The impact of consumerism on healthcare

Consumer feedback shows progress on hospital business office interactions
THE IMPACT OF CONSUMERISM ON HEALTHCARE

Introduction
Healthcare is mid-stream in a long-cycle transformation of the relationship between patient and their care provider. The transformation, while daunting on many levels, also presents significant opportunities. Opportunities to improve the patient experience. Opportunities to lower operating costs. Opportunities to increase value. Opportunities to change the business model for lasting improvement.

Realizing these opportunities starts with understanding consumers better—understanding them as individuals with a choice in where to seek care, who to build lasting relationships with and how they choose to act both financially and clinically. Tomorrow’s healthcare will be truly consumer-driven.

Survey methodology
Waystar began exploring themes of consumerism in healthcare via an online survey in 2010, with the early penetration of high-deductible health plans. Each year since, we have repeated the survey—keeping a core set of questions while adding or subtracting a few on the margin. Centering on the business office and financial interactions, the survey tracks satisfaction, understanding, engagement and areas for improvement.

In July 2018, Waystar surveyed 500 consumers about their last hospital encounter and their experience with the hospital business office. To qualify for the survey, a respondent had to live in the United States, be at least 27 years old, and have been to a hospital within the past 12 months.

In this year’s panel, the percentage of respondents with insurance dipped a bit relative to 2017 and the trend from prior years. Perhaps an early sign of the effects of changes in the individual mandate and federal tax penalties.

2018 Research highlights
Among the findings in the 2018 survey of 500 random consumers:

- Improvement in Net Promoter Score (NPS): 2018 rose to a 22.6% net score. This is up markedly from a score of 18.4% in 2017 which was roughly flat relative to 2016.

- Negative interactions affect payment: Patients who are very dissatisfied with Business Office interactions are more likely to not pay their bill willingly.

- Large unexpected balances lead to more inbound calls: 63% have or will call the business office if payment responsibility exceeded their expectation.

- Out-of-pocket costs affect provider selection: More than 50% indicate that out-of-pocket costs will have significant or highly significant influence on provider choice.

- Pre-service engagement still limited: Only 35% of consumers with payment responsibility noted being
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called by the business office prior to treatment to receive an estimate.

- Patients want to know ahead of time what is owed: Patients with larger balances wish they had been engaged prior to service.

- Young consumers want interactive experiences: Young consumers view business office interactions more heavily in their overall value equation than older consumers.

- Digital engagement is not always preferred: Patients prefer self-service technology and one-on-one communication versus receiving digital (email/text) and mailed communications.

- Patients believe insurance companies over anyone else: 53% believe the insurance company is the most capable and believable for their estimate of balance due.

- Billing details are still confusing: 1 in 4 patients don’t know what an Explanation of Benefits (EOB) is.

Overall satisfaction with the billing processes

The 2018 survey shows the benefit of the many years of effort that revenue cycle teams have put into engaging patients more effectively. Overall satisfaction and net promoter scores set new highs this year. Among all respondents, 40% gave their last billing experience a top-box score of Very Satisfied; and more than 54% give it a top-2 box score of Very Satisfied and More than Satisfied. Both are new highs. Patients seem to recognize that providers are investing in the patient experience in the business relationship.

To this point of long term progress, the 2018 percentage of respondents giving their interaction a Top-Box score of “5” is up 2 percentage points from the 2017 score of 38% and 20 percentage points from the inaugural survey in 2010 which surfaced at a disappointing 20%. In a truly gratifying way, every year shows progress.

Net promoter score continues to improve

As with business office engagement, patients are giving their providers better Net Promoter Scores, with 2018 rising to a 22.6% net score. From 2016 to 2017, the net score only grew by less than 1 percentage point, a mere 6% improvement. In 2018, the net score rose more than 4 percentage points, up 22% from 2017. Even more encouraging is that the gains are the result of an increase in Promoter ranks, with more respondents giving their experience a 9 or 10 response. Effort should be targeted to drive down negative experiences and further increase the net score.

The value of a better experience

Payment activity shows some correlation to business office interaction, meaning improved experience should impact cash. This is also not to say a bad interaction leads to failure to pay. It simply implies that...
when patients have bad interactions, there is also likely a difficult collection experience. The bad interaction could be about confusion in the bill or some other dimension in the hospital-patient lifecycle. This data suggests the business office might be an interesting and new “moment of truth” for providers. If negative interactions can be moved to positive, there is likely financial upside in short term cash and longer term loyalty.

