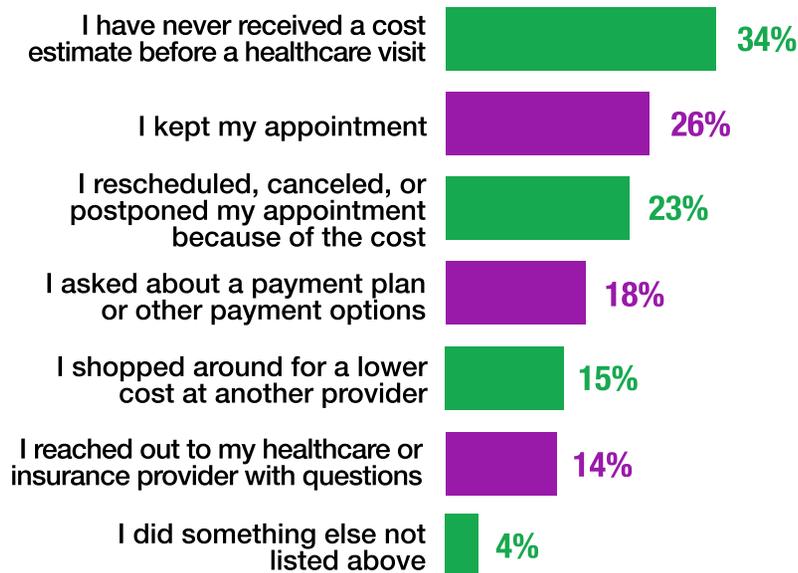


COST ESTIMATES WITHOUT AFFORDABLE PAYMENT OPTIONS MAY DRIVE PATIENTS AWAY

Sticker shock from estimates cause nearly 1 in 4 patients to cancel visits



If you have received a cost estimate before a healthcare visit, what did you do next?

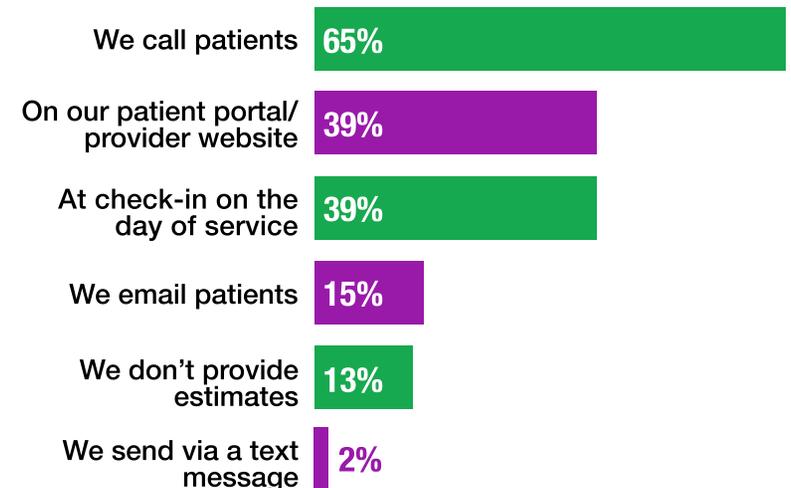


Men are more likely to shop around for a lower cost than women, but women are more likely to ask about a payment plan.

Health systems miss opportunity to connect with patients digitally



If you provide out-of-pocket estimates before visits, how do you send them?



Nearly 40% of providers only send price estimates through one channel, such as email or a phone call, regardless of the patient's communication preferences.

The most common way providers share a patient's estimated out-of-pocket costs is by phone. Yet, phone calls are patients' least preferred method of communicating with their provider, according to Patientco's 2019 Rules of Engagement Survey Report and Pew Research reveals that 8 in 10 Americans won't answer phone calls from unknown numbers.

97% of providers that offer price estimates attempt to collect a portion of payment prior to the patient's visit.

Upfront, affordable payment options on estimates help ensure patients keep their scheduled appointment. Of patients who have received a price estimate in the past, 70% reported it factored into their decision to move forward with treatment, according to our 2020 State of the Patient Financial Experience Report.



MOST PATIENTS NEED FINANCIAL ASSISTANCE FOR HIGH BILL BALANCES

Nearly half of patients can't afford a medical bill over \$500



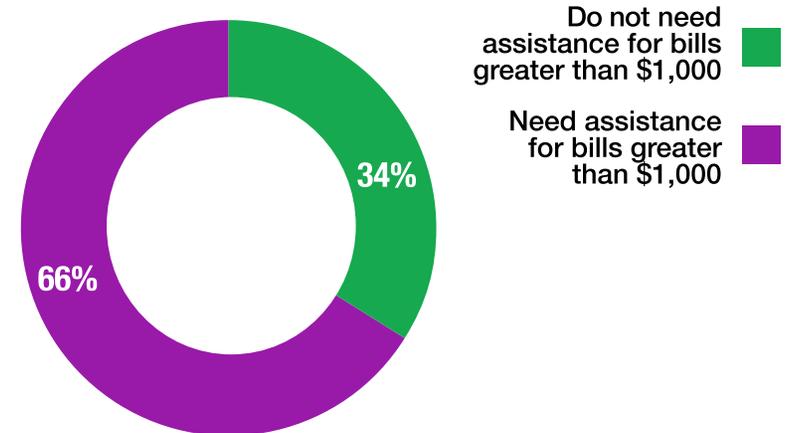
At what price point would you have to seek assistance in order to pay an unexpected healthcare bill?



