



Nebraska HFMA

Webinar

Agenda

- Provider Market – Current State
- Cost of Care / The Debt Crisis / Other Friction Points
- Approaches to Solving the Patient Payment Conundrum
- The Evolution of Patient Payment Solutions and the AblePay Model
- St Luke's Case Study

Providers are Critical to the U.S. Health System



6 Thousand

Total # of U.S. Hospitals



18 Million

Employed industry workers



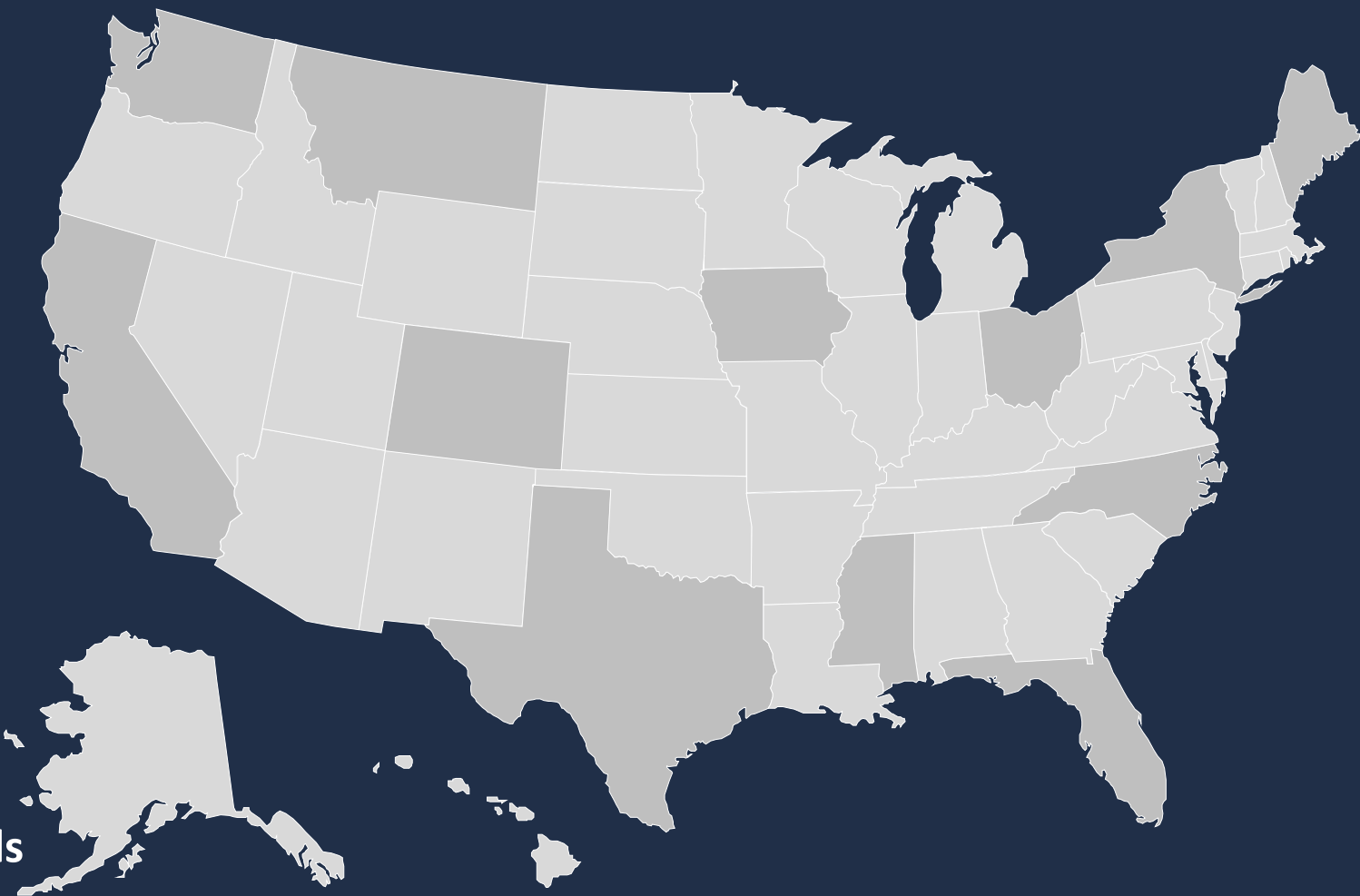
33 Million

Total # of Annual Admissions



\$1.2 Trillion

Total Expenses for all U.S. Hospitals



Source: American Hospital Association, "Fast Facts on U.S. Hospitals" 2022

Hospitals Face Numerous Challenges



Patient Payments

“High Out-of-Pocket Costs Led to Low Patient Collection Rates”



Declining Margins

“Hospital and health system margins off to bad start in 2022”



Increased Regulation

“Price Transparency Mandate / No Surprises Act”



Industry Consolidation

“Healthcare M&A surged in 2021, growing 56%”



Staffing Shortages

“Staff Shortages Chocking U.S. Healthcare System”



