



# Transcend the Traditional

Why it's time for a modernized approach  
to patient financing

*March 2024*

# Agenda

- Introductions and state of the market
- Optimizing the patient revenue cycle
- Pre-service: Transparent costs and unseen hurdles
- Post-service: The all-in cost of in-house payment plans
- Considerations in choosing a solution
- Q&A

# Who **We Are**



**Tobias Mezger**  
**Chief Operating Officer**



**Emily Goertz**  
**VP of Revenue Cycle**



- Leverage technology to improve healthcare access & affordability
- Remove financial barriers to care for patients
- Unlock revenue while reducing complexity and friction for medical providers



- Deliver exceptional care to every patient at our 95 clinics and 4 hospital campuses
- Remove barriers to make better health easier
- Serve Texas families while working to define the future of healthcare

# State of the Market

**Payment rates on patient self-pay balances are decreasing.**

With patient financial responsibility rising, the overall self-pay collection rate is now at 20-30%.<sup>1</sup> Days in A/R are increasing,<sup>2</sup> and bad debt remains high.<sup>3</sup>



**Care avoidance and deferment are increasingly common.**

One in four adults say that in the past 12 months they have skipped or postponed getting health care they needed because of the cost.<sup>4</sup>



What role can technology and automation play?

**The regulatory environment is ever-evolving.**

From price transparency to the interplay of financial assistance, new legislation continues to add complexity to revenue cycle operations.



**Staffing shortages are taking a toll, as many workflows are still manual.**

100% of hospital executives say non-clinical staffing shortages have significantly affected revenue cycle management and patient engagement efforts.<sup>5</sup>



# Poll #1

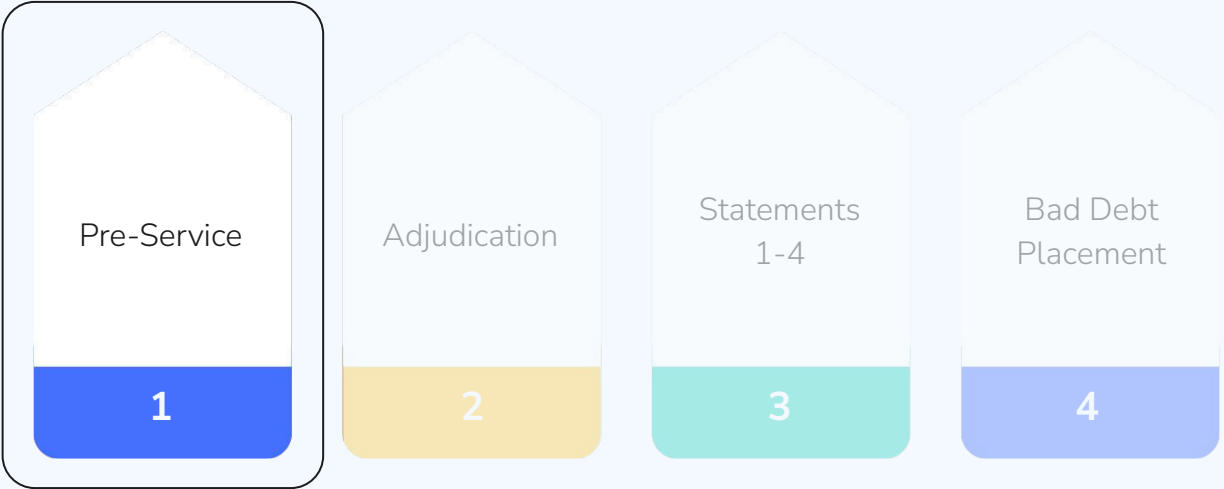
**Which of these industry trends creates the most significant challenges for your health system?**

- A. Decreasing payment rates on patient balances
- B. Higher incidence of care deferment / avoidance
- C. Evolving regulatory environment
- D. Staffing shortages and manual workflows
- E. None of these resonate