2 in 3 patients can't afford a medical bill over \$1,000



66% of patients would need financial assistance for a bill over \$1,000



45% of patients would need help for bills over \$500.

For patients with household incomes less than \$100,000, 1 in 3 would need financial assistance for a bill over \$300.

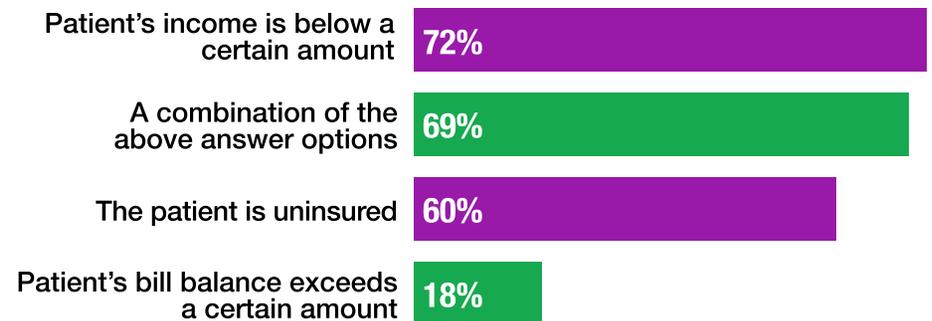


Less than 1 in 5 providers use bill balance to assess patient eligibility for financial assistance



Provider Survey

How does a patient become eligible for charity care or financial assistance at your health system?



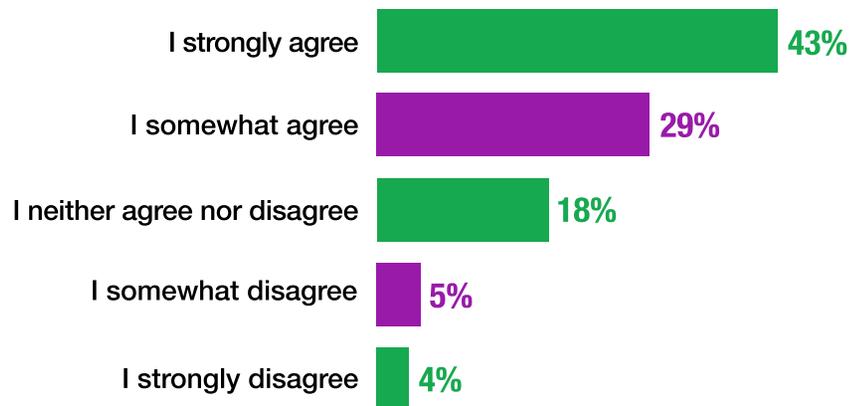
PATIENTS & HEALTH SYSTEMS STRIVE FOR TREATMENT OPTIONS THAT ARE AFFORDABLE

Patients expect providers to consider affordability in their treatment recommendations



Patient Survey

Do you believe your healthcare provider should take affordability into account when making treatment recommendations?



72% of patients believe their provider should consider affordability when making treatment recommendations and this finding was consistent across income levels.

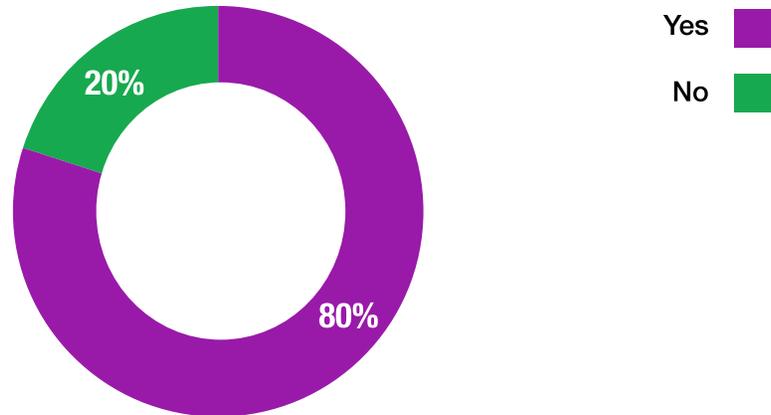
Patient loyalty is also influenced by affordability. Nearly one-third of patients would switch providers to access more affordable payment options, according to our 2020 survey report.