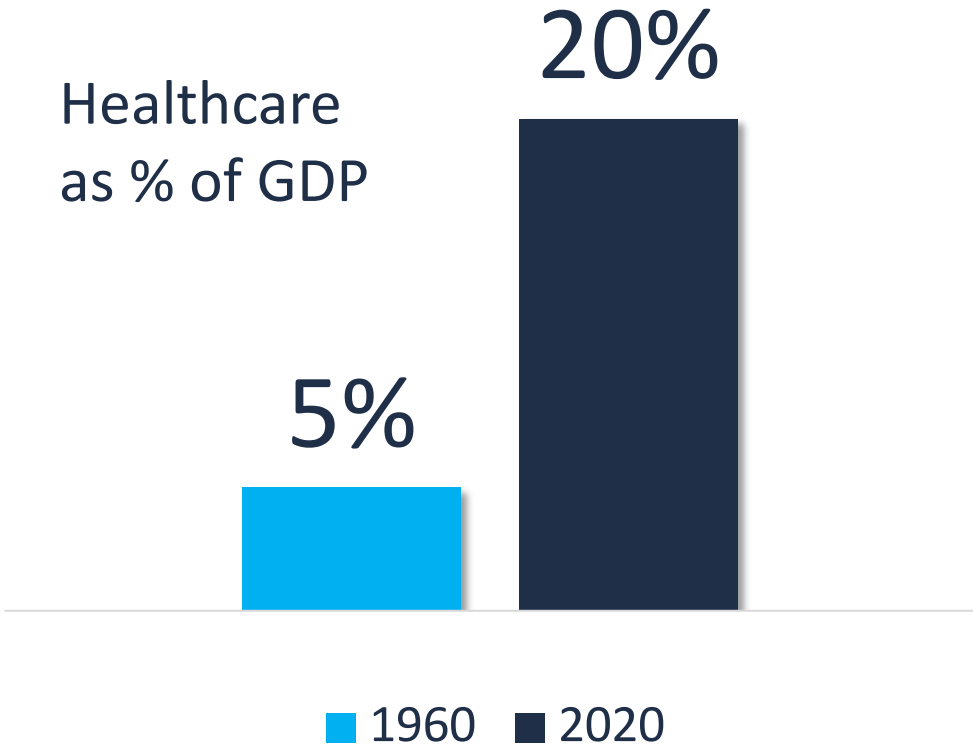
Cybersecurity Threats

“In 2021, the rate of cyber attacks against healthcare centers tripled”

What is the “Root Cause” of
poor patient collections?

Answer = **AFFORDABILITY**

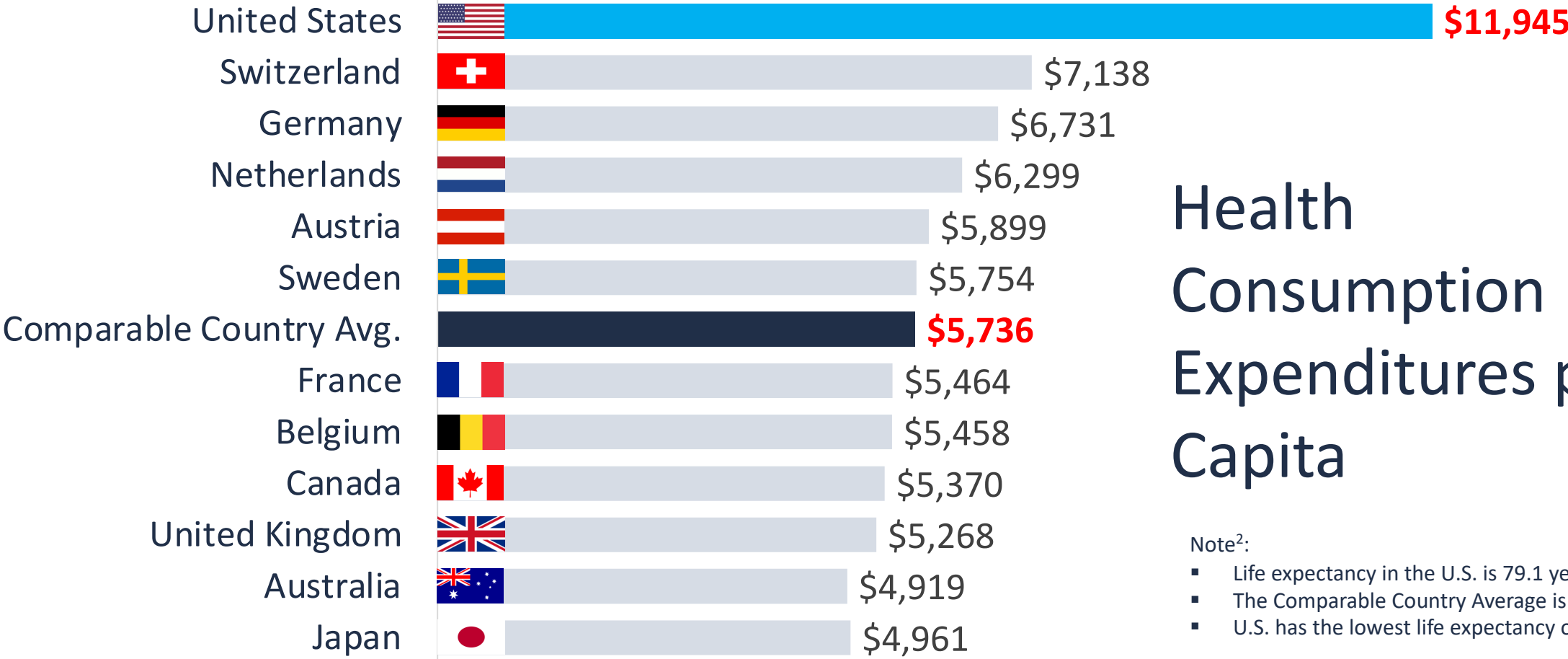
The cost of healthcare has outpaced consumer inflation: Spending reached \$4.1 trillion in 2020¹



Over the last 20 years, **Medical inflation** has **outpaced** normal **consumer inflation 3.5% to 2.1%.**²

¹Peter G. Peterson Foundation, "Why are Americans Paying more for Healthcare" February 2022
²Source: Centers for Medicare and Medicaid Services, *National Health Expenditure Data*, December 2021

Healthcare in the U.S. is really expensive



Health Consumption Expenditures per Capita

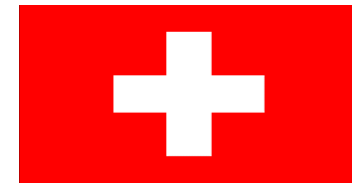
- Note²:
- Life expectancy in the U.S. is 79.1 years
 - The Comparable Country Average is 83.0 years
 - U.S. has the lowest life expectancy of peer set

¹Source: KFF analysis of National Health Expenditure (NHE) and OECD data, 2020
²World-O-Meter, "Life Expectancy of the World Populations"

Not everything is more expensive in the U.S.