It's time to look at the **patient revenue cycle and affordability.**

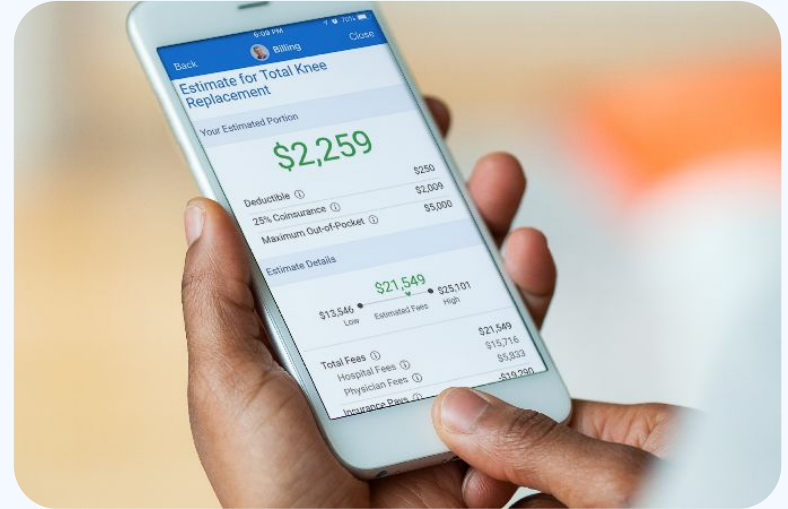
In light of this shifting landscape, revenue cycle leaders must evolve their strategies in key areas along the value chain to make a meaningful impact on their organization's financial performance.

# Optimizing the **Patient Revenue Cycle**



# Transparent Costs and **Unseen Hurdles**

- The process of providing good faith estimates can be cumbersome and accuracy can vary, though vendors are starting to incorporate estimate products
- Providers leaning on staff to call patients with estimates; often use as opportunity to take deposit or add payment method on file





## Poll #2

**To what extent are you currently tying estimates and pre-service payments together?**

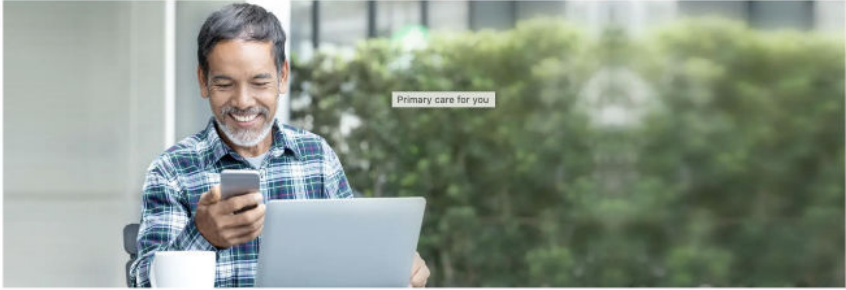
- A. We don't ask for a deposit or payment method when providing an estimate
- B. We ask for a deposit or payment method, but don't encourage them
- C. We encourage a deposit or payment method, but don't require them
- D. We require a deposit or payment method on file when providing an estimate
- E. I'm not sure

# UTMB Health's **Pre-Service Initiatives**

- Initiative around point-of-service collections
- Delivering timely and accurate estimates
- Offering patients an affordable payment option (PayZen Care Card)

### Request an Estimate

UTMB is committed to providing transparent pricing by offering several options to obtain estimates for health care services.



Primary care for you

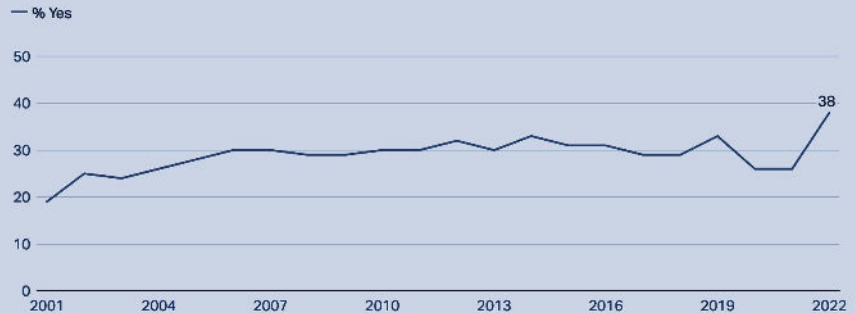
Informal Estimate      Formal Estimate

# Transparent Costs and **Unseen Hurdles**

- In 2022, an alarming 38% of Americans delayed medical treatment due to cost concerns, the highest in over two decades
- 27% of the treatment delays were for serious conditions, up 50% from 2021

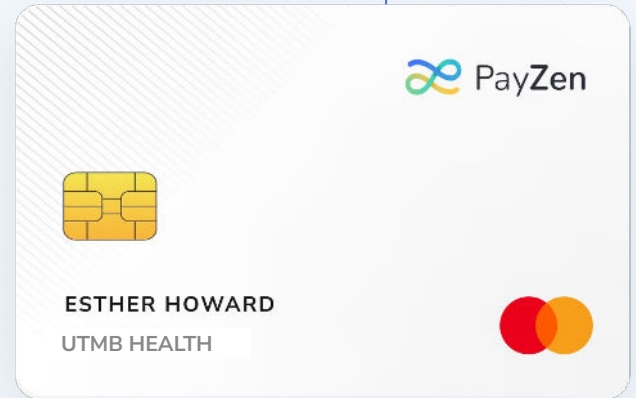
## Record High in U.S. Putting Off Medical Treatment Due to Cost, 2001-2022

Within the last 12 months, have you or a member of your family put off any sort of medical treatment because of the cost you would have to pay?

