



# PAYMENT TRANSFORMATION

How health systems are meeting critical financial and operational goals through new patient payment technologies

healthleaders

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**In today's dynamic healthcare landscape, healthcare organizations are leveraging more comprehensive payment technologies.** With methods ranging from physical credit card transactions and email notifications to real-time EHR and contactless payments, organizations are looking to optimize payment and revenue cycle processes, bolster payment security, and redefine the patient's financial journey. Hospital executives unequivocally recognize the significance of these advancements for their continued success.

According to new research conducted by HealthLeaders and supported by U.S. Bank, an overwhelming 89% of hospital and health system executives consider payment digitization an indispensable strategic imperative. The survey, which collected input from 73 respondents, predominantly CEOs and presidents, provides valuable insights into the priorities of healthcare organizations regarding payment solutions.

Misty Grambow, vice president of healthcare and nonprofit payments, and Chad Bloomberg, vice president of healthcare payment solutions at U.S. Bank Payment Solutions, affirm that the road ahead is clear. "We anticipate that health systems, similar to companies in all industries, will move to automate as much of the patient payment process as possible in the near future, with a growing emphasis on contactless and digital wallet payments across diverse channels."

## Hospital-preferred payment solutions

However, when considering payment solutions that automate payment processes and improve staff efficiency, healthcare organizations currently prioritize tried-and-true technologies over more advanced ones for many reasons, including costs, consumer preferences, and regulatory requirements. The survey found that email notifications and reminders (68%) and text notifications and reminders (60%) remain the most popular payment solutions, while pay by text is the least utilized at only 14%.

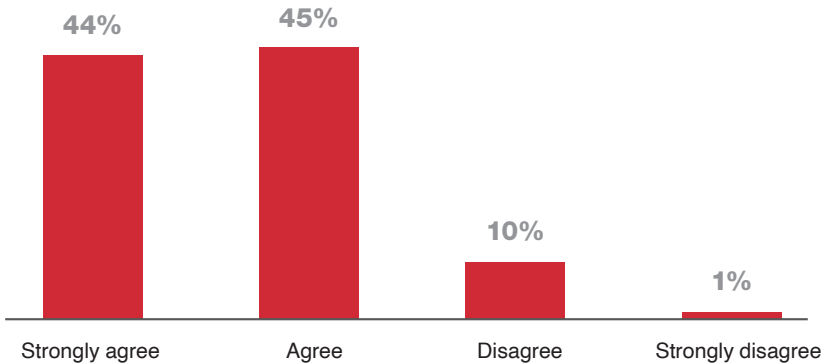
**"We help them understand that rates will go up and costs will increase anytime a payment occurs without a card present."**

—Misty Grambow, vice president, healthcare and nonprofit payments, U.S. Bank Payment Solutions

“We are seeing healthcare systems continue to use email and text notifications and reminders to communicate with patients because they are more affordable and more preferred by patients,” says Bloomberg. He notes that the more advanced solutions, including online chat support, IVR, electronic kiosks, and text payments, have fallen short, as they can be either impersonal or challenging for individuals to use. “Patients want a personal touch; they don’t want to talk to an AI bot,” Bloomberg says. He also points out that IVR can be complex for older patients, requiring a mobile phone touchpad to enter information.