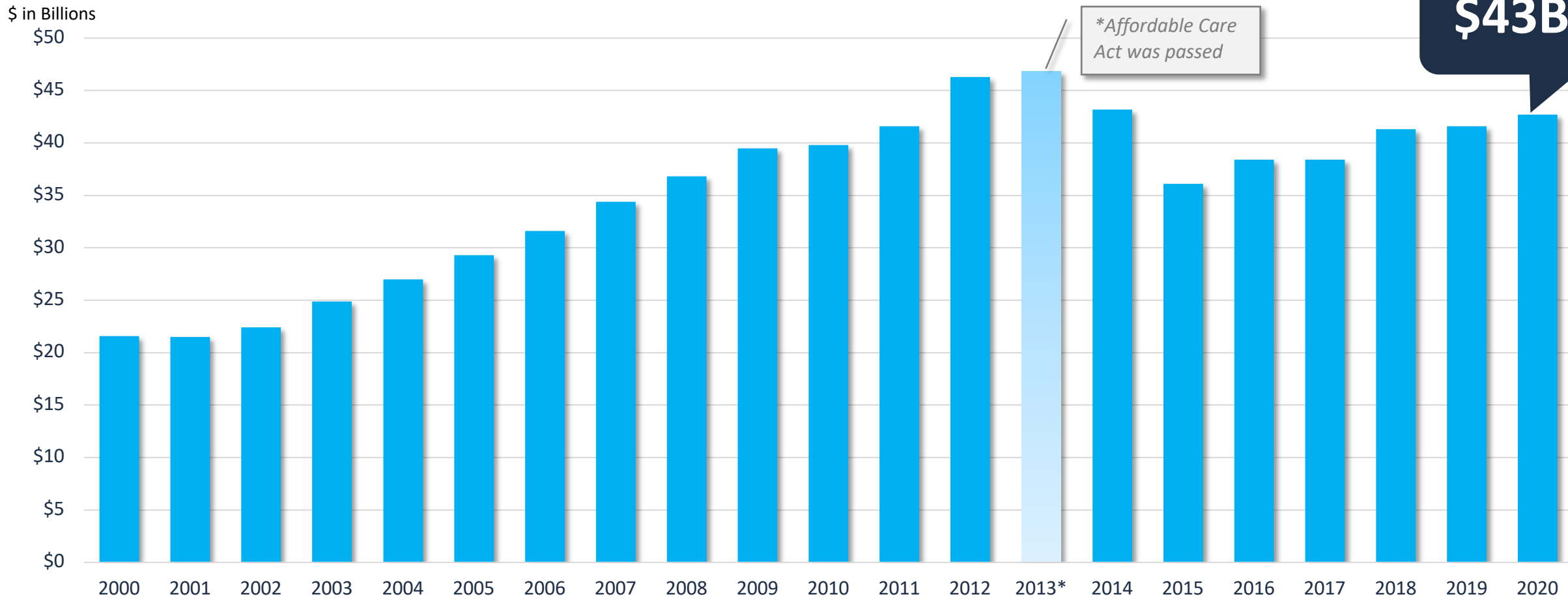
\$5.30



\$6.80

Source: [The Travel "Here's How Much A Big Mac Costs in These 20 Countries Worldwide", July 2018](#)

Since 2000, hospitals have provided **\$745 billion** in uncompensated care



Source: <https://www.aha.org/fact-sheets/2020-01-06-fact-sheet-uncompensated-hospital-care-cost>

High Deductible Health Plans have contributed to the rise in Uncompensated Care and Medical Debt

53%

Of consumers were enrolled in HDHPs in 2020, up from 39% in 2015¹ - Premiums have increased 22% since 2016

\$2,000

Average Deductible for an Individual in 2021²

\$500

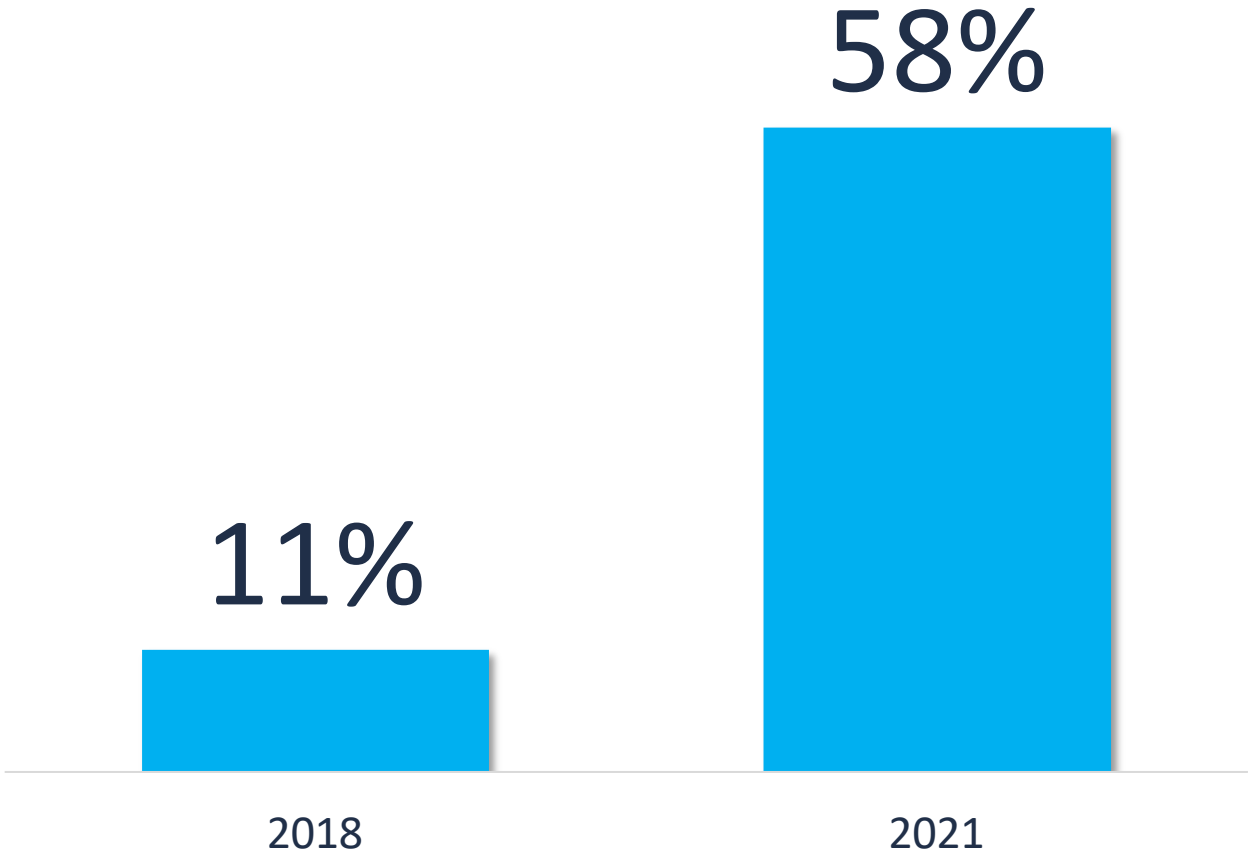
“America's debt crisis is driven by a simple reality: **Half of U.S. adults don't have the cash to cover an unexpected \$500 health care bill,** according to the KFF poll.”³

