

JANUARY 2021

Healthcare Payment

EXPERIENCE REPORT



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The Healthcare Payment Experience Report was done in collaboration with Rectangle Health, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

Executive summary

**A TRANSFORMATIVE YEAR
FOR HEALTHCARE CONSUMER
EXPERIENCES**

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The start of the 2020 public health crisis was a watershed moment for the healthcare space. The status of patient care monopolized public commentary around the world and transformed it, adding urgency to perennial national debates about the relatively slow modernization of healthcare delivery. Consumers' healthcare needs took center stage as the world reassessed its ability to provide consistent, high-quality medical services across geographic, economic and technological boundaries. Healthcare providers adopted new strategies, including telehealth options and contactless payments, to sustain patient engagement and recapture revenues, but the adoption of many of these initiatives failed to match patients' overwhelming interest in streamlined, digital-first experiences.

Healthcare systems across the country, already strained beneath the weight of ever-increasing patient

demand, have thus been searching for ways to remain solvent amidst the loss of most in-office, non-emergency traffic. One obvious potential improvement to consumers' experiences has been easing patients' abilities to access and pay for care either online or at the office. The challenge to this lies in deploying necessary technology and ensuring that consumers are able to adjust to the new normal of virtual care.

The stakes are extraordinarily high. Physicians and health systems lost billions in revenue during the first few months of 2020, and barriers to positive consumer experiences, like unwieldy payment processes or handwritten registration procedures, can diminish patients' loyalties to their healthcare providers. PYMNTS research shows that 45 percent of patients would choose to stay home and disengage with their healthcare providers even if doing so was not legally required or was medically inadvisable. Millions did just that in 2020, postponing everything



from routine checkups to cancer screenings.

Healthcare providers have thus been forced to rethink their innovation strategies in the face of loyal consumer bases expressing significant willingness to leave their healthcare providers in favor of friction-free experiences. Contactless payments and telehealth implementation, which were once viewed as next-generation, nice-to-have customer services, have become lifelines for physicians and the patients who need their care. The quality of consumer experience has become a bellwether for healthcare providers attempting to deliver care to patients unable or unwilling to return to the office.

The Healthcare Payment Experience Report was produced in collaboration with Rectangle Health. Our survey collected more than 2,000 responses from patients on their experiences as healthcare consumers in 2020. Our research shows that the majority of patients believe that customer experience is an important part of their healthcare journey and a key reason to stay with (or abandon) a provider. Most patients expressed satisfaction with in-person visits — 94 percent — but were vocal about the features that they missed.

63%

of consumers express extraordinary interest in participating in payment plan offerings to avoid accruing bad debt.

This is what we learned.

Nearly two-thirds of patients want access to payment plans. Healthcare providers are missing a key opportunity by infrequently presenting them to patients.

Higher-income patients are more likely to be offered a payment plan, though 63 percent of all consumers express extraordinary interest in participating in such offerings to avoid accruing bad debt. Our survey found that approximately 18 percent of patients have experienced financial hardships because of their most recent medical bills. The problem of unaffordable medical costs is not restricted to those with very low incomes, however. Healthcare services that present affordable payment plans to all qualified patients can protect revenue streams while reducing the likelihood that patients will abstain from needed care due to medical debt. Only 44 percent of patients were offered payment plans

in 2020, despite significant interest among healthcare consumers.

Patient engagement with healthcare providers is tied to the quality of their user experiences online and offline.

Consumers see their healthcare journeys as a continuum of experiences rather than an evergreen commitment to a particular healthcare provider. Our research shows that 43 percent of consumers prefer in-person interactions with primary healthcare providers, 7 percent prefer email and 33 percent prefer phone interactions, but consumers in general also value the efficiency of customer experience tools like digital reminders that help them keep up to date with payments and manage their finances. We learned that patient loyalty is highly dependent on how consumers perceive their customer experiences: when offered a choice between a familiar healthcare provider and a competitor with services that improved their overall consumer experiences, many patients would choose the latter.

Patients identifying as “very” loyal are just as willing as self-described “not” loyal patients to consider changing providers due to a lack of satisfactory digital experiences.

Our study found that 22 percent of “very” or “extremely” loyal patients who expressed a willingness to leave their preferred healthcare providers would do so because they were not offered digital communication tools, such as digital form completion, payment reminders and appointment reminders, that remove frictions from the customer experience. Efficient digital communications also make in-office time more valuable for consumers, as repetitive administrative tasks, such as check-ins, can be completed with a few clicks. Simplifying healthcare access by limiting the barriers to positive consumer experiences will help to preserve patients’ 94 percent satisfaction rate with in-person interactions and increase patient engagement over time.

Nearly all consumers are experiencing unnecessary — and potentially costly — frictions during critical interactions with healthcare providers.

Primary care providers (PCPs) and health systems possessed a reduced capacity to serve patients for routine care and chronic illnesses unrelated to the pandemic during 2020. This caused an immediate revenue shortfall for many healthcare providers and brought attention to a significant industry oversight: Many physicians facing the pandemic were inadequately prepared for its impact on consumers' experiences. Our research shows that consumers encountered new issues when seeking care during the pandemic: 35 percent cited difficulty scheduling appointments, and 28 percent reported that they spent less time with their physicians.

A significant portion of provider revenue — representing more than 9 percent of patients — was vulnerable to loss in 2020 due to poor customer experiences.