EXTENT OF AGREEMENT ON EXECUTIVE LEADERSHIP VIEW

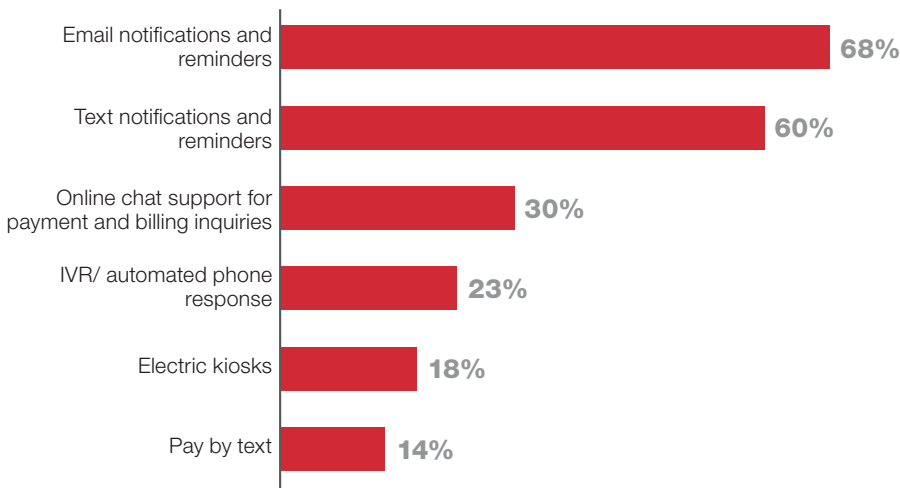
To what extent do you agree with the following statement: **Executive leadership views payment digitization as a strategic imperative that supports our financial and/or operational objectives.**



BASE: 73

PAYMENT TECHNOLOGIES IMPLEMENTED

Which of the following payment technologies has your organization implemented to automate payment processes and improve staff efficiency?



BASE: 73 | SELECT ALL THAT APPLY

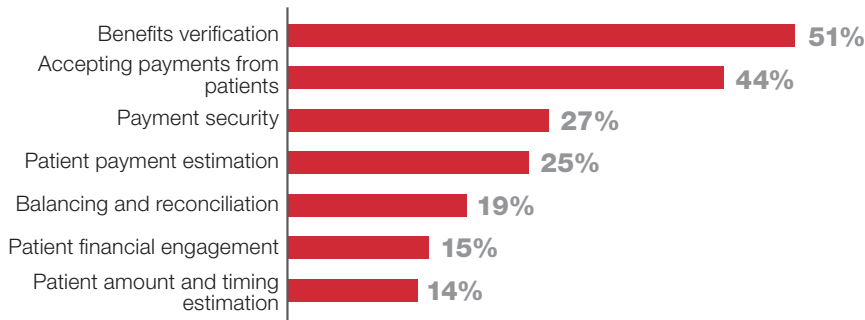
Meanwhile, Grambow emphasizes that apart from cost, convenience, and patient preferences, payment technology adoption is also heavily influenced by evolving healthcare business practices and patient financial security regulations. U.S. Bank customers show similar tendencies, with email notifications remaining the top payment choice, followed by links on statements. She notes that such decisions are also driven by a need to avoid security complications and to stay abreast of payment card industry data security standard (PCI) requirements. “Organizations are implementing some of these digital engagement processes to help with PCI compliance, meaning the organization doesn’t want customer service reps ingesting that data,” says Grambow. “Patient age demographics also heavily influence decision-making,” she adds.

**Emerging trends in payment technologies**

As digital payment technologies evolve, Bloomberg and Grambow agree that organizations will embrace them more. For example, Bloomberg says, “Pay by text, which came in last with survey respondents, will likely increase as digital payment solutions become smarter and all engagement moves to the phone.”

USE OF MACHINE LEARNING/ARTIFICIAL INTELLIGENCE

Are you using machine learning and/or artificial intelligence to help with the following?



BASE: 73 | SELECT ALL THAT APPLY

A recent U.S. Bank Payment Transformation Report, which surveyed 60 senior leaders in healthcare finance, finds that healthcare organizations are prioritizing investments in real-time payments above all other technologies aimed at driving future payment acceptance. Additionally, making digital payments through an app or mobile device is a top payment priority for 48% of U.S. Bank customers, with 43% reporting that embedding payment acceptance into their portal is another area of emphasis. The report indicates a forthcoming rise in contactless card payments, digital wallets, and “scan and go” methods in the next two years, while traditional cash and physical credit card payments are expected to decline. “Soon, consumers will make payments using their digital wallets on their phone, which holds their HSA card,” predicts Bloomberg.