¹<https://www.valuepenguin.com/high-deductible-health-plan-study>, January 2022

²KFF, “Average Annual Deductible per Enrolled Employee in Employer-Based Health Insurance for Single and Family Coverage”, 2021

³Kaiser Health News, “100 Million People in America Are Saddled With Health Care Debt”, June 2022

Most bad debt comes from *Insured* Patients



- Almost 58% of patient bad debt in 2021 came from **self-pay after insurance**¹
- 8% (27 million) of U.S. residents have no health insurance²

¹Crowe, "Hospital collection rates for self-pay patient accounts", August 2022

²Department of Health & Human Services, "New HHS Report Shows National Uninsured Rate Reached All-Time Low in 2022", August 2022

Medical Debt is the leading cause of bankruptcy¹

66%

...of all personal bankruptcies are due to medical bills

18%

...of Americans borrowed money to cover healthcare expenses in 2020

60%

...of US adults have had medical debt at some point in their life

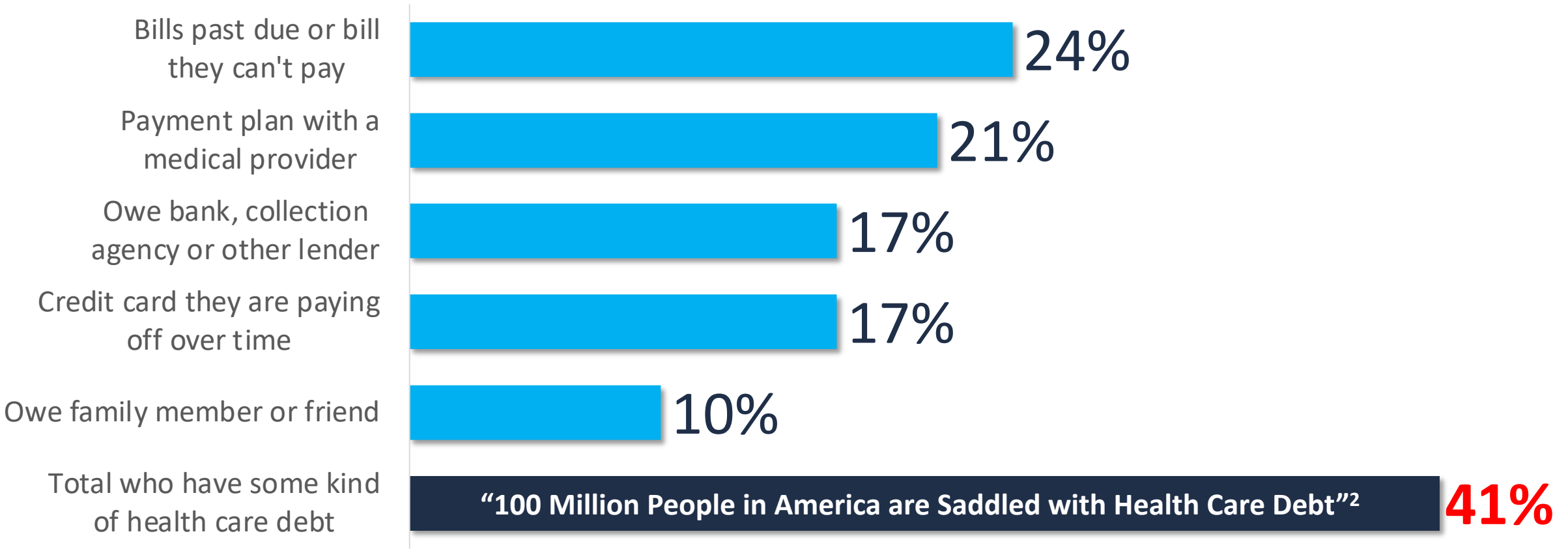
70%

...of Americans with medical bills had to lower their spending on food to avoid bankruptcy²

¹Fox Business, "Medical debt is the leading cause of bankruptcy", October 2021

²SpendMeNot, "25+ Medical Bankruptcy Statistics to Know in 2021", updated May 2022

41% of Americans currently owe debt to hospitals, credit cards, and relatives¹

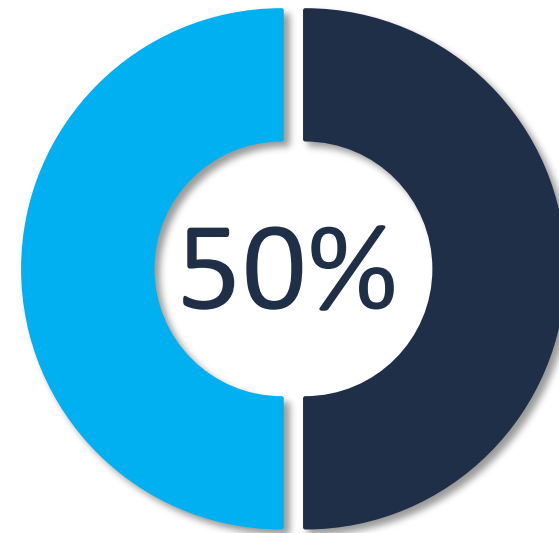


¹KFF Health Care Debt Survey of 2,375 U.S. Adults, February 25th through March 20th of 2022
²Kaiser Health News, “100 Million People in America Are Saddled With Health Care Debt”, June 2022

Most patients still do not pay their medical bills in full

2 out of 3

Patients paid less than half of their patient responsibility¹



of patients owed less than \$1,000

¹Independent market research via Alchemer Consumer Panel, iVita Financial, July 2021, n=435

How much do Providers actually collect?