HOSPITALS CAN INCREASE VISIT VOLUMES WITH FLEXIBLE PAYMENT OPTIONS

Most patients will follow through on care with flexible payment options



Would you be less likely to defer if your healthcare provider offered flexible payment options?



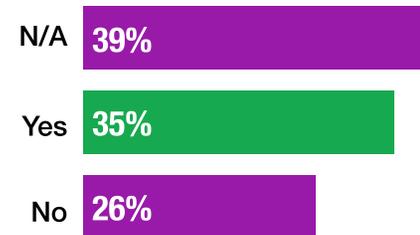
8 in 10 patients are less likely to defer care when affordable payment options are available.

Affordability matters for high income households, too. 85% of patients with household incomes greater than \$175,000 are less likely to defer care with flexible payment options.

More than a quarter of patients did not receive financial assistance to pay an unaffordable bill



If you have gotten a healthcare bill that you could not afford, were you offered financial assistance, such as financing options or payment plans?

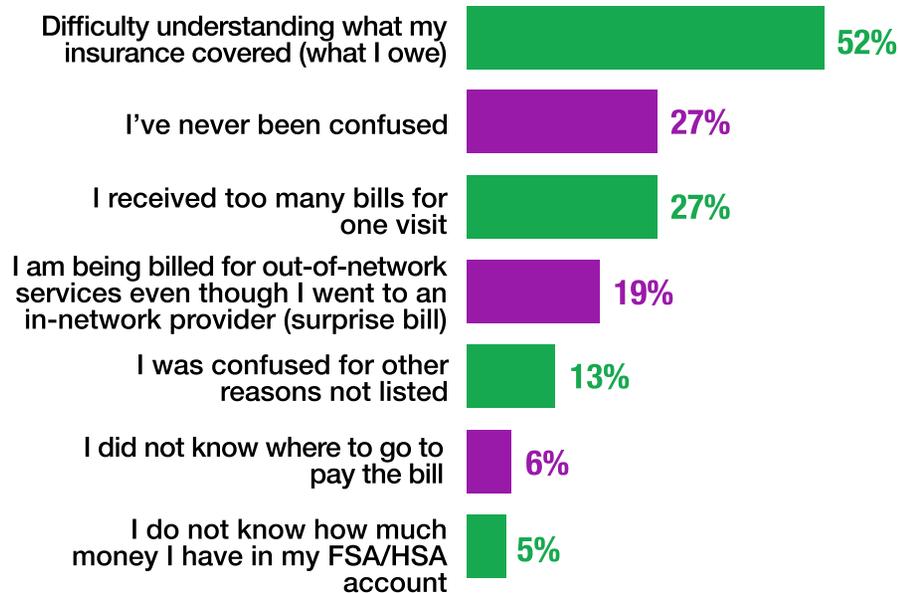


UNCLEAR FINANCIAL COMMUNICATION CONFUSES PATIENTS

Over half of patients struggle to understand what their health insurer covered



What causes confusion when paying for your healthcare services?

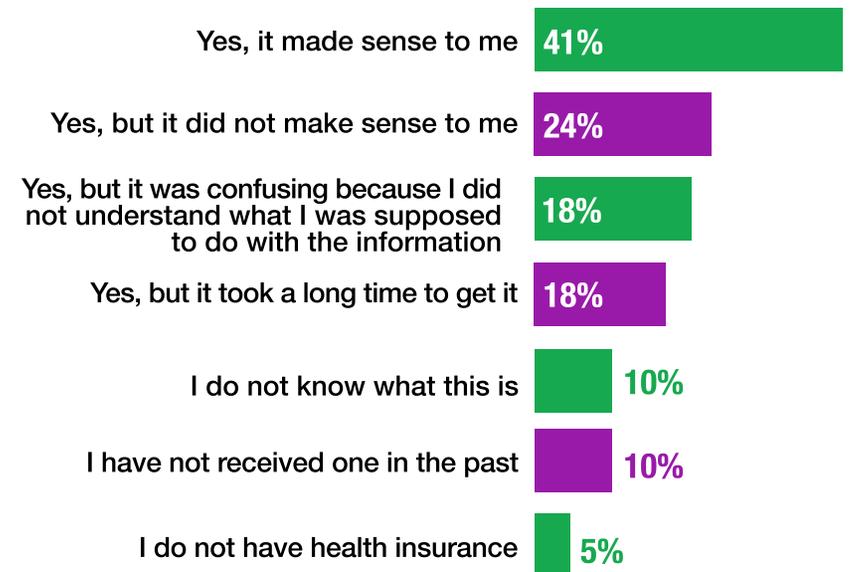


For patients under 45 years old, 60% struggled to understand what they owed. Even for patients with a Ph.D. or higher, over half had difficulty understanding what they owed and what insurance covered.

Less than half of patients could make sense of their EOB



If you have ever had health insurance, have you reviewed your Explanation of Benefits (EOB) to understand your medical expenses after a healthcare visit?