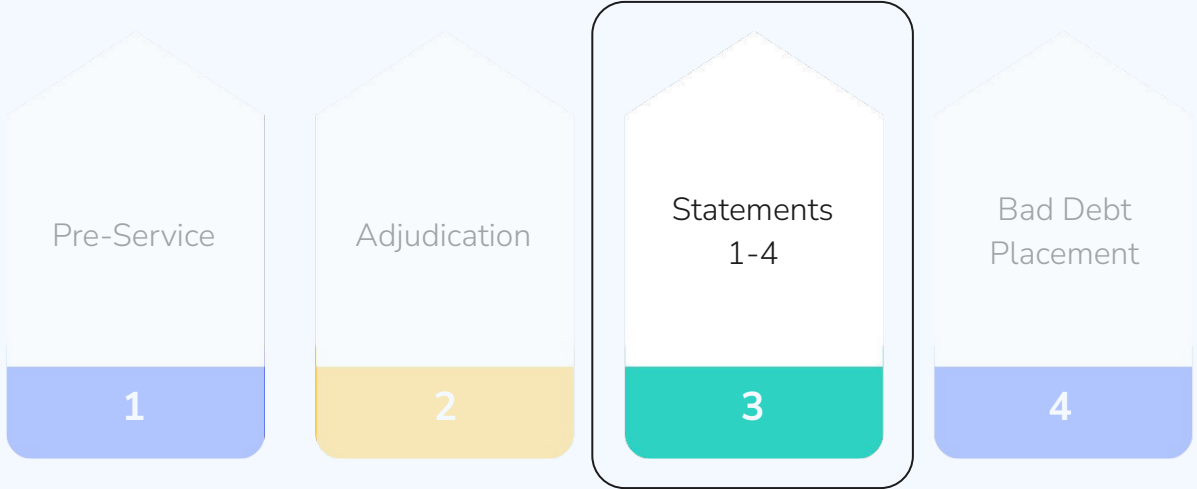


# UTMB Health's Approach: **Enabling Flexible Payments**

- Saw opportunity to prevent care avoidance when more proactively offering estimates & encouraging deposits
- Care Card can be used across all POS systems and billing portals and charges convert to interest-free, affordable monthly payments.
- Card is UTMB-branded and offered as an **exclusive benefit** to patients to drive loyalty.



# Optimizing the **Patient Revenue Cycle**



# Affordable payment options **drive additional revenue**

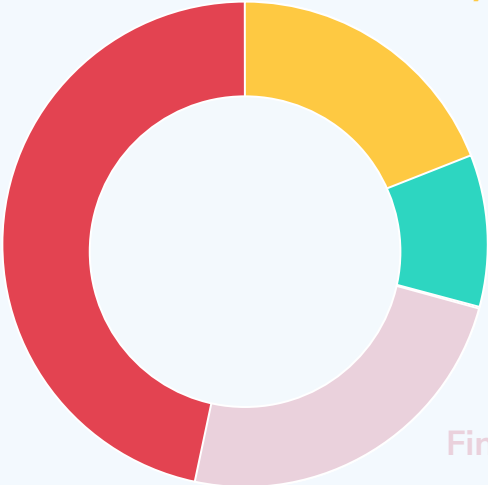
The industry's low collection rate on patient balances is, at the root, an ability-to-pay problem. When more affordable payment options are proactively offered to patients, revenue capture - and patient satisfaction - increases substantially.