Uninsured Patient

9% ...of uninsured out-of-pocket expenses **are collected**

Insured Patient

44% ...of insured out-of-pocket expenses **are collected**

Probability of collections goes down as patient balance increases

Source: HFMA, "Patient-Centric Aid in a Consumer-Driven Marketplace" December 2018

Probability of collections also decreases over time

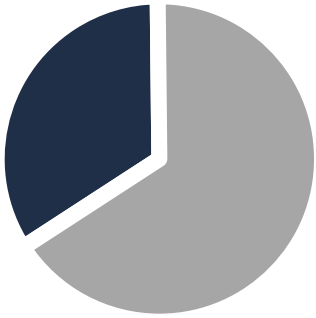
↓ 30%

For every 30 days an account languishes in A/R, your chances of collecting decrease by 30%

6%

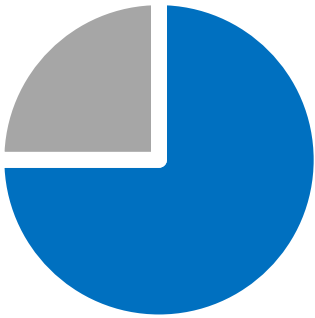
The odds of a patient paying off his or her account fall to as little as 6% by the time you send the fourth statement

Medical bills are stressful for Consumers



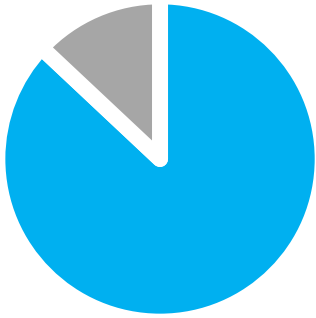
34%

Have had to find other ways to pay their healthcare bills outside of the options offered by the hospital³



75%

Of health-insured consumers are concerned about financial hardship due to medical bills²



87%

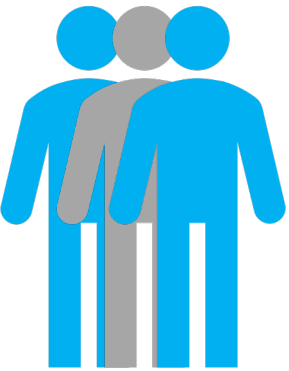
Of consumers were surprised by a medical bill in 2021¹

¹InstaMed, Trends in Healthcare Payments, Twelfth Annual Report 2021

²MITRE-HARRIS Poll Survey: 75% of Health-Insured Individuals in the U.S. Concerned About Medical Bills, December 2021

³Independent market research via Alchemer Consumer Panel, iVita Financial, July 2021, n=435

Affordability of healthcare affects both High- and Low-income households



1 in 3

Of Americans did not seek care due to cost¹



1 in 5

Among higher-income households, earning more than \$120,000 annually, 20% did not seek care due to cost²



34.4% of U.S. households earn over \$100,000 annually³

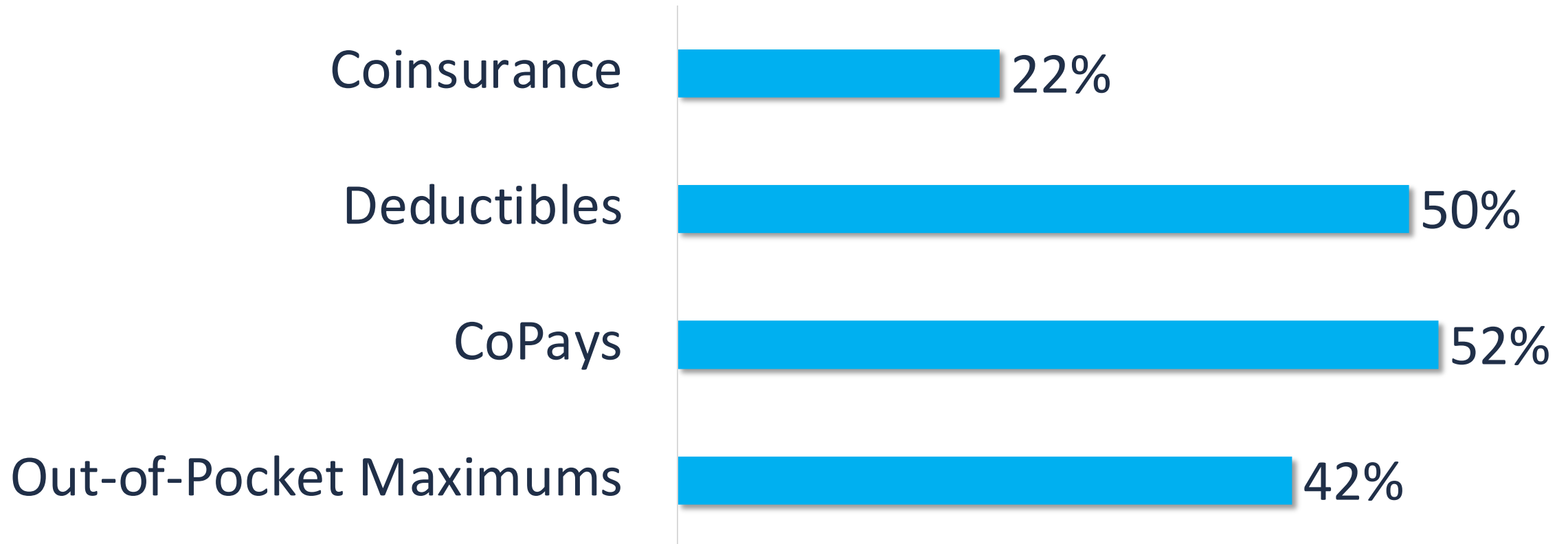
¹West Health and Gallup, West Health-Gallup 2021 Healthcare in America Report, December 2021

²InstaMed, "Trends in Healthcare Payments, Twelfth Annual Report", 2021

³IBIS World, "Households Earnings More Than \$100,000", May 2022

70% of consumers are confused by their medical bills and need help¹

Only 4% of Americans could define each of the top 4 insurance terms²



¹InstaMed, "Trends in Healthcare Payments Tenth Annual Report: 2019" published April, 2020