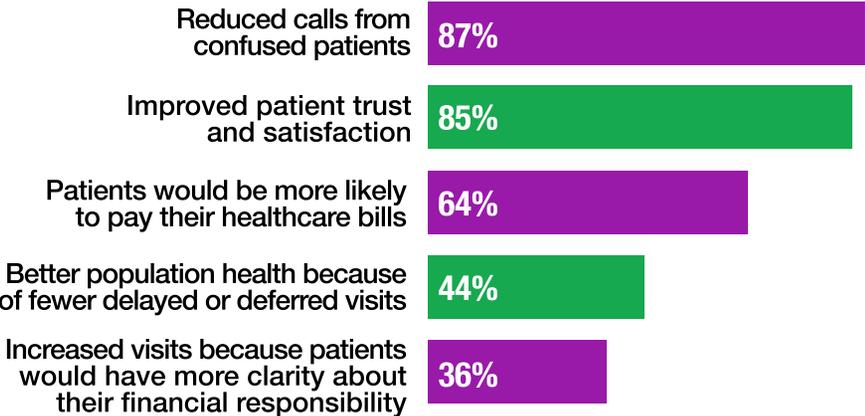
WHILE EOBs ARE INTENDED TO HELP PATIENTS UNDERSTAND THEIR MEDICAL EXPENSES, NOT ALL PATIENTS FOUND THEM HELPFUL. NEARLY 1 IN 4 PATIENTS SAID THEIR EOB DIDN'T MAKE SENSE TO THEM.

HEALTH SYSTEMS BELIEVE THERE'S ROOM TO IMPROVE PATIENT FINANCIAL LITERACY

Nearly 9 in 10 providers think helping patients understand their health insurance would reduce calls

 Provider Survey

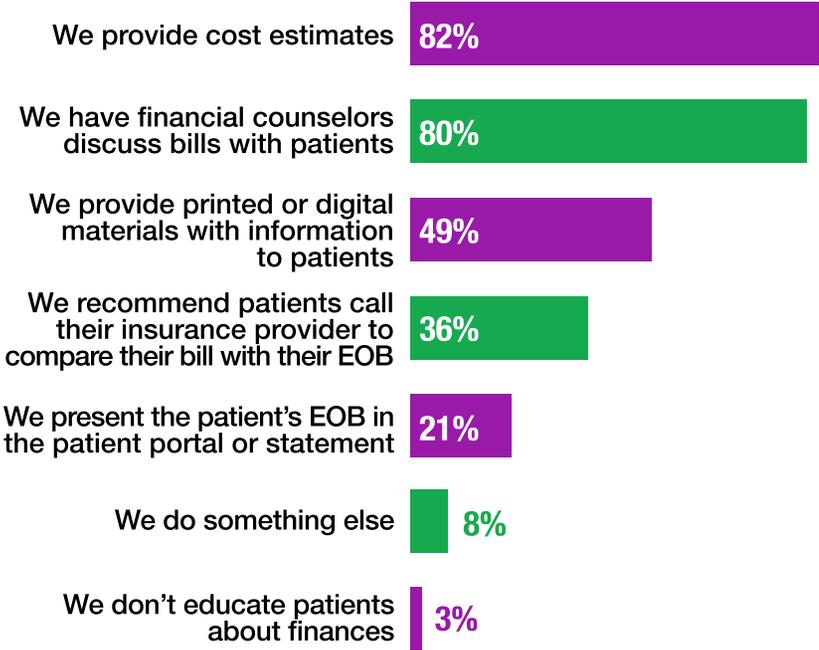
How do you think improving a patient's understanding of their health insurance benefits would help your health system?



Most providers promote financial literacy to patients with tactics that are time-consuming & resource-intensive

 Provider Survey

How do you promote financial literacy within your patient population?



