

How to win business by simplifying your billing



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In the age of Uber and Netflix, Apple Pay and Google Wallet, consumers are wondering: Does medical billing really have to be so slow, clunky and hard to understand? Isn't there a better way?

There may be, and companies that find ways to simplify billing are expected to come out ahead and may entice customers away from those that don't, according to [Money matters: Billing and payment for a New Health Economy](#), a new report by PwC's Health Research Institute (HRI).

As patients start to shoulder more of the burden of their own medical costs, they are paying more attention to the bottom line — but the current system doesn't make that easy to do.

A Big Problem

This year, Americans will spend an estimated \$345 billion out-of-pocket on co-payments; coinsurance, deductibles and other cost-sharing provisions, and that amount will only grow, according to the PwC report. HRI. Instead of receiving a bill for a predetermined amount, as they do for other services, patients get long and confusing Explanation of Benefits statements, followed by separate bills for hospital stays, doctor visits and lab fees, which often arrive weeks after treatment.

The problem is that claims were designed as a business-to-business rather than a business-to-consumer system, says Trine Tsouderos, a director in the institute. "There was little need for billing and payment to be consumer-friendly in the past, but now patients are part of the payments system. The healthcare system is just now catching up to that reality."

Bad for Business

Healthcare providers often have trouble collecting bills from patients, regularly writing off huge amounts. Hospitals alone are carrying billions of dollars in bad debt, the report says. Many patients would be willing to pay bills in full if they had a better understanding of what they are going to owe ahead of time and are given many ways to pay.

Millennials, especially, are likely to challenge their bills, shop around for care and look for cheaper options, according to a PwC consumer survey mentioned in the report. The affluent are most unhappy with their insurers' billing systems, and one in two patients in poor or fair health — the folks who use the system most — report dissatisfaction with hospital billing, according to the survey. As deductibles rise, more patients will have trouble paying their bills, creating even more red ink for providers.

New Solutions

New solutions are developing as healthcare organizations, new and veteran, start to circumvent the claims-based payment system, especially in primary care and chronic disease management.

At Wal-Mart, for example, shoppers can pay a flat fee, \$40, to visit one of the store's clinics.

One innovative company, Atlanta-based startup Alii Healthcare, charges patients \$100 for a smartphone telemedicine visit with an emergency room doctor. These "virtual visits" are available for a range of non-emergency issues and save the patient a time-consuming trip to the doctor or hospital. Patients love the convenience of the process, and use it even if they have insurance, which the system does not accept.

When it started the program, Alii expected busy affluent families to use it. But its customer base is diverse, and includes bartenders, teachers and young people, along with those busy families. They see it as a time saver in their busy lives, and they know upfront how much money they will pay.

Another innovator is Banner Health in Phoenix. Responding to consumer demand for easier, more comprehensible billing, the nonprofit provides customers with just one bill, which they can pay without having to worry about which doctor or department it came from.

The result? Payments have risen, and the company has received positive responses from customers.

Prescriptions for Success

Companies that want to capture tomorrow's customers have powerful technology tools to help them. Here are a few things they can do:

- Create mobile-friendly websites and apps that enable customers to link their bank accounts, health savings accounts and others.
- Be the primary source of consumers' healthcare information. That means de-cluttering websites to make them clear and user-friendly with text in natural language that provides information customers can use.
- Consider extending credit. Banks and other companies have long provided credit to help consumers pay for dental, cosmetic and veterinary services, and a few have started extending credit for larger medical expenses. Instead of ignoring a \$5,000 bill or a \$500 monthly payment, patients will make payments of \$100 a month, the PwC report found.

Technology alone will not resolve the complexities in today's healthcare billing process. For that to happen, the whole system must be overhauled. But in a world where customers are growing impatient with an archaic system, making their lives easier will pay off, and ignoring them may prove costly.

—Teresa Meek, *Tribune Content Solutions*