Grambow also points out that the adoption of Epic’s MyChart® has had an enormous impact on enabling patients to pay at the time of service. “We’re helping clients drive that change, which allows patients to check in through the portal, make their payment right then, and then save the token in their profile versus the old way of stopping by the front desk to remit payment after you are seen,” she says. “That alone will change your payment practices significantly.”

Bloomberg agrees, adding, “Anytime we can provide our clients an opportunity to capture or grab a card on file at the beginning of the revenue cycle workflow, we can increase their efficiency, collection rate, and follow-up to make a payment.” He points out that this technology solution also follows PCI requirements.

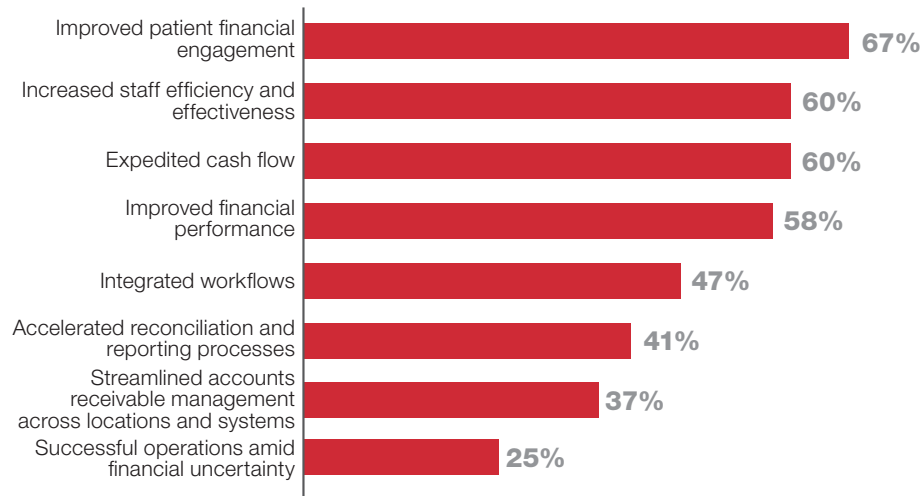
Additionally, a significant percentage of healthcare providers are utilizing AI for payment and estimation processes. According to the HealthLeaders survey results, over half of healthcare providers (51%) use AI and/or machine learning to verify benefits. Additionally, 44% of respondents use these technologies to support payment acceptance, while 27% use them to maintain payment security and 25% for patient payment estimation. Health system customers of U.S. Bank also embrace various levels of automation, including the adoption of real-time eligibility solutions. Grambow explains, “We have real-time integrations and offer the ability to have posting and open balance files.”

**Digital payments: Key benefits and obstacles**

Overall, it’s clear that healthcare organizations recognize the value of new payment technologies and are eager to leverage their benefits. Of HealthLeaders survey respondents, 67% said improving patient financial engagement is the most crucial objective these payment solutions help them meet, followed by increased staff efficiency and effectiveness (60%), expedited cash flow (60%), and improved financial performance (58%).

NEW PAYMENT TECHNOLOGIES IMPACT ON OBJECTIVES

Which of the following objectives can your organization better meet because of new payment technologies?



BASE: 73 | SELECT ALL THAT APPLY

When adopting new payment technologies, key factors are ease of implementation and use. “It shouldn’t be confusing or send you to third-party websites to complete the transaction,” says Bloomberg. “A patient should know that when they enter their current information into the platform, it’s secure.”

Moreover, leaders must weigh strategic decisions regarding the patient’s financial experience and the cost of implementing these payment technologies. For example, while there are significant benefits in using the EHR and contactless technologies to secure payment before or at the time of the visit, hospitals must address the cultural norm in healthcare to accept patient payments after receiving service.