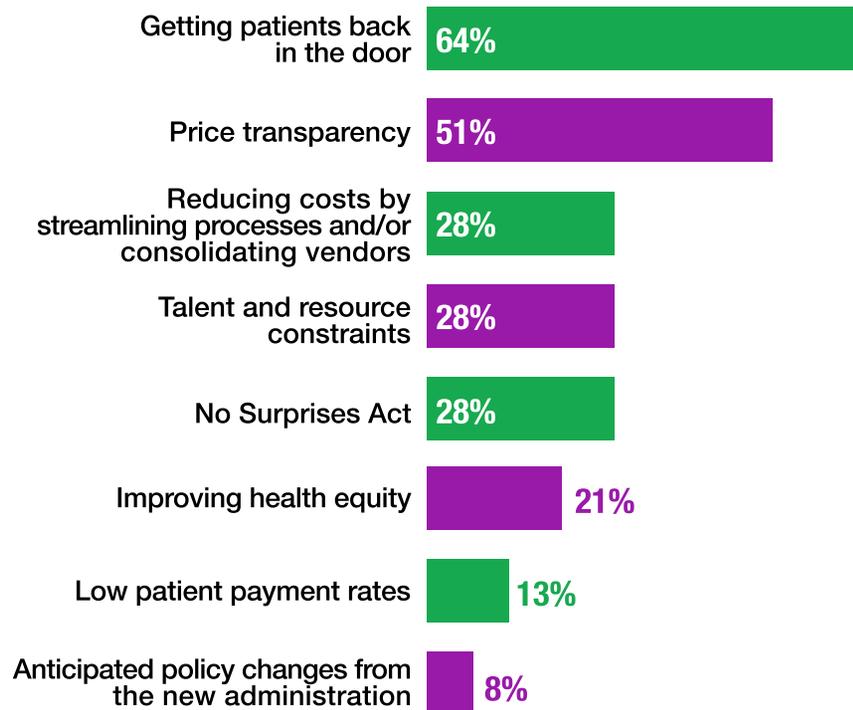
TRUST IS KEY IN WAKE OF THE PANDEMIC

REVENUE CYCLE LEADERS PREPARE TO SOLVE NEW PROBLEMS POST-PANDEMIC

Over half of revenue cycle teams focused on re-engaging patients & new regulatory requirements



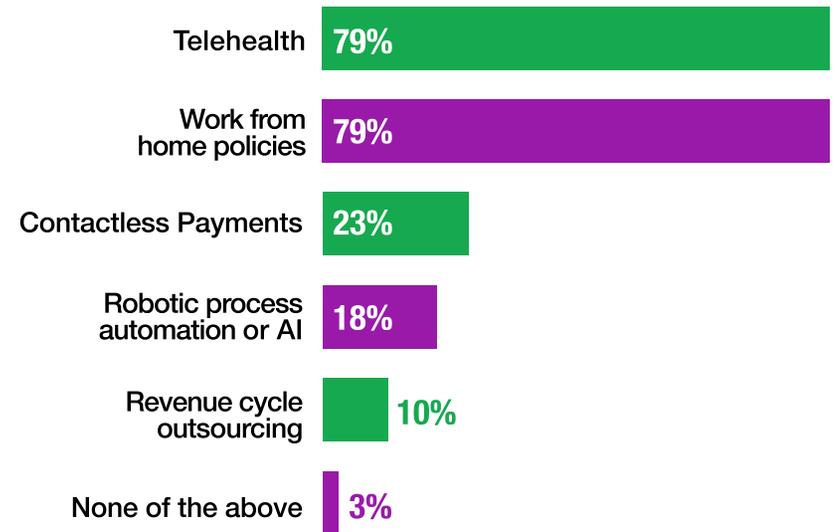
After COVID-19, what problem areas are your revenue cycle team most focused on solving for in 2021?



Nearly 8 in 10 providers will make their telehealth & work from home policies permanent



What operational decisions made during the pandemic will you keep permanently?