A sizable share of revenue was at risk not because patients found it financially challenging to pay, but because they found it difficult to get the necessary information to make a payment. Healthcare systems already earning less due to fewer in-office visits could scarcely afford preventable revenue losses. Healthcare providers have struggled during the pandemic to launch user-friendly booking and payment solutions that sync online and offline tasks and enable frictionless experiences for consumers in the office or on their devices.¹ Only 23 percent of patients with balances due after a visit paid online, even though 37 percent and 34 percent cited credit and debit cards, respectively, as their preferred payment methods.

1. Author unknown. COVID-19 Causes More Healthcare To Adopt More Touchless Payments. PYMNTS.com. 2020. <https://www.pymnts.com/healthcare/2020/touchless-payments-come-to-healthcare-finally/>. Accessed January 2021.

We discovered that consumers across all income segments experienced some difficulty in paying their bills. The implementation of a robust online and mobile payments system can minimize the confusion that patients experience when attempting to pay bills at their providers' offices.

Healthcare providers' biggest opportunity to retain patients and recapture lost revenue is in offering touchless digital payment experiences.

Our research shows that 54 percent of patients are interested in monitoring their upcoming provider payments digitally, 43 percent are willing to store their preferred payment details with their providers and another 43 percent would automate payments to avoid repetitive manual data entry in the office and online. Payment notification and automated charges remove the burden from in-house human resources to issue

and track outstanding bills, allowing staff to focus on delivering in-office customer service. Consumers experience less confusion at checkout when they can view outstanding bill statuses instantly and digitally manage their payments.

54%

of consumers want to manage their upcoming provider payments digitally.

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WHAT HEALTHCARE PROVIDERS LEARNED ABOUT CONSUMERS' EXPERIENCES IN 2020

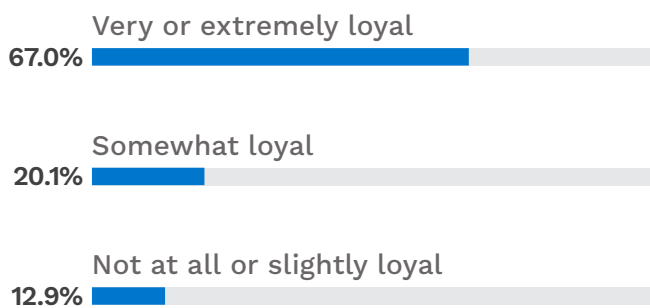
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The challenges of 2020 underscored two crucial insights for the healthcare industry. The first is vital, if unsurprising: **Patients are cognizant of their power of consumer choice, even during a public health crisis.** We found that even the most loyal patients want better customer experiences and may be willing to leave their current healthcare providers to find it. Twenty-two percent of patients who described

themselves as “very” or “extremely” loyal to their current physicians or healthcare services revealed that they would be willing to switch to competitors that offer improved digital communication tools, such as automated payment reminders.

FIGURE 1:
Consumers' loyalties to their healthcare providers

Share of consumers with select levels of loyalty to their healthcare provider



22%

of self-described loyal patients would change healthcare providers if offered better digital communications tools by a competitor.



Our research showed that a lack of satisfactory consumer experience features, such as streamlined digital communications, can fracture the strongest patient-provider relationships. The portion of consumers open to changing healthcare services coupled with the share of patients who reported reducing their in-person office visits — 28 percent — represent a significant business risk for healthcare providers of any size.

FIGURE 2:

The likelihood of consumers switching providers for better customer experiences

Share of patients who are "very" or "extremely" likely to switch providers, by loyalty

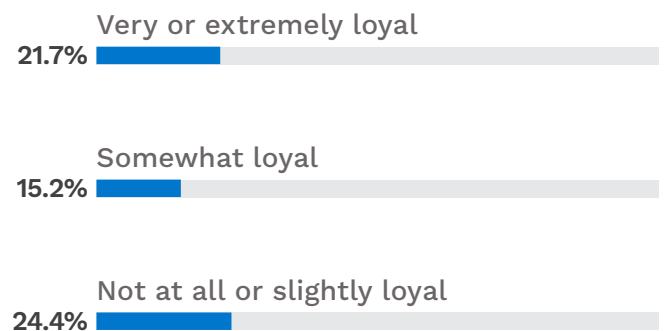


FIGURE 3:

How the pandemic impacted healthcare visits

The effect of the pandemic on patient experience, by share affected

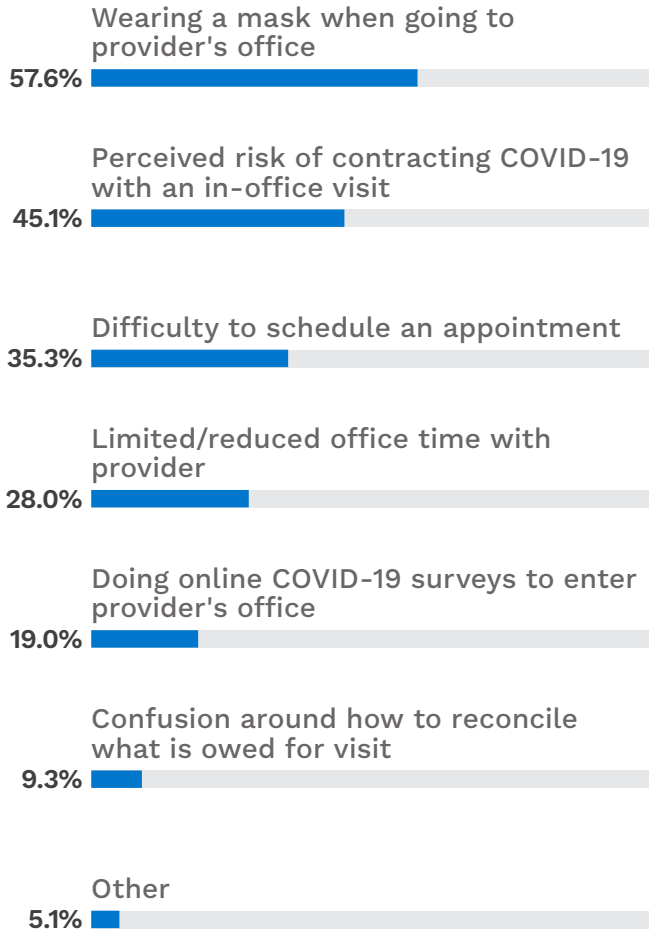
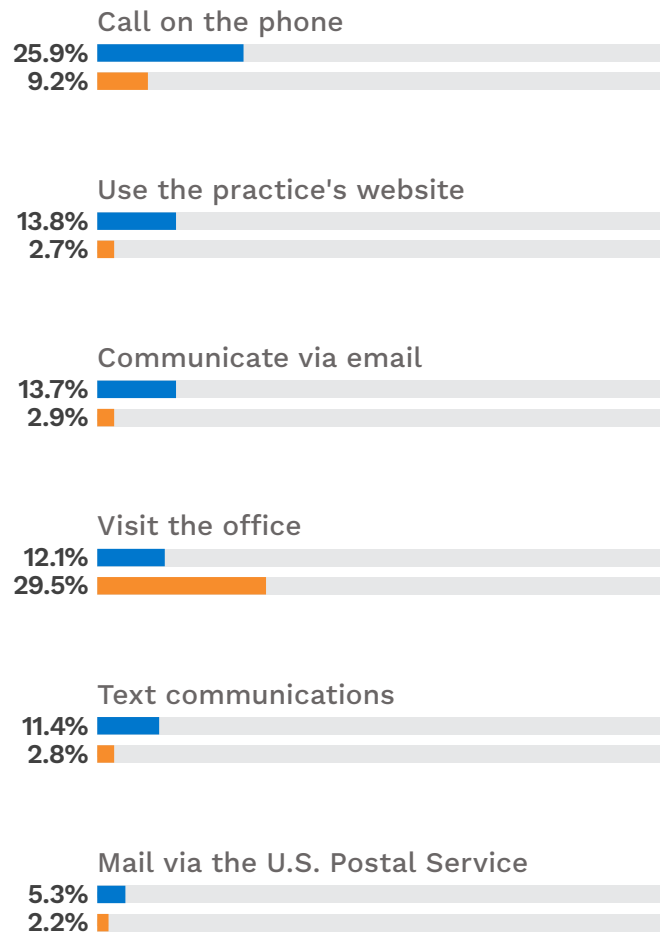


FIGURE 4:

How the pandemic impacted patient interactions with healthcare providers

How patient behaviors changed due to the pandemic, by share that changed

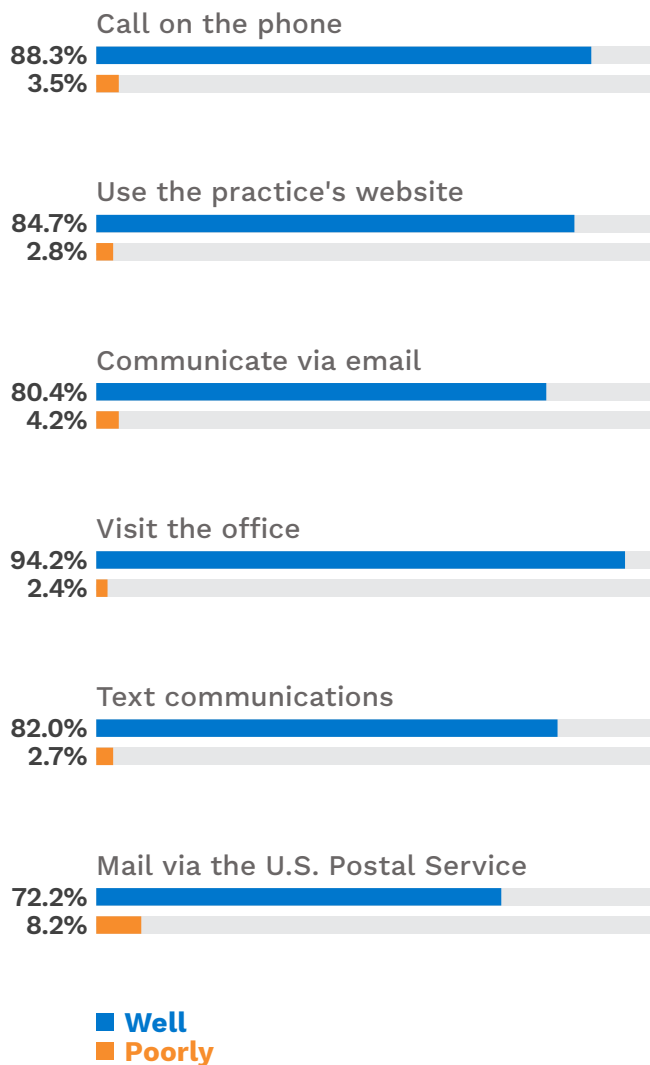


■ Done more often
 ■ Done less often

FIGURE 5:

Patients' perceived interaction quality

Share of patients describing the quality of select interactions



Customer experience innovation has become essential. This is particularly true for PCPs, whose practices were responsible for 54 percent of all in-person visits and 85 percent of in-person visits for the chronically ill. Chronically ill patients generate the highest-costing care and are the largest source of revenue for 54 percent of PCPs, according to the Centers for Disease Control and Prevention (CDC).² More than 85 percent of physicians in one recent survey limited in-person visits, and 60 percent were unable to launch telehealth services to replace those missed opportunities to provide their patients with care. Some providers, facing a perfect storm of external challenges, poor or nonexistent digital strategies and variable customer loyalties, experienced catastrophic business losses. PCPs were estimated to have lost nearly \$68,000 in revenue per physician in 2020 — a total of approximately \$15.1 billion across the United States.³

2. Author unknown. Ambulatory Care Use and Physician office visits. The Centers for Disease Control and Prevention. 2021. <https://www.cdc.gov/nchs/fastats/physician-visits.htm>. Accessed January 2021.

3. Basu, S; Phillips, R.S.; Phillips, R; Peterson, L.E.; Landon, B.E.; Primary care practice finances in the United States amid the COVID-19 pandemic. Health Affairs. June 2020. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00794>. Accessed January 2021.

The second insight discovered in our 2020 research is that **there is a significant gap between consumer demand for certain customer experience features and healthcare providers' abilities to keep pace with that demand.** Consumers want features that are not being offered, such as payment plans, placing healthcare providers' revenues — and patient loyalty — at risk. This is especially unfortunate for many healthcare services and physicians, as the pandemic has already upended their typical in-office healthcare flows.

Healthcare providers that are unable to offer easy payment solutions, such as payment plans, text-to-pay and payment-enabled mobile websites, are facing additional obstacles in bill tracking and payment processing from patients accustomed to making payments at their doctors' offices. It is worth noting that consumer experience challenges that existed before the pandemic still remain, but missed opportunities — like when patients desire to

participate in payment plans but find them unavailable — are now contributing to revenue losses at a time when few healthcare providers can afford them.



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HOW 2020 ALTERED THE WAY PATIENTS PERCEIVE AND EXPERIENCE CARE

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Many healthcare providers across the U.S. began reimagining their services in 2020 as if their patients were customers and not just recipients of care. They removed practical barriers to swift payments by offering payment plans and implemented simple methods of boosting patient engagement like digital appointment reminders and payment-enabled mobile websites. Telehealth and payment solutions emerged as the key drivers of consumer engagement for successful healthcare practices within weeks of the pandemic's declaration last March.

Healthcare systems began to roll out innovative telehealth and payment strategies that brought their product — healthcare — onto patients' desktops and phones. Providers unable to rapidly implement digital-first strategies and make communications and payments easier with telehealth and simple payment solutions would

suffer the brunt of the pandemic's impact on healthcare providers' earnings. The good news for healthcare providers is that opportunities now abound to leverage patients' demands for improved consumer experiences into better customer loyalty and restored revenues.

35%

of consumers
have experienced
difficulty scheduling
an appointment
since the start of
the pandemic.

Preparing for a post-pandemic economy: The risks and opportunities

Providing stellar healthcare experiences is a challenge under normal circumstances. Every touchpoint — from billing to appointment scheduling to patient notifications — needs to work with symphonic precision. Patients and their finances may be vulnerable to overwhelming external pressures during an international health crisis such as the pandemic, and they will likely be less forgiving of frictions in their healthcare experiences, whether difficulty in scheduling appointments, experienced by 35 percent of patients, or difficulty settling bills on time, encountered by 9 percent of patients. They are even less likely to forgive and forget when those interruptions are their providers' faults.

We believe that this is why 22 percent of patients who describe themselves as “very” or “extremely” loyal are

willing to leave their trusted healthcare providers for services that offer improved digital customer experiences. Healthcare systems and PCPs faced revenue vulnerabilities in 2020 caused by poorly communicated payment processing guidelines — cited by 9 percent of patients in our survey — and an overall decrease in patient volume due to the pandemic. This occurred under a cloud of potential revenue loss from 22 percent of self-professed “extremely” loyal patients. This atmosphere of uncertainty will not evaporate, even when the pandemic ceases its upending of the healthcare industry. Leading healthcare providers can thus take steps to transform consumers' experiences and eliminate frictions at critical touchpoints, such as payment and appointment scheduling.

Our research shows that while all patients want better customer experiences, consumers value healthcare service features differently.

Payment plans protect financially vulnerable patients

Our research found that 63 percent of patients were interested in payment plans. Those with higher levels of financial stress were most likely to be offered payment plans and use them. Healthcare providers often pay between 5 percent and 10 percent, sometimes more, to pursue medical collections, while also losing the indebted patient as a source of recurring revenue. Most consumers express interest in payment plans when their bill is over \$1,200 — an amount that would make collections fees prohibitive for healthcare providers if patients fail to pay. Offering payment plans with sliding rates based on patients' incomes is a smart option for PCPs and healthcare providers seeking to maintain relationships with vulnerable patients while avoiding lost revenues and costly collection expenses.