The effect of engagement

Larger consumer balances and surprises in the balance due are increasing the need to speak to business office teams. The larger the bill, the more likely patients will call the business office after service which drives service center cost. Clearly, there is a potential benefit to moving engagement with patients earlier and adding transparency.

The cost of surprises

Among those patients that had payment responsibility that exceeded their expectation, 63% have or will call the business office. By comparison, among those where the balance met expectations, 70% will not call. Surprises clearly creates more work for the business office teams.

Pre-arrival opportunity

Given how important expectation setting is proving to be and the rapid escalation in balance size, only 35% of consumers with payment responsibility noted being called prior to treatment to receive an estimate. In effect, two out of three went to treatment without any expectation yet had an obligation coming. While higher balance patients tend to have higher pre-arrival engagement, more than half show up without any business office expectation setting.
Effect of consumerism

Consumerism in healthcare is in full effect and patients are more cost-conscious than ever. Rising out-of-pocket costs influence provider choice, with more than 50% indicating that out-of-pocket costs will have significant or highly significant influence. Among those patients not engaged preservice, those with larger balances wish they had been. By knowing what is owed upfront, patients are telling us it will improve their overall experience.

Generational differences in the financial experience

Young consumers view their business office interactions as more important in the overall value equation. Business office interactions will influence their willingness to recommend, a key signal to underlying patient satisfaction.

Younger respondents prefer to pay their bill through portals or by credit cards over the phone. This isn’t surprising based on the digital world within which they grew up and currently live. Only older respondents have some affection for mail. However, even among the older generation they would rather pay online via a portal than with a credit card over the phone.

A significantly larger portion of young respondents will ask a friend or healthcare expert to review their bill. This could be an opportunity to better engage and educate this generation on the billing experience.

Younger patients are also more likely to be more nomadic, with 45% using multiple facilities in the past year. Older patients are more committed, with almost 80% being exclusive to a single hospital. This is an increasingly important issue given new payment models closely tied to innetwork utilization.
Relationship between health outcomes and satisfaction

Opportunities to Improve the Process
With respect to improvement ideas, young and old alike see a number of avenues to improve the financial process. More payment options, simpler bills and do-it-yourself portals are top requests with an improved customer service experience not too far behind. More mailings and reminder messages are at the other end of the spectrum. It’s clear from an engagement perspective that patients prefer one-on-one communication versus receiving digital (email/text) and mailed communications.

IMPACT OF SPECIFIC PROCESS CHANGES

![Chart showing impact of specific process changes]

Patient satisfaction and their comfort with the financial process is clearly intertwined with other factors. Patients with more complicated health conditions tend to be more muted in their praise of business interactions. Perhaps as a result of more frequent engagement, they are less prone to full satisfaction and more annoyed by issues stemming from multiple related encounters. Is there a service design opportunity here?

OVERALL SATISFACTION WITH BUSINESS INTERACTION BY SELF-DESCRIBED HEALTH

![Chart showing overall satisfaction by self-described health]

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Perception of hospitals and insurance companies

The business separation of hospitals, physicians and insurance companies always makes for confusion and interesting feedback among consumers. Given the clear importance of balance expectations on patient satisfaction, who consumers believe can deliver the best estimate of service cost is a key question.

Over half of consumers, 53%, believe the insurance company is the most able to offer an accurate estimate. Hospitals, while second at 19%, are in a virtual tie with “none of the above”. Physicians are the least trusted with respect to their ability to give an accurate estimate.

In a related vein, when asked if the hospital bill was easier or harder to understand than the Explanation of Benefits (EOB) from their insurance company, more than 25% did not know what an EOB was. Education is clearly an opportunity area to improve the patient experience.

Conclusion

Over the past few years, providers have invested in systems, people and process to improve the patient experience in billing interactions. Those efforts have clearly paid off but the journey is not over yet. There remains significant opportunity. If we listen carefully, consumers are telling us where and how to invest and with progress, the industry should also see the financial benefit.

Consumers want more expectation setting, more self-directed solutions, more options and more integration with payors. The roadmap to loyalty is clarifying every day.