

PAY IT FORWARD

In an era of rising out-of-pocket costs, a financial experience designed around patient needs is the secret to reducing receivables and improving cash flow for providers.

Customer Experience Perspective

Patients are paying more than ever for their own healthcare, with an 83% increase in premiums alone compared to 2005 and nearly 1 in 4 workers enrolled in high deductible health plans (HDHPs).¹ Out-of-pocket costs are slated to grow another \$200 billion by 2019, outpacing annual healthcare spending growth as a whole.²

As out-of-pocket medical expenses grow, the billing and payment experience is becoming an increasingly important driver of patient loyalty, satisfaction and profitability for providers. Consumer expectations, born in the retail industry, are driving demand for a healthcare financial experience marked by choice, empowerment, equity and transparency.

Delivering on these high (and evolving) expectations demands a realignment of processes, operations and technology around patient financial needs rather than the provider-payer relationship. But to make the transformation a success, providers must first make a deliberate mindset shift that focuses less on billing and payments and more on the patient financial experience as a whole.

The Case for a Strategic Mindset Shift

Providers have traditionally treated billing as a back-office issue. However, research shows the financial experience plays a key role in patient satisfaction, loyalty and payment behavior, all of which drive provider profitability.

TO MAKE THE TRANSFORMATION A SUCCESS, PROVIDERS MUST FIRST MAKE A DELIBERATE MINDSET SHIFT THAT FOCUSES LESS ON BILLING AND PAYMENTS AND MORE ON THE PATIENT FINANCIAL EXPERIENCE AS A WHOLE.

One large study showed patients fully satisfied with billing are:³

- **More than twice as likely to pay their bills in full**
- **Almost twice as likely to return for future service**
- **Five times more likely to recommend the provider to a friend**

Satisfaction doesn't just occur at the end of the journey while handling billing. Key moments and triggers throughout the patient lifecycle all contribute to patient sentiment, and providers must understand these moments within the full context of the patient financial experience.

As patients bear more responsibility for payment, the frequency of financial interactions with providers increases, creating opportunities and risks for providers. A single interaction can sour the entire patient experience, negatively impacting satisfaction.

Some organizations mistakenly think that troubleshooting approaches like adding new payment methods will solve the problem. In reality, meaningful change requires an entirely new perspective, one that challenges the status quo and is not constrained by current operational limits.

To get there, providers must recognize the role that the financial experience plays throughout the entire patient journey. This includes assessing financial responsibility and keeping patients informed from the moment of diagnosis through post-care services.

Transforming Your Thinking

Providers should analyze the financial experience through the lens of the core dimensions of customer experience: empathy, ease, relevance and orchestration. These markers reflect the quality of the patient financial experience, with empathy serving as the foundational core for improving on the rest.

Empathy: Viewing the financial experience from a patient's point of view is a basic requirement for holistic, transformational change.

KEY MOMENTS AND TRIGGERS THROUGHOUT THE PATIENT LIFECYCLE ALL CONTRIBUTE TO PATIENT SENTIMENT, AND PROVIDERS MUST UNDERSTAND THESE MOMENTS WITHIN THE FULL CONTEXT OF THE PATIENT FINANCIAL EXPERIENCE.

This means exploring:

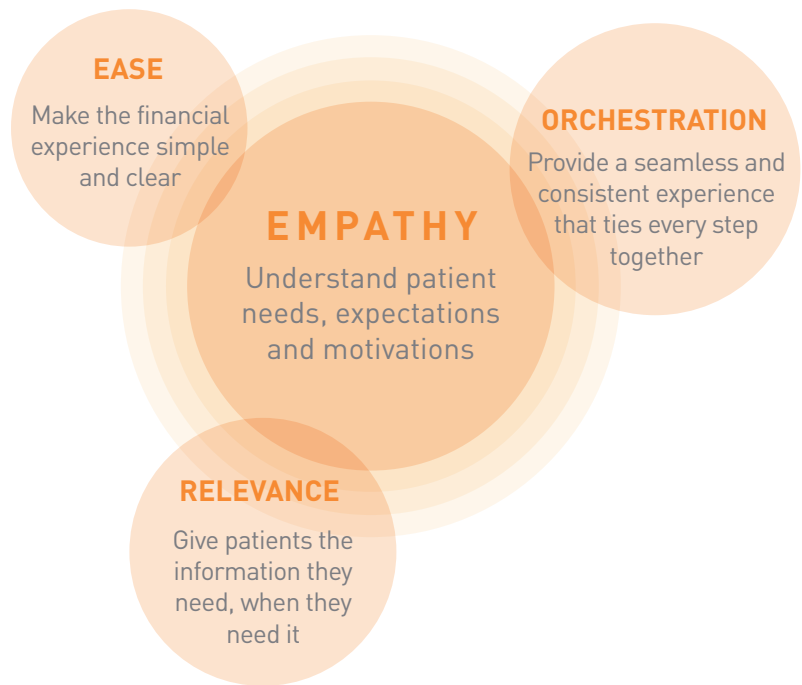
- Expectations
- Behaviors
- Stated and unstated needs
- Motivations
- Pain points
- Satisfiers

Ease: The financial experience is often a complex, murky process for patients. Solving this problem means all financial interactions with a provider should be effortless and uncomplicated.

Relevance: To increase patient satisfaction, you need to send the right information to the right person at the right time, tailoring communications to show you understand your patient's needs.