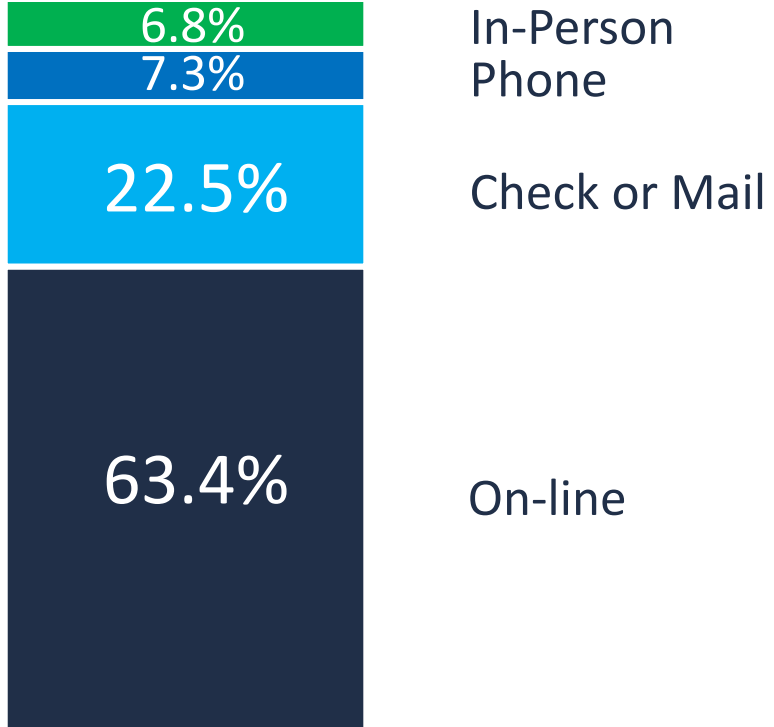
²Policy Genius, "4 basic health insurance terms 96% of Americans don't understand", January 2018

Friction continues to exist between patient payment preferences and provider payment systems

Provider (Current State)¹

- Continued Reliance on Paper Checks and Manual Processes
- Increased Number of E-Payment Options Result in a Fragmented Process
- Slow Adoption of Electronic Payments

Patient Preferences²

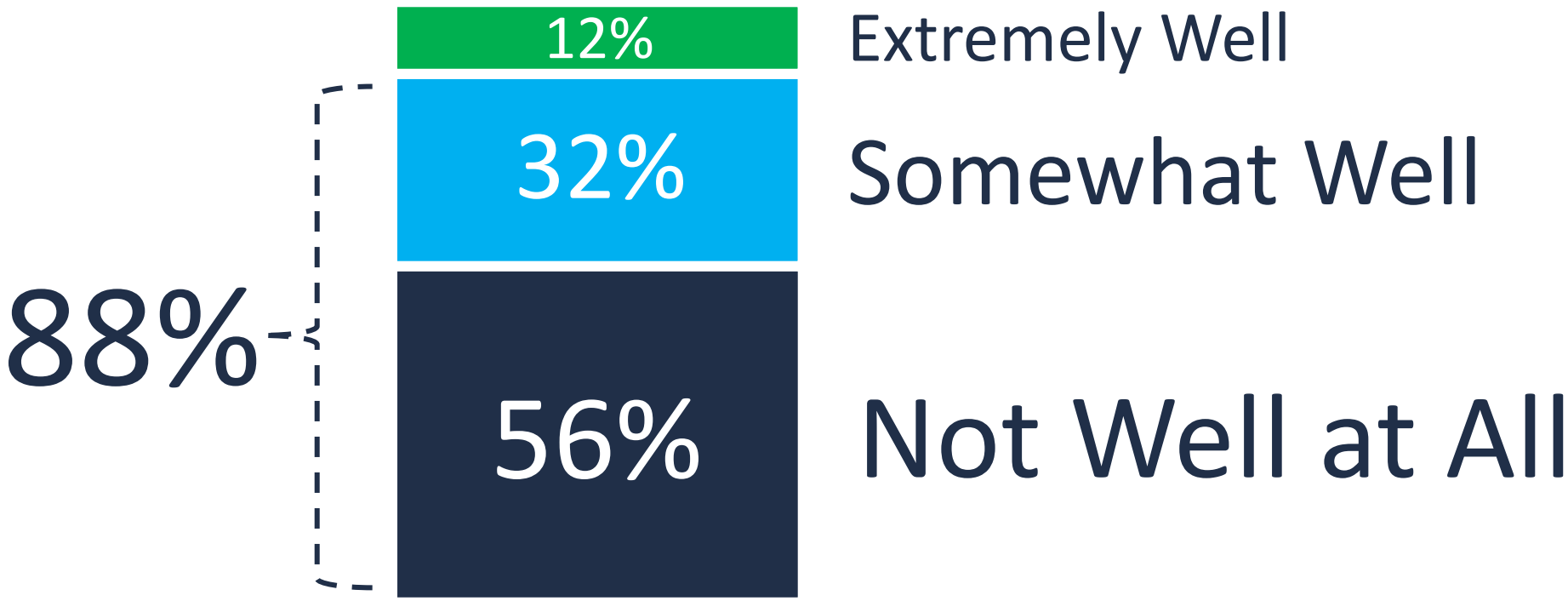


Note: Preferences for patients willing to use payment plans

¹MineralTree, "7 Healthcare Payment Processing Challenges Faced by Medical Practices"