Bad debt

Pay in full

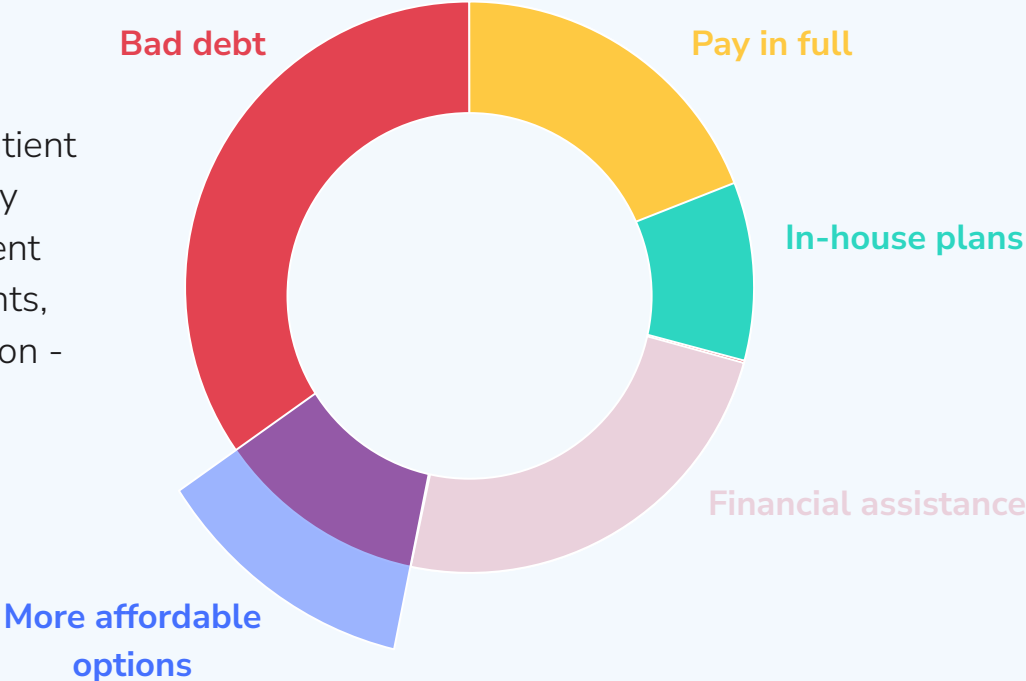
In-house plans

Financial assistance



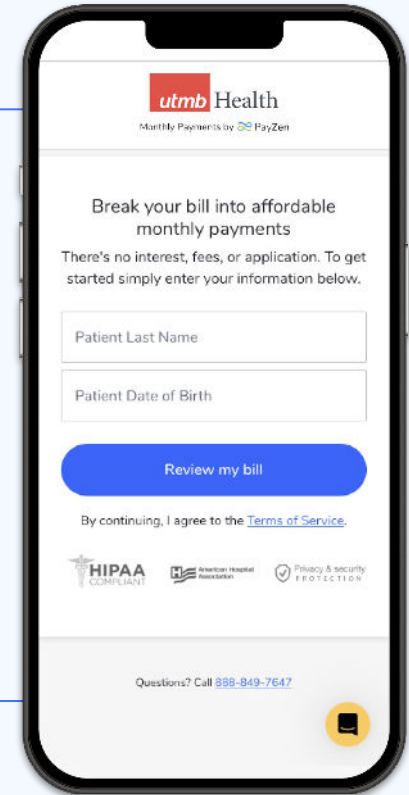
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# Increase patient payments and satisfaction **throughout the care cycle**

- Designed for patients who require **extended payment options**
- Terms are **personalized** to patient's ability to pay, up to 60 months
- **100% of patients are approved** for an **interest-free** monthly plan
- Fully embedded experience via **Epic MyChart**
- **Automated** patient engagement
- **Non-recourse cash acceleration**





# The All-In Cost of **In-House** Payment Plans



Default Rates



Capital Costs



Administrative Costs

# The All-In Cost of **In-House** Payment Plans

## In-House Payment Plans

Default Rate	30-35%
Cost of Capital	6-13%
Administrative Cost	6-8%
<b>Bottom Line Costs</b>	<b>42-56%</b>
Cash Acceleration	None
Financial Risk	Provider
Staffing Burden	Significant
<b>Key Considerations</b>	Constrained by balance sheet capital, internal revenue cycle resources, A/R policies, expertise

## Poll #3

### **Are you using or have you considered using a patient financing solution?**

- A. We have not considered using a patient financing solution
- B. We have considered using a solution, but have not come to a decision
- C. We have considered using a solution, but decided against it
- D. We have used a solution in the past, but have since stopped using it
- E. We currently use a patient financing vendor
- F. I'm not sure

# Key Considerations in **Choosing a Solution**

How will it **increase the number of paying patients?**



1. Automation & integration with existing technology & workflows
2. Patient access and ease of use
3. Patient affordability



How will it **improve my balance sheet?**



1. Patient repayment success
2. Cash acceleration
3. Reduction in financial complexity (recourse vs. non-recourse)



# Key Takeaways

1. In a changing healthcare landscape, revenue cycle leaders must evolve their strategies in key areas along the value chain.
2. Coupling estimates with flexible payment options can prevent care avoidance/deferment and increase pre-service collections.
3. Hospitals and health systems benefit from adding extended payment options and technology solutions to affordability.
4. Traditional patient financing approaches come with tradeoffs. Consider the full end-to-end impact, not just headline pricing.



# Q&A

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