Orchestration: A financial experience marked by errors and poor communication erodes trust. An orchestrated financial experience is one where patients get accurate and consistent information at every single touch point.

Once you've made this critical mindset shift—truly walking in your patient's shoes—you're now in a position to create a financial experience that addresses their challenges and delivers increased loyalty and revenue. Achieving this goal efficiently means first identifying those patient needs with the greatest financial impact on providers.



EMPATHY: THE NEW CORE COMPETENCY

Transforming the financial experience means putting patients at the center of the process. Along with traditional methods of gathering customer insights, organizations can:

- Use exploratory data to uncover patterns and build propensity models that explain customer behavior
- Co-create the financial experience with patients by incorporating them into the design process
- Encourage leaders and staff to spend more time talking with customers
- Emphasize metrics supporting the moments that matter most
- Introduce new ways for customers to share input

Addressing Common Pain Points

Over the years, our work with providers and their patients has revealed several common challenges around the financial experience, which can be grouped into 3 categories:

Accuracy and consistency is a huge issue, with 76% of patients confused by healthcare bills.⁴ Billing mistakes and constantly changing information on how much a patient owes hits providers hard when it comes to credibility and trust.

Putting yourself in your patient's shoes, you would be right to demand accurate and consistent information about your financial responsibilities, regardless of the communication channel.

Simplicity and convenience is also a major contributor to patient satisfaction. Nearly 3 in 4 patients prefer an electronic payment method, with a similar number wanting to pay all their medical bills in one place.⁴

As they take on an increasing share of rising healthcare costs, your patients want the convenience they've come to expect in the retail environment. That includes multiple payment methods, as well as a streamlined financial process.

Finally, healthcare consumers are demanding **transparency and timeliness**, with 91% of patients wanting to understand their payment obligation up front.⁴ Just as you'd want to know the price of an item before buying it, patients expect to understand costs ahead of time to make informed, efficient healthcare decisions. Paying more for services means most patients are no longer comfortable waiting until insurance adjudication is complete.

THE PATH TO TRANSFORMATION

One of the nation's largest medical systems came to North Highland after experiencing a spike in patient complaints across several areas related to financial responsibility. The client was concerned that these dis-satisfiers would tarnish the company's reputation as an industry-leading clinical care provider.

North Highland leveraged its functional and industry expertise to help the client define the patient financial experience. Our approach included patient interviews and focus groups, defining and analyzing patient segments and encounters and developing customer journey maps to articulate patient needs.

Through this work, a vision of the financial experience emerged to support patient needs. North Highland led the development of the client's vision and the roadmap of initiatives to achieve it, including:

- Launching enhanced cost estimation tools
- Expanding financial counseling resources
- Implementing new payment capabilities
- Tailoring communications by patient and encounter segment
- Improving patient checkout processes
- Enabling cross-functional access to patient financial information to improve consistency of communications

North Highland helped the client prioritize these initiatives as part of an implementation roadmap, all supported by investment plans and well-supported business cases.

Designing the Optimal Financial Experience for Patients

Transforming the patient financial experience requires providers to start with a blank slate. Designing the patient financial experience means ignoring existing operational constraints, building the process from the ground up while prioritizing high-impact changes to focus on patient needs first.

The place to start is ensuring you meet the foundational needs of accuracy and consistency, given that these are such strong dis-satisfiers among patients. Listening to your patients, you might hear things like:

- “I want the same information no matter who I talk to, when I talk to them or at what point in the process.”
- “I need accurate instructions on how to pay.”

Next, you’ll want to focus on making the financial experience easy. The goal is to improve simplicity and convenience, emphasizing clarity before detail. What do patients expect here?

- “Allow me to pay through multiple channels and payment options.”
- “Use language I understand when engaging with me.”
- “I want to see the entire financial picture when you communicate with me—no more bits and pieces.”

Only after you address these first two can you use transparency and timeliness to build trust and credibility in the relationship. Consumers have several needs and expectations in this area:

- “Show me alternatives so I can make an informed decision, and tell me which factors cause cost variability.”
- “What are the benefits of what I am buying? I need to understand the value before making a healthcare decision that impacts my finances.”
- “Give me the authority to approve changes.”
- “I want to know what my payment options are. That includes financial assistance, financial terms and payment methods.”
- “Tell me when payment is due, or at least when I can expect to see a bill.”

Of course, certain changes don't make sense for every healthcare organization. Meaningful change requires a strategic approach, realigning operations and technology in a focused way to continuously improve the patient financial experience. It's an area where customer experience experts can play a key role, helping prioritize high-impact opportunities and ensuring a positive return on investment.

Realizing that the financial experience is a core component of the patient journey as a whole—and not just a post-procedure billing issue—providers must put customers at the center of experience design. Only by understanding your patients can you create an experience that builds trust instead of destroying it.

¹ Kaiser Family Foundation, 2015 Employer Health Benefits Survey

² Kalorama Information, May 2015

³ Connance Consumer Impact 5th Annual Study, 2014

⁴ Instamed, Trends in HealthCare Payments 2015

ABOUT NORTH HIGHLAND

[North Highland](#) is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital, and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real. North Highland is an employee-owned firm, headquartered in Atlanta, GA, with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordenceworldwide.com), a global management consulting alliance. For more information, visit northhighland.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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