

# Streamlining Healthcare Payments through an Omni-Channel Approach

Disruptive changes within the healthcare industry are creating a number of billing and payment challenges for healthcare insurers and providers. More consumers than ever before will have access to healthcare, and they will be paying more out-of-pocket expenses as patient responsibilities continue to rise. With the predicted increase in healthcare bills and payments comes the need for an omnichannel billing and payment strategy, which includes offering a variety of convenient, easy to use payment options to consumers, including under-served and offline individuals who may be participating in healthcare plans for the first time. This omnichannel approach will facilitate faster, more efficient customer payments, reduce operational costs and improve customer experiences.

The Affordable Care Act (ACA) and the rise of high deductible health plans are having a dramatic impact on healthcare billing and payment operations. Going forward, more consumers will have access to health insurance plans and they will pay more in out-of-pocket expenses to insurance companies and healthcare service providers. By 2022, the ACA is projected to reduce the number of uninsured by 30 million, increasing cumulative health spending by approximately \$621 billion<sup>1</sup>. In addition, the shift to high deductible, consumer-directed health plans is accelerating as businesses grapple with rising healthcare and insurance costs.

The result is significantly increased patient responsibility and more customer segments participating in the healthcare payments ecosystem than ever before. Consumers will not only be paying more healthcare bills, but their bills will be for larger amounts. Out-of-pocket patient expenses are expected to grow from \$250 billion in 2009 to \$420 billion by 2015<sup>2</sup>.

Clearly, the healthcare industry will be challenged to process consumer payments more efficiently and cost effectively to keep up with growing payment volumes.

Bill payment electrification is one way to achieve this goal. According to the Seventh Annual Billing Household Survey from Fiserv, 48 percent of all bill payments are paid online compared to 23 percent for healthcare bill payments. And just 10 percent of medical bills are presented electronically compared to 24 percent of all other bills sent<sup>3</sup>.

Healthcare insurers and providers will also be challenged to offer the same billing and payment touch points consumers have come to expect and value from other service providers. While other industries enable consumers to receive and pay bills online at bank sites and biller sites, in person or by mobile app, the healthcare industry has lagged behind—too often relying on a limited number of payment channels that are not only slow, but expensive.

Reducing costs and write-offs may be one of the biggest incentives for offering more consumer-friendly presentment and payment options. Despite the significant time and money healthcare providers and insurers spend collecting payments, \$65 billion in unpaid healthcare bills are written off by providers each year<sup>4</sup>—an excessive amount that is expected to grow. Insurers face the additional, growing cost of reinstating policyholder insurance plans after they have expired due to non-payment or late payments.

---

<sup>1</sup> "National Health Expenditure Projections 2012-2022," Centers for Medicare and Medicaid Services, cms.gov, August 6, 2014

<sup>2</sup> AHIP, AHIPorg, August 6, 2014

<sup>3</sup> Fiserv Customer Transaction Study with InfoTrends, 2014

<sup>4</sup> "Improving Self Pay At All Points of Service," McKesson/Relay Health, www.relayhealth.com

## Consumer Choice and Convenience are Key

Today's consumers are bill pay omnivores. They use an average of three different bill payment methods per month and 70 percent use three or more methods to pay bills monthly (Figure 1). It's not surprising, then, that 67 percent of U.S. online households say it's important for service providers to offer multiple, robust payment options no matter the size or type of bill<sup>5</sup>.

At the same time, healthcare consumers are becoming more diverse. A growing number of participants in the healthcare marketplace are underserved, do not have bank relationships and do not use traditional payment methods such as checks, credit cards and debit cards. In fact, 28 percent of Americans are either unbanked or underbanked, according to the FDIC<sup>6</sup>.

Reaching these customers with safe, compliant and convenient cash-based payment options, such as walk-in payment centers at retail or check cashing stores, is key. More than a billion walk-in bill payments are performed in the U.S. each year<sup>7</sup>, and Fiserv expects the number of healthcare bills being paid at walk-in centers to grow significantly.

