FUTURE OF PATIENT FINANCIAL ENGAGEMENT

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Today’s Speakers

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Tweet your perspective

See exclusive survey results
Agenda

1. New threat to your financial security
2. Examples of analytics increasing collections
3. Patient demands
4. How to get started
5. ROI
New Threat to Your Financial Security

Aite Group
## New High Deductible Plan Market Dynamics

### Increase in number of consumers enrolled in high deductible plans

<table>
<thead>
<tr>
<th>Consumer impact</th>
<th>Provider impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change to personal financial models</td>
<td>Change to business revenue models</td>
</tr>
</tbody>
</table>

### Increase in the total number of consumers paying bills to providers

<table>
<thead>
<tr>
<th>Consumer impact</th>
<th>Provider impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expect a familiar and easy payment experience</td>
<td>Competing for share of consumer bill payment wallet</td>
</tr>
</tbody>
</table>

### Increase in the total number of bills consumers pay to providers

<table>
<thead>
<tr>
<th>Consumer impact</th>
<th>Provider impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need help to pay larger bills</td>
<td>Design pre, point, and post service payment experience with financial engagement in mind</td>
</tr>
</tbody>
</table>
Changes to Providers’ Patient Populations

Distribution of Health Plan Enrollment for Covered Workers by Plan Type, 2012 to 2016

Source: Kaiser
Consumers are Emerging as a Healthcare Payer

Total U.S. Healthcare Consumer Out-of-Pocket Payments, 2015 to e2019
(In US$ billions)

Source: Aite Group
## Consumer’s Bill Payment Wallet

Q. Which of the following bills do you pay or have you paid in the last 12 months? (N=2,429)

<table>
<thead>
<tr>
<th>Bill Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (n=2,250)</td>
<td>93%</td>
</tr>
<tr>
<td>Cable/satellite TV (n=2,143)</td>
<td>88%</td>
</tr>
<tr>
<td>Wireless phones (n=2,009)</td>
<td>83%</td>
</tr>
<tr>
<td>Auto/car insurance (n=1,914)</td>
<td>79%</td>
</tr>
<tr>
<td>Major credit cards (n=1,862)</td>
<td>77%</td>
</tr>
<tr>
<td>Water/sewer (n=1,648)</td>
<td>68%</td>
</tr>
<tr>
<td>Gas/oil (n=1,527)</td>
<td>63%</td>
</tr>
<tr>
<td>Vehicle registration (n=1,239)</td>
<td>61%</td>
</tr>
<tr>
<td>Property insurance (n=1,321)</td>
<td>54%</td>
</tr>
<tr>
<td>Garbage (n=1,239)</td>
<td>51%</td>
</tr>
<tr>
<td>Life insurance (n=1,474)</td>
<td>45%</td>
</tr>
<tr>
<td>Health insurance (n=1,077)</td>
<td>44%</td>
</tr>
<tr>
<td>Medical bills (n=1,034)</td>
<td>43%</td>
</tr>
<tr>
<td>Property taxes (n=995)</td>
<td>41%</td>
</tr>
<tr>
<td>Landline phones (n=989)</td>
<td>41%</td>
</tr>
</tbody>
</table>

- Medical bills are the 13th most frequent bill a consumer pays out of 29 categories
- Consumers bring these other bill payment experiences into healthcare
- Other bill payment experiences are easier than medical

Source: Aite Group
Current Pay & Chase Practices Unsustainable

• 30% of patients walk out of providers’ doors without paying anything

• Patients average 3.3 billing statements before paying an outstanding balance

• Collection agencies recover $16 for every $100 owed

Source: MGMA
The New Patient Engagement Model – Personal and Digital

<table>
<thead>
<tr>
<th><strong>Pre-service</strong></th>
<th><strong>Point of service</strong></th>
<th><strong>Post-service</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider</td>
<td></td>
<td>Patient</td>
</tr>
<tr>
<td>• Calculate propensity-to-pay score based on the estimated costs and eligibility of services to be rendered</td>
<td>• Estimate cost of billed services billed</td>
<td>• Present a single, consolidated digital bill</td>
</tr>
<tr>
<td>• Receive estimate cost and payment options</td>
<td>• Calculate propensity-to-pay score</td>
<td>• Offer online bill payment</td>
</tr>
<tr>
<td>• May enroll in payment options or wait until appointment</td>
<td>• Deliver personalized financial conversation using auto generated scripts</td>
<td>• Deliver personalized communications based on patient preferences</td>
</tr>
<tr>
<td>Patient</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Engages in financial conversation based off estimated amount owed</td>
<td>• Enrolls in a payment option</td>
<td>• Look up bill contents or pays bill per a recurring payment plan, with a health savings or flexible spending account, or with other personal accounts</td>
</tr>
<tr>
<td>• Makes bill receipt and payment preferences known in portal</td>
<td>• Offer electronic billing enrollment</td>
<td></td>
</tr>
</tbody>
</table>
How do you determine how much a patient can pay?
Bills and Payments are Digital Engagement Levers