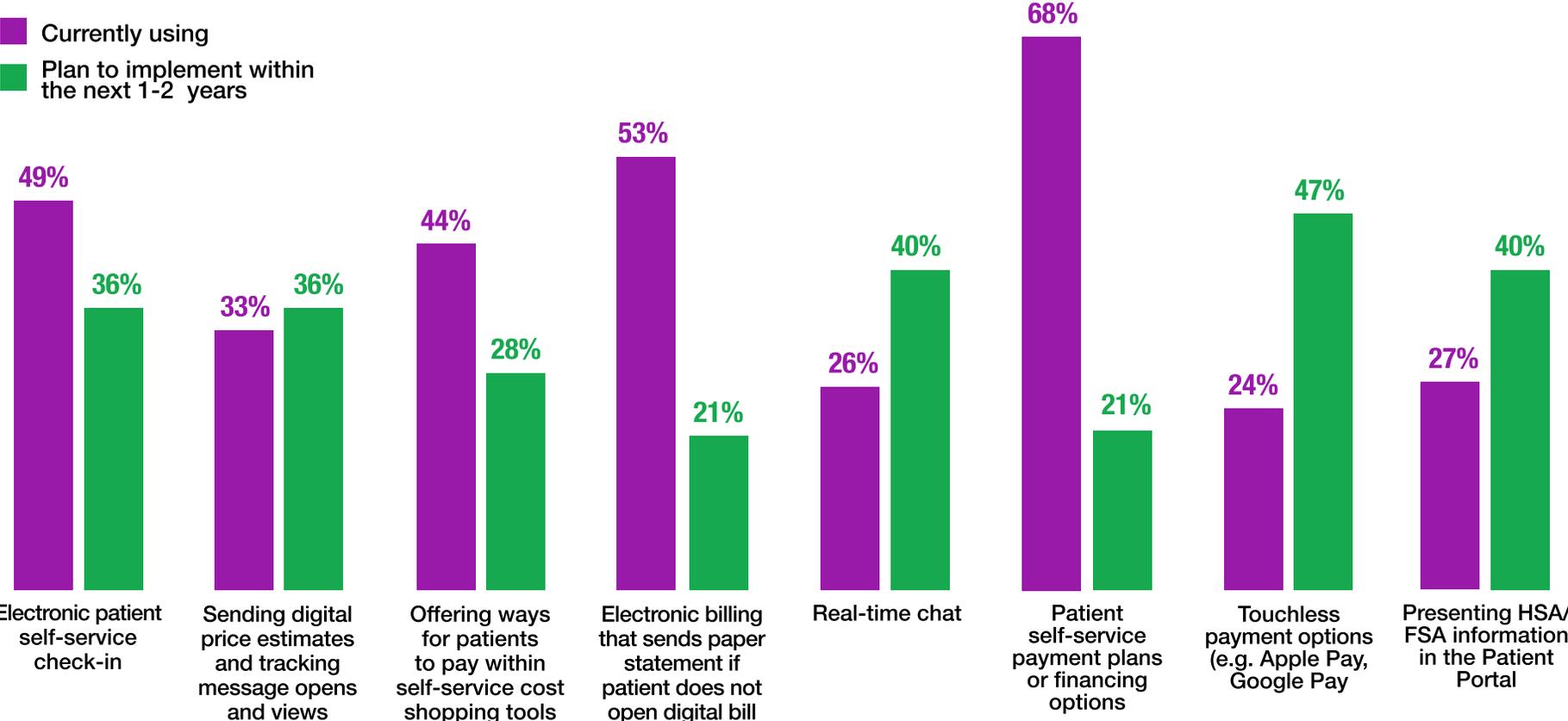
HEALTH SYSTEMS RESHAPE THE STATUS QUO WITH DIGITAL INVESTMENTS

Touchless payments & real-time chat are top 2 digital tools providers plan to invest in



Please indicate the status of the following tools in your health system.

- Currently using
- Plan to implement within the next 1-2 years



Touchless payments, real-time chat and presenting HSA/FSA information in the patient portal are the digital tools providers cited most on their 1-2 year roadmaps. Nearly 7 in 10 providers already offer self-service payment plans or financing for their patients.

INSURANCE COVERAGE IS TOP REASON FOR PATIENT LOYALTY, BUT DIGITAL COMMUNICATION IS ALSO KEY

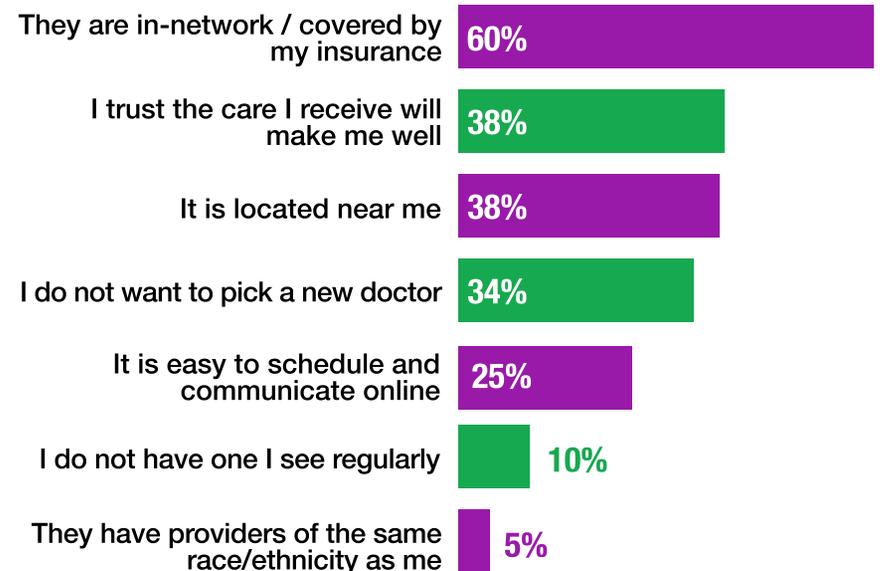
THE #1 REASON PATIENTS REMAIN LOYAL TO THEIR PROVIDER IS BECAUSE THEY ARE IN-NETWORK, WITH QUALITY OF CARE & LOCATION TYING FOR SECOND.

1 in 4 patients remain loyal because it's easy to schedule an appointment or communicate with their provider digitally. Even among patients who didn't grow up with a smartphone in hand appreciate the option to engage digitally, as 28% of patients 60 and up listed these convenient digital capabilities as a factor in their loyalty.

Patient loyalty often hinges on convenience

 Patient Survey

If you have a health system that you visit regularly, why do you remain loyal to that system?