30%

of patients visited their healthcare provider in person less often due to the pandemic.



FIGURE 6:

How patients paid for their last visits

Share that used select payment methods

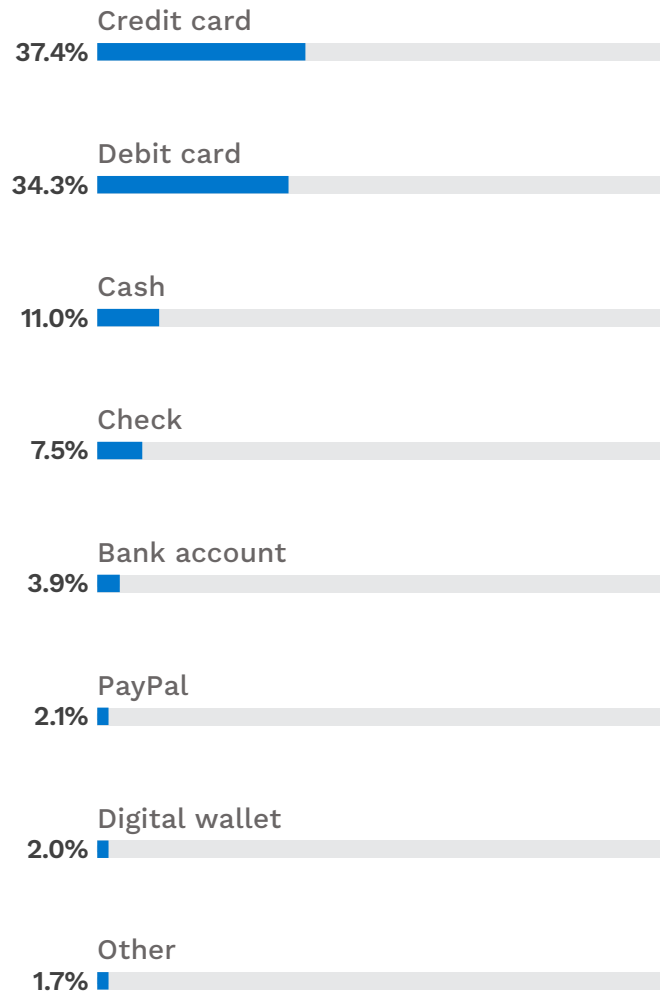
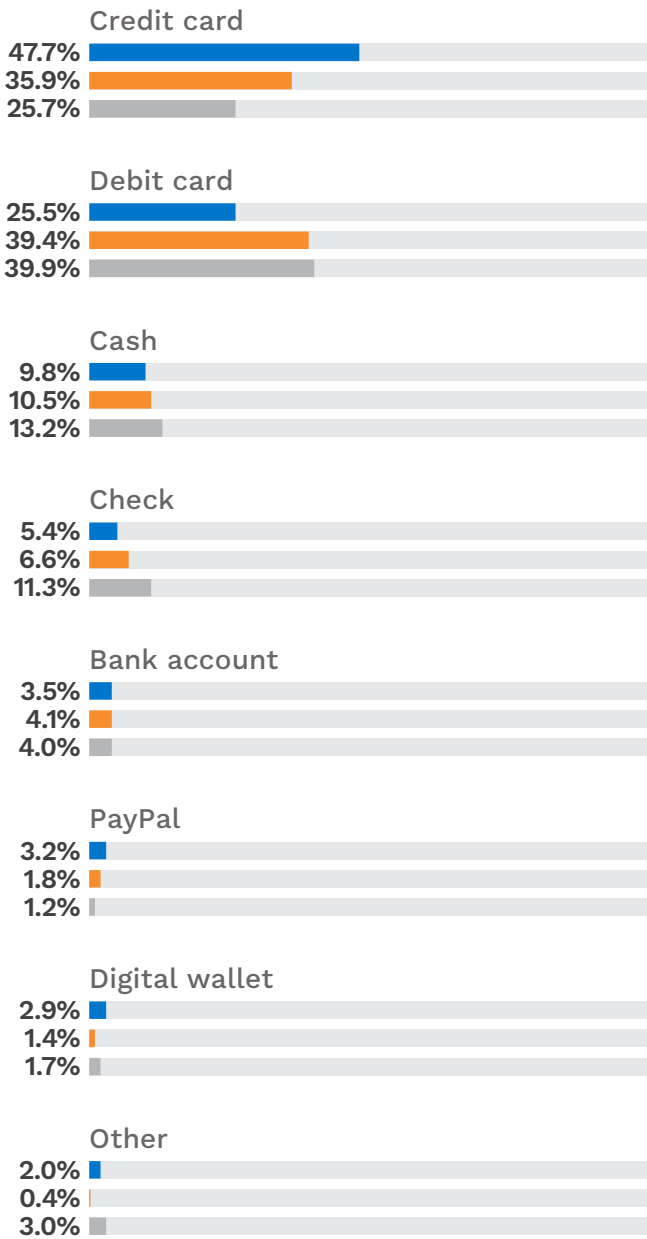


FIGURE 7:

How patients paid for their last visits, by income

Share that used select payment methods, by income



Most consumers express interest in payment plans when their bill is over **\$1,200.**

■ More than \$100K
■ \$50K-\$100K
■ Less than \$50K

We believe that this is an opportunity for healthcare providers to improve consumer engagement while eliminating costly payment mishaps. Our survey showed that 54 percent of consumers expressed a keen interest in digitally managing their payments.