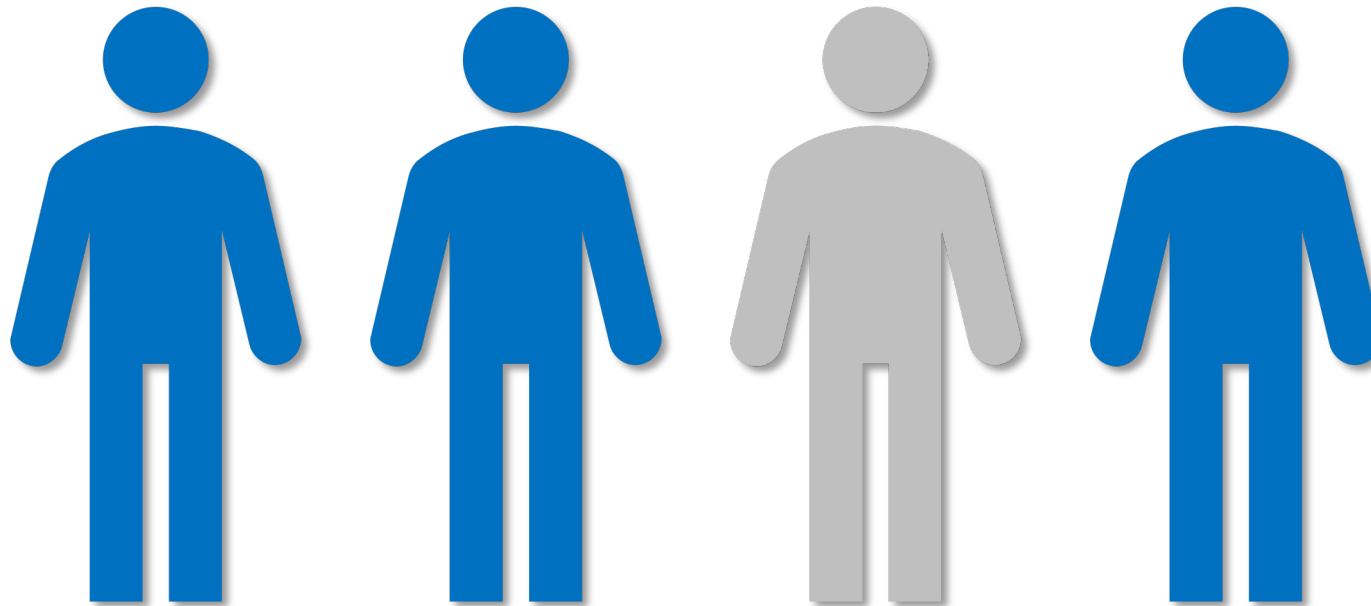
²Flywire, "Survey: Patients prefer payment plans for healthcare costs"

When Americans are asked “How well do you think healthcare is in the U.S.?” They respond with...



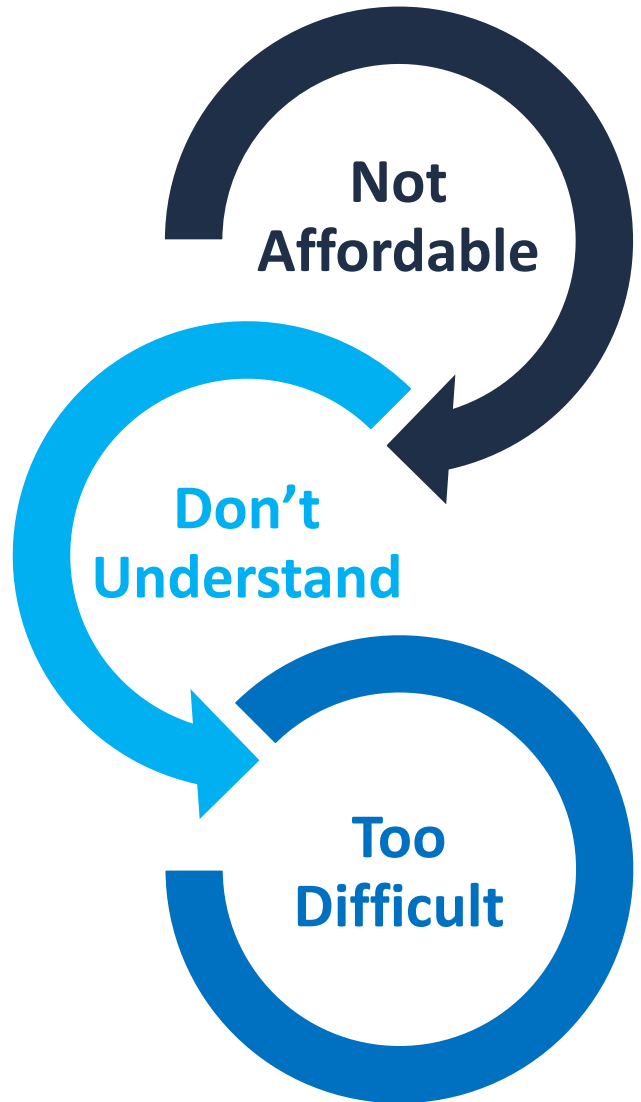
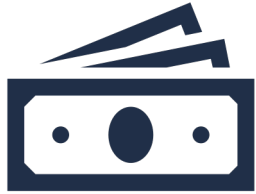
Source: AP News, “Americans give health care system failing mark: AP-NORC poll” September 12, 2022

3 out of 4 Americans give healthcare *affordability* a D or F grade: Gallup Survey



Source: [Gallup: "West Health-Gallup 2022 Healthcare in America Report", 2022](#)

Why Don't Patients Pay?



- Adding interest and fees **does not** solve healthcare affordability
- Extending payment terms **does not** reduce the raising costs of healthcare

- Terminology remains confusing
- Lack of cost transparency is detrimental
- Patients do not know what they are being billed or how to get clarity

- Patient's expect a "consumer" experience
- Surprise billing creates payment friction
- Simply making it easier to pay does not solve the affordability problem of healthcare

Providers have several options to improve revenue and patient satisfaction



Patient Financing



Payment Experience



Patient Payment Behavior

↑ 40% Patient Satisfaction

56% Decrease in A/R Days

15% higher net collections

71% Decrease in Early-out Services

↑ 20% Increase in Payment Rates

41% Increase in Overall Collections

2x patient satisfaction

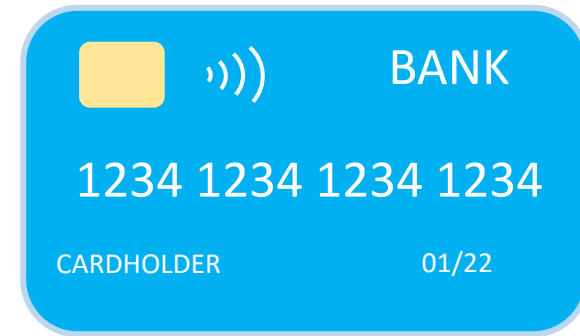
50% lower cost

2x likely to pay in full

↓ 27% Reduction in bad debt

Note: Figures sourced from vendor websites, marketing and promotional material

Patient financing continues to generate **negative** headlines



“Hospitals and other **medical providers** are **pushing** millions into credit cards and other loans.”