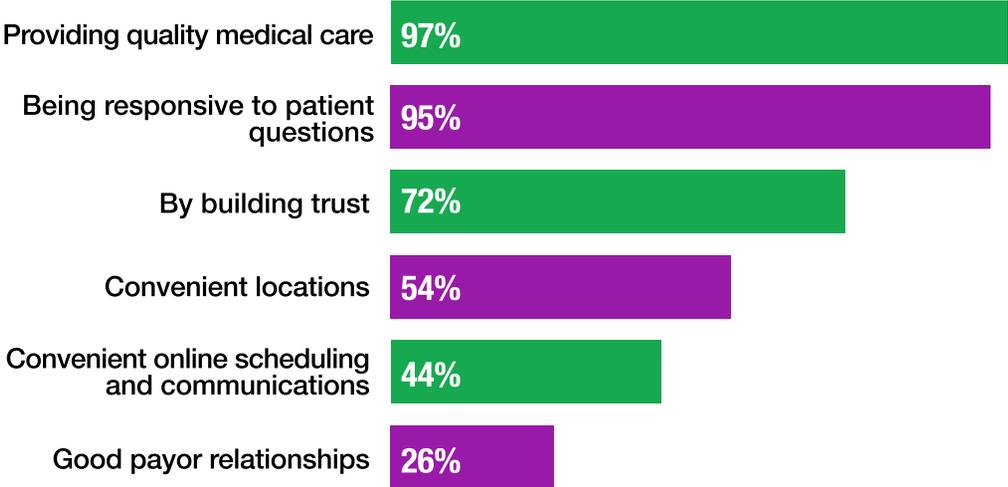


HEALTH SYSTEMS MOSTLY FOCUS ON QUALITY OF CARE TO FOSTER PATIENT LOYALTY

Providers cite quality of care, responsiveness to questions & trust as top 3 drivers of patient loyalty

 Provider Survey

How do you foster patient loyalty?

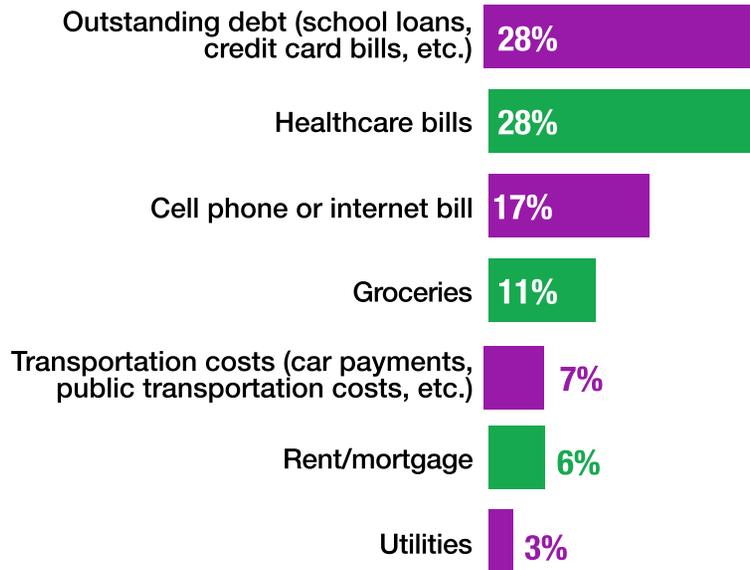


MEDICAL BILLS ARE ONE OF THE FIRST EXPENSES PATIENTS WOULD DEFER OR AVOID

Healthcare bills are expendable in the event of hardship

 Patient Survey

What expenses would you defer if you were facing financial hardship and could not afford all of these items?



CONCLUSION

Barriers to care, which are oftentimes financial barriers, such as confusing medical bills and unclear EOBs or high out-of-pocket costs, prevent patients and entire communities from achieving better health outcomes. Removing those barriers starts by fostering trust between health systems and patients. Trust is not relegated to just clinical interactions. Trust is also built through better interactions with patients throughout their care journey - from scheduling their first visit to accepting their payment after treatment.

Themes from our 2021 survey report reveal what patients expect today from their providers and the health systems that deliver on those expectations are making a profound investment in their patients' trust and ultimately, the health of the communities they serve.

Cost Remains a Top Barrier to Care

In the last decade, health insurance deductibles have increased by more than 110%², which means patients are burdened with higher out-of-pocket costs. Patients are struggling to keep up with these rising healthcare costs. These fears often prevent patients from seeking the medical care they need. In fact, concerns about out-of-pocket costs are the #1 reason patients skip or delay recommended healthcare treatment. Nearly 1 in 3 patients has avoided care because they were worried about what they would owe and 15% skipped care because they lacked health insurance, which typically means higher out-of-pocket costs for the patient.