Ultimately, industry stakeholders will be compelled to offer a wider range of payment options that are convenient and easy to use because consumers will demand it—and because by doing so they will increase collections and payment speed while facilitating positive customer experiences.

### From Low-Tech to High-Tech: The Omni-Channel Approach

Seventy eight percent of consumers say they currently pay their bills to hospitals and doctors "offline," by mail or at a doctor's office. However a majority also say they would pay their bills faster if they had other options such as paying by credit or debit card, online through a provider's website, or using their bank's bill pay site<sup>8</sup>.

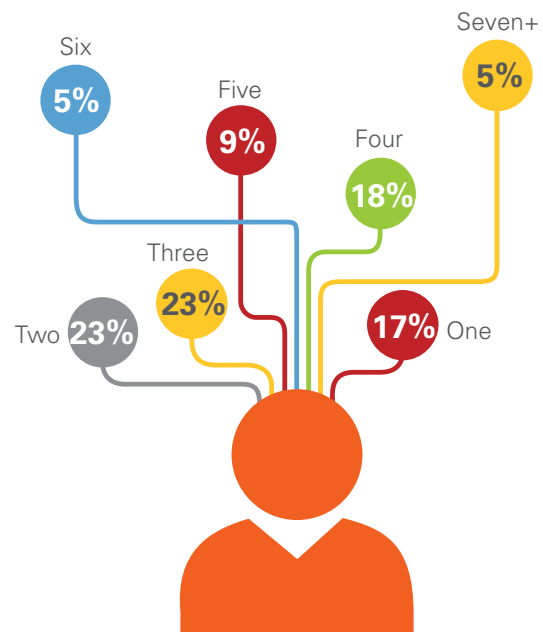
<sup>5</sup> Seventh Annual Household Billing Survey, Fiserv, Inc., 2014

<sup>6</sup> FDIC National Survey of Unbanked and Underbanked Households, 2012

<sup>7</sup> Aite Group, 2010

<sup>8</sup> Seventh Annual Household Billing Survey, Fiserv, Inc., 2014

Figure 1



Number of Bill Payment Methods Used as a Percent of U.S. Households.

Source: Seventh Annual Billing Household Survey, Fiserv Inc., 2014.

Increasing digital billing and payment options is one remedy for reducing billing and payment processing costs, enhancing consumer communications and accelerating the receipt of payments. However, the growing diversity of patients means healthcare organizations should start with a "point of preference" paradigm that identifies the needs of different consumer segments and aligns their billing and payment channels with those needs. The following payment channels should be considered.

*In-person payments at retail locations (grocery stores, convenience stores, check cashing locations):* A growing number of consumers, particularly those new to healthcare insurance plans, need to pay their bills in cash, typically at a walk-in retail center like a grocery store or check cashing store.

*Telephone payments (interactive voice recognition / IVR, customer service representative / CSR):* Some consumers prefer to pay their bills on a regular basis by phone, while others may pay by phone only occasionally in order to meet a payment deadline.

*Online payments:* A significant segment of consumers prefer to receive and pay their bills online using a biller's or bank's website.

*Mobile payments:* Tech-savvy smartphone users are rapidly being drawn to mobile billing and payment optimized web browsers and apps that allow them to pay their bills on the go. Alerts and bill reminders can help speed collection times and increase customer satisfaction.