**Bill**

Q. Where do you typically go to look up your electronic medical bill? (n=1,909 bills)

- Provider website or mobile/tablet application: 32%
- My email inbox: 32%
- Bank online: 25%
- Do not look up: 8%
- Other type of website: 3%

**Payments**

Percentage of Consumer Out of Pocket Medical Bill Payment Spend by Channel

- Provider website: 29%
- Mail: 31%
- Bank website: 10%
- In person: 14%
- Phone: 7%
- Direct debit: 6%
- Do not know: 2%
Digital Bills lead to Digital Payments

Digital bills lead to digital payments

Payment Channels Used By Type of Medical Bill Delivery Medium

<table>
<thead>
<tr>
<th>Delivery Medium</th>
<th>Direct debit</th>
<th>Phone</th>
<th>In person</th>
<th>Online</th>
<th>Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>I get an electronic bill (n=558 bills)</td>
<td>14%</td>
<td>3%</td>
<td>11%</td>
<td>56%</td>
<td>17%</td>
</tr>
<tr>
<td>I get both a paper bill and an electronic bill (n=702 bills)</td>
<td>9%</td>
<td>7%</td>
<td>15%</td>
<td>51%</td>
<td>18%</td>
</tr>
<tr>
<td>I get a paper bill in the mail (n=4,379 bills)</td>
<td>6%</td>
<td>10%</td>
<td>15%</td>
<td>29%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Digital bills lack penetration

Q. How do you currently get your health insurance bill? (n=11,624 bills)

- I get a paper bill in the mail, 63%
- I get an electronic bill, 11%
- I get both a paper and an electronic bill, 10%
- I make this payment, but I don’t get a bill, 15%
- I get a paper bill in the mail, 63%
Section 1 Questions
Examples of Analytics Increasing Collections

Noggintechs
Improving The Entire Patient Revenue Cycle

- Appointment Made
- Payment
- Appointment
- Propensity to Pay
- Payment
- Propensity to Pay
- Segmentation
- eBill
- SMS, Email, Evoice, Live Calls, Mobile / Web Access
Bringing Intelligence to Medical Debt Collection

Propensity to Pay – Patient Strategy Foundation

Population Odds 7:3

(7 bads for 3 goods)
How to Think About Segmentation and Actions

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Willing to Pay</th>
<th>Ability to Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Forgetful</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>Struggling</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>Entitled</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>Problem</td>
</tr>
</tbody>
</table>

Tone: Firm, Soft, Rewards
Frequency: Low intensity, High intensity
Channel: E-mail, E-mail & SMS, E-mail & SMS & E-voice, Live Voice
Options: One pay full balance, Multi pay, Multi pay settlement

Drive patients to set up payment plans and settlements, and capture ongoing payments
When your staff talks to a patient, which of these do they change based on patient’s ability to pay?
When a patient comes to your website, which of these does your website change based on patient’s ability to pay?
Increasing Self-Pay After Insurance (SPAI)
Results

Actual Day 1 to day 59 Collection Percentage
(static pool)

Actual 60+ Patient Balances Cum Lift Curve
(static pool)
Results

Day 60 Pool Worked Up to Day 120

- **Business as Usual**
  - Number of Payments: 10%
  - Dollars Collected: 5%

- **Challenger Strategy**
  - Number of Payments: 30%
  - Dollars Collected: 35%
Impact

Payment Rate From Day Of Adjudication

Flow to Loss

BAU Champion
Challenger

Flow to Loss
Incremental Cash
Section 2 Questions
Patient Demands

ACI Worldwide
Patients Want Easier-to-Read Bills

88% of patients want an easier to read healthcare bill.

Source: Aite Group’s How Americans Pay Bills sponsored by ACI Worldwide
Options, Options, Options

How Patients Want the Payments Experience Improved

- Convenient payment channels: 80%
- Multiple funding options: 60%
- Payment plans: 40%

Source: Aite Group's How Americans Pay Bills sponsored by ACI Worldwide
Beyond Options, Patients Want Faster and Safer Payments

How Patients Want the Payments Experience Improved

- Security
- Speed
- Immediate payment confirmation

Source: Aite Group's How Americans Pay Bills sponsored by ACI Worldwide
How to Get Started

<table>
<thead>
<tr>
<th>One Year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$500,000,000</td>
</tr>
<tr>
<td>Self pay after insurance (SPAI)</td>
<td>20%</td>
</tr>
<tr>
<td>Industry average net flow to loss</td>
<td>59.30%</td>
</tr>
<tr>
<td>New net flow to loss</td>
<td>44.90%</td>
</tr>
<tr>
<td>Incremental SPAI dollars collected</td>
<td>$14,400,000</td>
</tr>
</tbody>
</table>

1. Provide ROI to CFO
2. Easy technology integration
3. Start collecting more

Actual results may vary to projection, driven by local market conditions and the level of operating sophistication and efficiency of the client. The projections above assume a baseline of immature operating sophistication and efficiency. Incremental SPAI collected is net of paid POS co-pays.
Status quo is not an option
Questions?

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