² <https://www.kff.org/health-costs/press-release/average-family-premiums-rose-4-to-21342-in-2020-benchmark-kff-employer-health-benefit-survey-finds/>



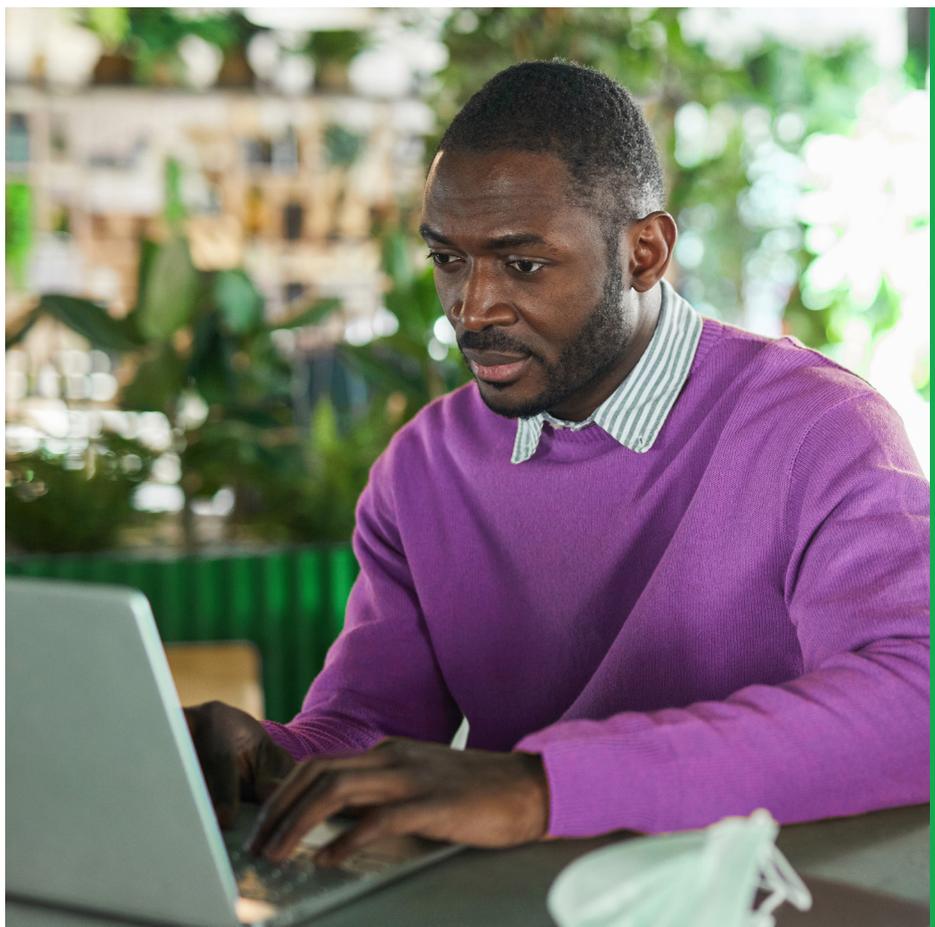


Patients Struggle with Unclear Financial Communication

When patients do seek out and receive treatment, they often feel confused, stressed or disempowered when making financial decisions related to their care. More than half of patients have felt confused when paying for healthcare services because it's difficult to understand what their health insurance covered and what they owe. Even patients with a PhD or higher struggle to understand their healthcare expenses. While explanations of benefits (EOBs) are designed to help patients understand their insurance coverage and out-of-pocket costs, few patients find them truly helpful. In fact, 1 in 10 patients who have insurance do not even know what an EOB is or what to do with one.

Digital Transformation Key to Success Post-Pandemic

Healthcare providers realize that digital investments will be vital to their organization's success and getting patients back in for care following the pandemic. Patients across demographics value the ability to communicate with their provider digitally, especially since the pandemic fueled adoption of technologies such as telehealth. In fact, 1 in 4 patients remain loyal because it's easy to schedule an appointment or communicate with their provider digitally. Getting patients back in the door is the top focus for revenue cycle teams after COVID-19, so providers are taking note of patients' preferences for digital and expanding their digital footprint with new technology investments. Touchless payments are the digital tools providers cited most on their 1-2 year roadmaps, followed by presenting HSA/FSA information in the patient portal and real-time chat.



METHODOLOGY

The Patientco 2021 State of the Patient Financial Experience Report contains quantitative data from 3,116 patients and 46 healthcare providers. To obtain the patient survey data, Patientco used SurveyMonkey to obtain insights from a random sampling of people across the United States over the age of 18. Patientco also used SurveyMonkey to poll revenue cycle employees at large healthcare organizations, most with 300 beds or more to better understand how healthcare providers currently address or plan to address current patient financial engagement challenges.

ABOUT PATIENTCO



Patientco, recently named Best in KLAS for Patient Financial Engagement Platforms, is the only vertically-integrated payment technology company that was founded specifically to rethink the patient payment experience in healthcare. We provide greater connectivity, advanced analytics and more, so that health systems only need one patient payments partner and technology platform. Given the comprehensive nature of our platform, Patientco improves financial care across the entire patient journey, from pre-service to post-service, while increasing payments and revenue for today's top health systems. Our platform has also received Healthcare Financial Management Association's Peer Review designation. Patientco is making healthcare better one payment at a time. To learn more, email learnmore@patientco.com, visit www.patientco.com or connect on LinkedIn.