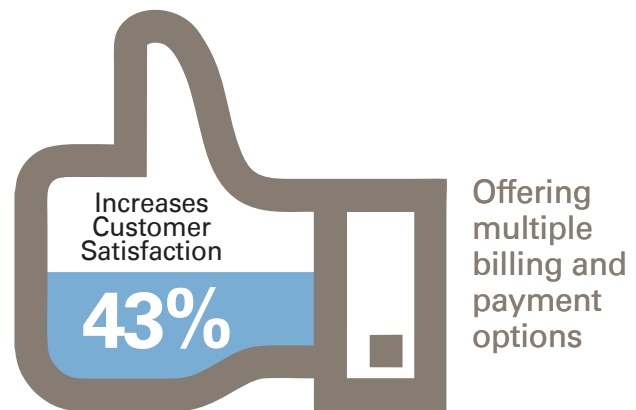
*Mail-in payments:* While mail-in payments are inefficient and costly for billers and providers, many consumers will continue to request paper statements and make check or money order payments by mail.

The ability for each payment channel to accept a variety of tender types is important in order to extend reach, meet consumer needs and reduce days in receivables. Where possible, the channels above should be able to accept payments by check, credit card, debit card and prepaid card, while walk-in payment locations should also accept cash payments. The need for channel integration is also an imperative, so that each payment system recognizes previous interactions and transactions made in any other channel.

### **Increased Consumer Loyalty and Profitability are the Rewards**

More than just a multichannel approach to billing and payments, current industry and consumer trends point to the need for an integrated, omnichannel billing and payments strategy that meets the wide-ranging and expanding needs of today's healthcare consumers. By providing the appropriate options and choices to all consumers, healthcare organizations will reap significant rewards—including increased customer satisfaction, reduced operational costs, accelerated payment windows, and even enhanced opportunities for consumer education and cross selling (Figure 2).

**Figure 2**



Offering multiple billing and payment options increases customer satisfaction.  
Source: Seventh Annual Billing Household Survey, Fiserv Inc., 2014.

### **Choosing the Right Technology Partner**

For organizations that primarily rely on paper statements or offer only some of the consumer payment options mentioned here, choosing the right technology partners is important to long term success. Working with a different vendor to implement each payment channel can increase costs and complexity, and may limit the sharing of information between channels.

In contrast, a single provider with high-volume billing and payments experience and integrated technology solutions is better positioned to provide the needed cost efficiencies, enable a seamless consumer experience and address compliance and other operational issues from a single, holistic point of view.

Outsourcing is an option for managing costs and keeping up with changing technologies, regulatory requirements and consumer expectations. By migrating some or all payment channels to a solutions provider, an organization's costs can be optimized based on transaction volumes. Technology upgrades, channel integration, service and support become the responsibility of the outsourcing partner, enabling an organization to deliver an enhanced omnichannel experience in a more streamlined, more cost effective manner.

## The Power of Fiserv

As one of the largest providers of electronic billing and payment technologies, Fiserv has the broad expertise and industry experience to guide healthcare billers in developing integrated, consumer-focused billing and payment systems that ensure compliance and promote profitability and cost efficiency.

## About the Author

Elizabeth Kowal is Senior Product Manager for Strategy and Product Development within Fiserv Biller Solutions. With over 10 years of experience in the financial institution and treasury management product development, she has a deep understanding of business and consumer payment needs along with expertise in electronic payments. Elizabeth is an accredited ACH professional and a longtime member of NACHA.

## Connect With Us

For more information about Biller Solutions from Fiserv, call 800-872-7882, email [getsolutions@fiserv.com](mailto:getsolutions@fiserv.com) or visit [www.fiserv.com](http://www.fiserv.com).

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization, and leading the transformation of financial services technology to help our clients change the way financial services are delivered. Visit [www.fiserv.com](http://www.fiserv.com) for a look at what's next now.



**Fiserv, Inc.**  
255 Fiserv Drive  
Brookfield, WI 53045

800-872-7882  
262-879-5322  
[getsolutions@fiserv.com](mailto:getsolutions@fiserv.com)  
[www.fiserv.com](http://www.fiserv.com)

© 2015 Fiserv, Inc. or its affiliates. All rights reserved. Fiserv is a registered trademark of Fiserv, Inc. Other products referenced in this material may be trademarks or registered trademarks of their respective companies.

413-14-21627 COL 1/15