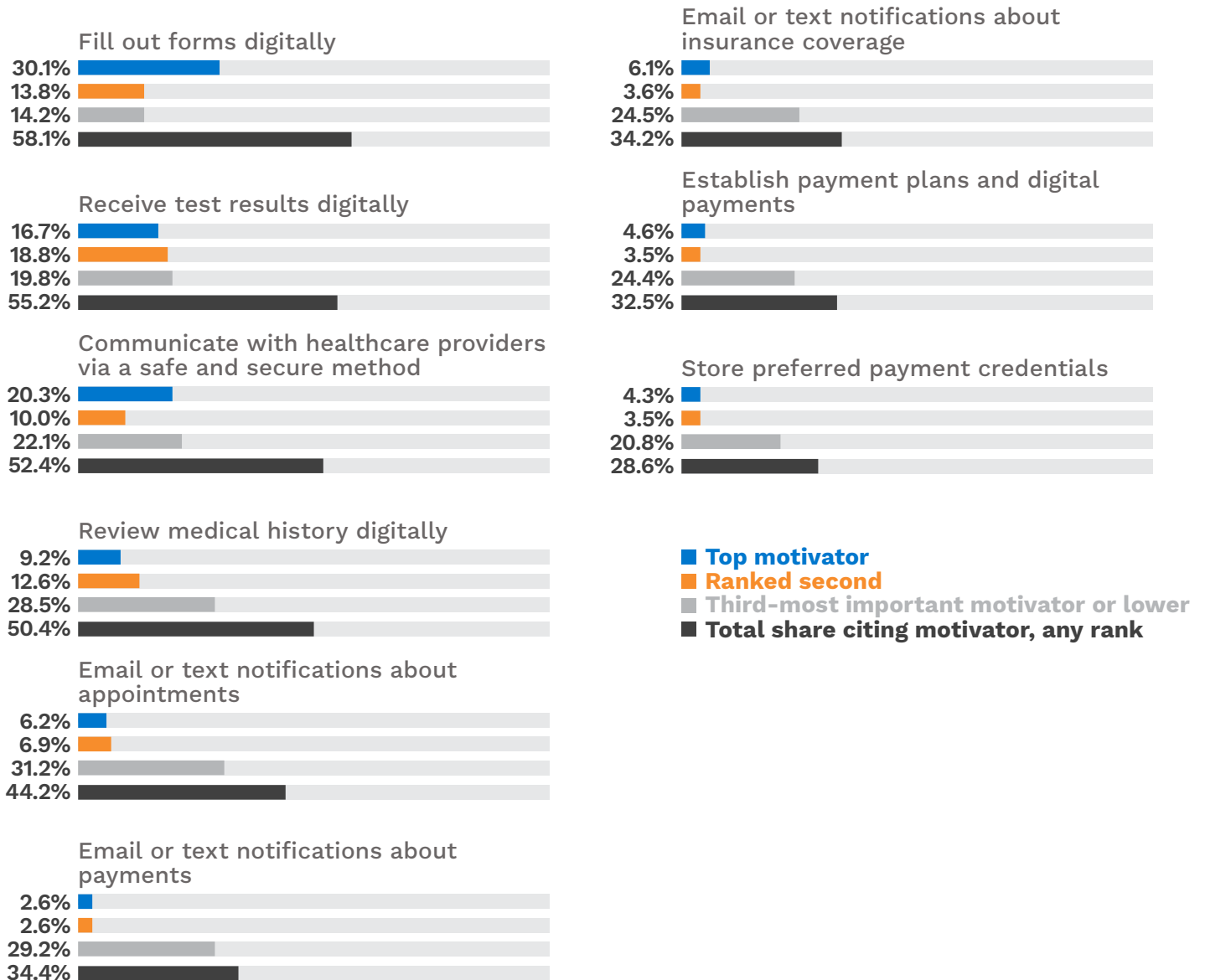
Offering consumers automated bank account payments, PayPal and digital wallet options at checkout can simplify payment processing and help keep consumers current with their bills.

The option to **fill out forms digitally** and receive email and text **payment notifications** were among the top features that would influence patients to switch healthcare providers.

FIGURE 8:

Patients' potential motivations to switch providers

Digital features that would encourage patients to switch providers, by rank



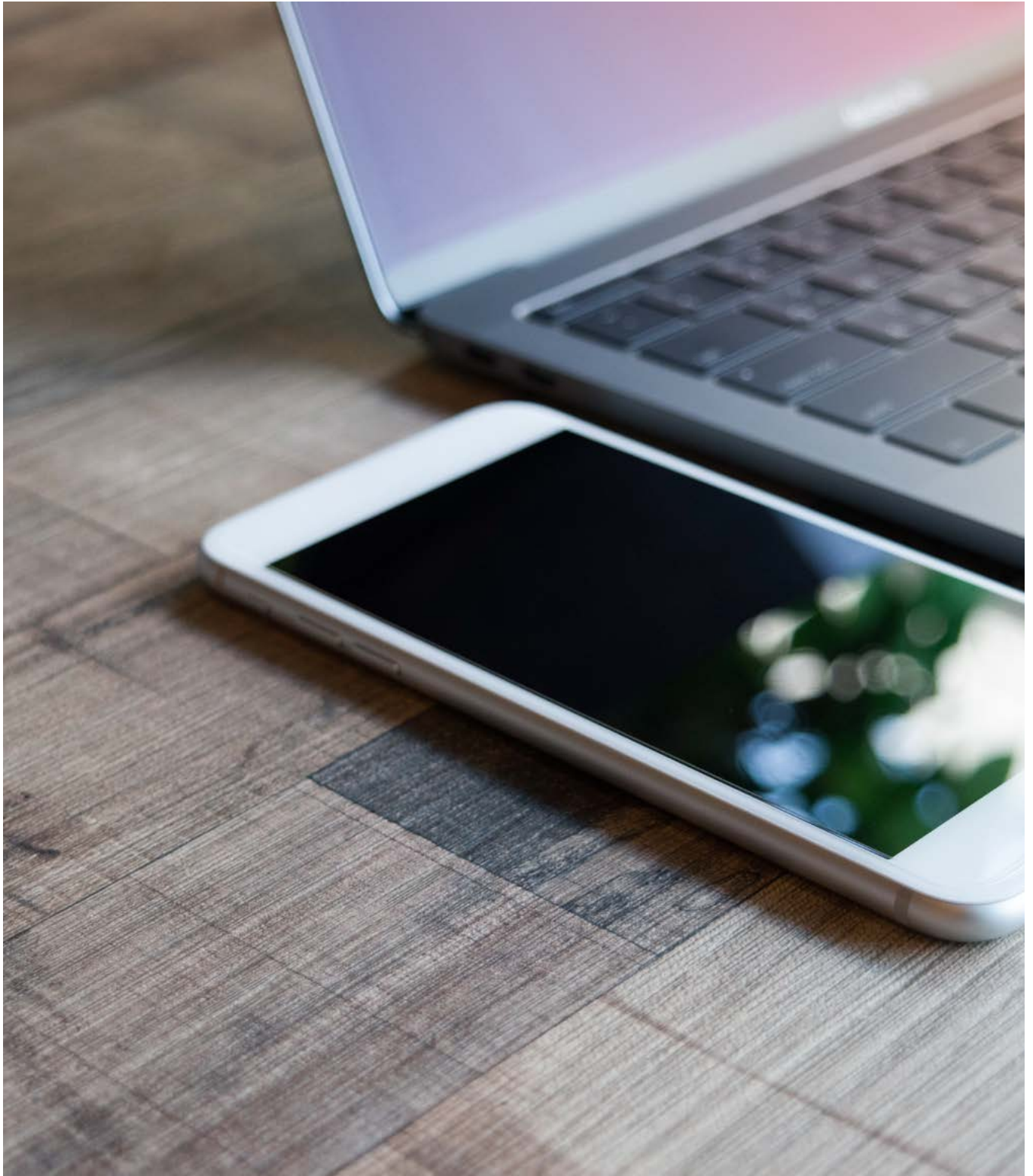
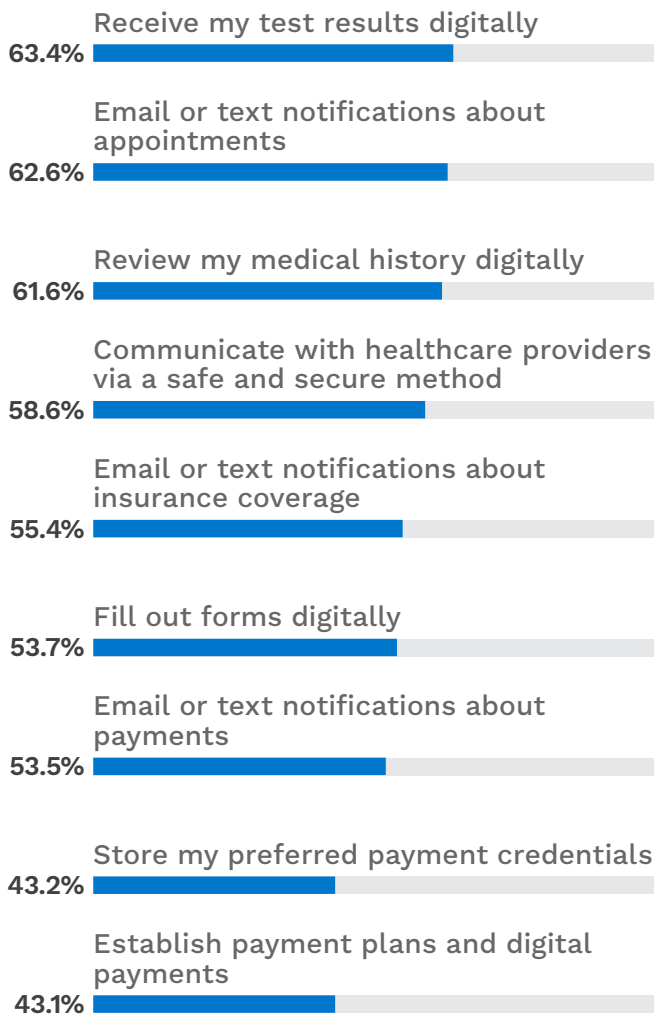


FIGURE 9:
 Percentage of patients interested in digital methods of communication

Share of patients "very" or "extremely" interested in new digital methods, by task



Digital-first touchpoints streamline patient communications

Creating digital-first strategies for patient healthcare service communications is a win-win move for consumers and providers. Our survey showed that consumers across all demographics wanted frictionless access to their care providers during the pandemic via fast and secure methods like text messages and emails. Fifty-six percent of consumers trust communication via text messages, 68 percent favor email and 65 percent prefer phone calls.