“Current payment methods require healthcare institutions to float an outstanding amount of cash before insurers and patients cover their financial responsibilities, which doesn’t happen in any other industry,” says Bloomberg. “While we know patients are used to paying up front for retail and other services, no single health system wants to be the first to adopt this stance in their area. It’s a leadership issue that organizations must collectively and regionally address,” he adds.

Grambow adds she and the U.S. Bank team closely support healthcare clients when navigating payment technology decisions, helping educate them on crucial aspects of digital technology. For example, recognizing the fluidity of the term “digitization” within

the industry, she collaborates with each healthcare partner to identify their specific understanding of the concept. “Digitization ranges from transitioning from cash and checks to credit card payments, to embracing online payments, text-to-pay, and links on statements,” she explains.

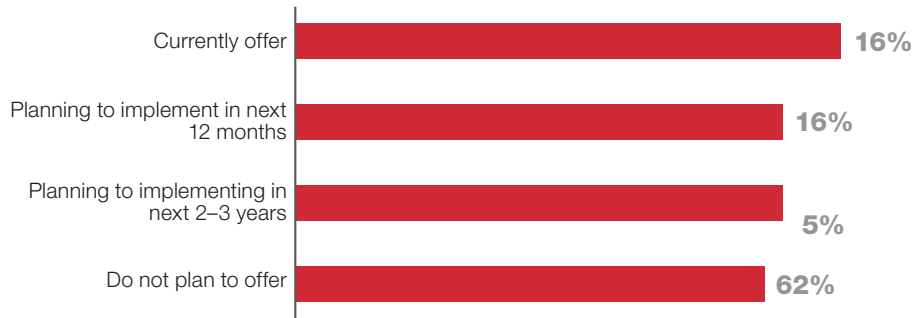
Further, Grambow says healthcare providers must understand that innovation often comes with higher costs. “Many healthcare organizations want to push more payments out to MyChart, send links with statements, and avoid collecting payments at the point of service, but at the same time, they are also deeply concerned when they see their interchange rates go up with these practices and they don’t understand why,” she says. “We help them understand that rates will go up and costs will increase anytime a payment occurs without a card present.” The benefit is that receivables will come in earlier. However, she adds that an organization must determine if the tradeoff is in its best interest. We bring peace of mind by offsetting these increases with our Platinum pricing.

**Are buy now pay later plans worth it?**

In addition to the adoption of new payment technology, the HealthLeaders survey results indicate some interest among

BUY NOW PAY LATER PLANS FOR PATIENTS

Are you currently offering or planning to implement patient financing and/or buy now pay later plans for patients?



BASE: 73

healthcare providers in offering payment plans to patients. This includes patient financing and/or buy now pay later plans, with 16% currently offering them and 21% planning to implement them within one to three years. However, the majority (62%) of respondents do not intend to provide these payment plans.

A significant barrier arises from the fact that most health systems are reluctant to manage payment plans with a three-to-five-year contract, the typical contract period, notes Grambow. This becomes particularly challenging when organizations transition to new payment technologies. “Systems and payment applications change, and they don’t want to manage a payment process that might not be there three years from now,” she says, recommending that organizations keep the terms short—one to two years at most—should they implement payment plans. “I think we’ll continue to see more of this in the future,” she says, adding that healthcare organizations are also helping patients apply for bank-sponsored healthcare credit plans through the patient portal, which are easy to establish.

**Empowering payment success**

Advancing payment technologies have arrived, enabling health systems to increase front-end efficiency and enhance payment collection practices. “As contactless and other newer technologies continue to progress, the paradigm of deferred payments is shifting to pay before you are seen,” says Bloomberg. Achieving digital payment goals, however, will require exceptional communication and alignment of critical groups, including IT, revenue cycle, and treasury. “Overcoming the challenge of internal communication gaps is crucial to ensure processes align with organizational objectives,” emphasizes Grambow. Partnering with a visionary industry leader can bridge these gaps and help unlock the full potential of payment innovation. ■



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