Organizing patient communications through a single portal also allows healthcare services to marry payment processing and billing notifications with streamlined patient messaging. This enables consumers to receive notifications and view information through a single touchpoint.

TABLE 1:

Why patients believe certain communication methods work well

Share of patients identifying why certain communication methods work well

	Average	Phone	In office	Email	Website	Text	Mail via USPS
N	4,148	1,342	1,405	439	441	375	146
It is a fast communication method.	56.6%	69.1%	41.2%	60.3%	54.8%	70.4%	43.7%
It is a safe way to communicate with my provider.	53.9%	64.9%	35.0%	67.5%	61.8%	56.4%	58.1%
It gives me better access to my doctor.	45.0%	31.0%	68.0%	39.4%	31.9%	33.8%	44.3%
I do not have to wait in the waiting room as long.	38.8%	39.4%	32.9%	40.3%	46.9%	46.5%	39.8%
I can access my information anytime I like.	32.4%	24.4%	22.9%	47.5%	69.4%	30.0%	40.6%
It makes it easier for me to understand my bills.	29.0%	24.0%	26.8%	29.7%	49.5%	22.7%	46.7%
Other	1.0%	0.9%	1.5%	0.6%	0.2%	0.8%	0.6%

TABLE 2:

Why certain communications do not work well for patients

Share of patients identifying why certain communication methods do not work well

	Average	Phone	In office	Email	Website	Text	Mail via USPS
N	174	60	39	26	16	14	19
It takes longer to communicate information.	49.6%	41.7%	47.7%	67.3%	53.9%	39.5%	57.2%
Too many mistakes are made using this method.	38.3%	42.6%	34.0%	45.2%	39.0%	43.2%	20.2%
It is more difficult to understand the information I need.	32.8%	41.2%	25.1%	46.4%	29.6%	19.6%	16.2%
I worry that my personal information could be stolen.	31.6%	24.0%	29.1%	28.0%	39.2%	47.0%	46.6%
I worry that my payment credentials could be stolen.	24.6%	21.3%	12.2%	27.8%	43.3%	30.8%	34.8%
Other	12.2%	14.2%	22.7%	3.8%	18.1%	0.0%	0.0%

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THE VALUE IN MAKING OFFLINE EXPERIENCES AS FRICTIONLESS AS ONLINE INTERACTIONS

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Consumer and healthcare provider relationships are loyalty-driven, and patients require easier access to needed healthcare services during times of uncertainty. Solutions such as contactless payments and mobile check-ins allow consumers to duplicate frictionless online experiences offline, saving them time and helping them get the most out of each in-office visit. Our research indicates that the option to avoid tasks such as filling out forms and making manual payments in office is enough to inspire 58 percent and 33 percent of patients, respectively, to want to switch providers.

We found that many patients experienced difficulty in paying for healthcare services using their debit or credit card. Such issues can result in payments being sent through traditional mail or email — a process that may extend payment time or result in payments missed altogether. Implementing in-office digital kiosks

that enable mobile check-in, payment management and appointment scheduling also allows providers to devote more time to patient care.

43%

of patients
express interest in
establishing digital
payments.

CONCLUSION

Patients faced numerous challenges when accessing healthcare in 2020. These challenges were amplified by lockdowns that forced many healthcare providers to launch telehealth and digital payments options with little preparation. PCP practices and other healthcare services that managed to thrive during the pandemic listened to their patients and focused on consumer experiences as part of quality care. Upcoming payment notifications, touchless automated payments, text-to-pay and other popular customer experience features cut the time between bill receipt and customer payment by removing unnecessary frictions from the equation. Touchless payment management, when integrated with digital communications like payment reminders, offered healthcare providers an all-in-one solution for safeguarding revenues and maintaining patient loyalty.

Healthcare providers will face similar challenges in delivering quality care in 2021, both digitally and in person, but they will do so with the experience of a trying year behind them. Even more important than the benefit of hindsight, however: They will have a host of new payment and communication tools that consumers are willing and eager to use.

METHODOLOGY

Our survey assessed more than 2,000 survey responses from patients who received healthcare services within the past 12 months. Survey respondents represented a broad range of demographics reflective of the current population. Survey responses were screened for inconsistencies and verified before inclusion in our findings.

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Rectangle Health, a leading healthcare technology company, empowers practices with seamless and secure solutions to drive revenue by increasing patient payments and streamlining practice management. Since 1992, the company’s innovative technology has reduced administrative burden and rebalanced the ledger for its thousands of healthcare providers in the U.S., reliably processing billions of dollars in payments annually. To learn more, visit: www.rectanglehealth.com

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The Healthcare Payments Experience Report, a PYMNTS and Rectangle Health collaboration, presents insights from a survey of more than 2,000 consumers regarding their healthcare experiences in 2020. Our findings reveal a clear portrait of the increasing importance of digital healthcare management options as a key component of customer satisfaction.