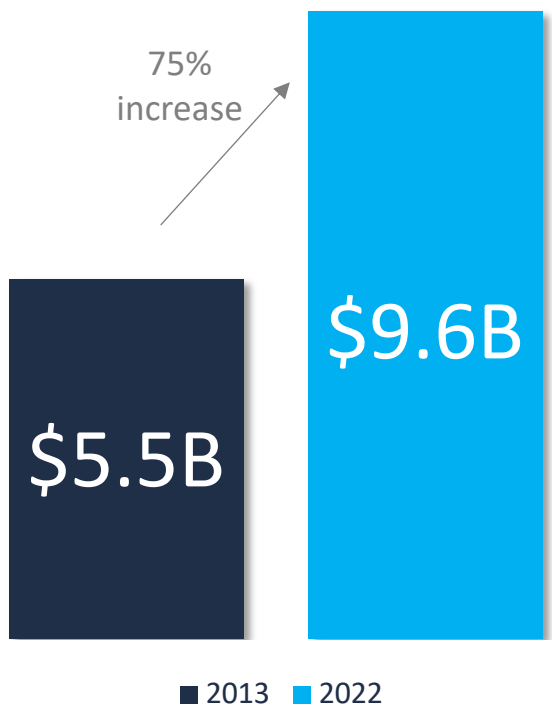
“Now, a highly lucrative industry is **capitalizing** on patients' inability to pay.”

“These **stick** patients with **high interest rates** while generating profits for the lenders that top **29%**”¹

¹NPR News, “Sick and struggling to pay, 100 million people in the U.S. live with medical debt”, June 2022

As “millions are pushed” into credit cards and medical debt, patients are increasingly dissatisfied

Medical Patient Financing in the U.S.¹



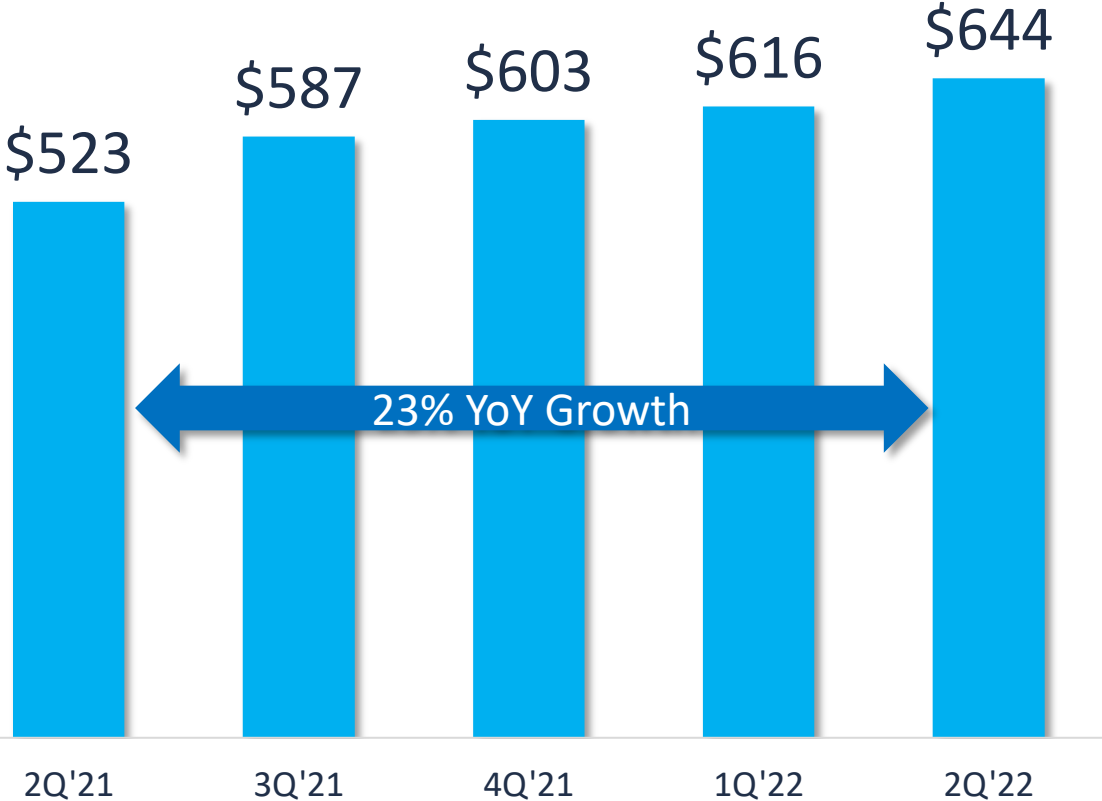
Patient Reviews

- ★☆☆☆☆ Aug 1, 2022
- Horrifying**
- ★☆☆☆☆ May 25, 2022
- Ballooned Interest Charges**
- ★☆☆☆☆ Jan 29, 2022
- don't trust their autopay**
- ★☆☆☆☆ Mar 1, 2022
- Absolute robbery.**

¹BIS World, “Medical Patient Financing in the U.S. – Market Size 2005-2027”, December 2021
<https://www.sitejabber.com/reviews/carecredit.com>
<https://www.trustpilot.com/review/carecredit.com>

A leading patient financing vendor is charging your patients \$2.5B in interest & fees every year

Interest & Fees on Loans¹



“According to our own survey data, 66 percent of providers said offering [a leading patient financing vendor] increased the number of patients accepting the complete treatment, and **47 percent said their revenue increased** after offering [company name]”²
 – Company CFO



53%

of Providers saw **no revenue increase**

¹Synchrony Financial (NYSE: SYF), Quarterly Earnings Presentations

²Becker’s Hospital Review, “Credit CFO Chris Morris shares strategies on how to overcome your revenue cycle challenges” October 2018

The Market is evolving away from interest loans to address Affordability and Patient Experience

Patient Financing

Offers short/long-term debt options with interest charges as means of increasing patient payments to providers



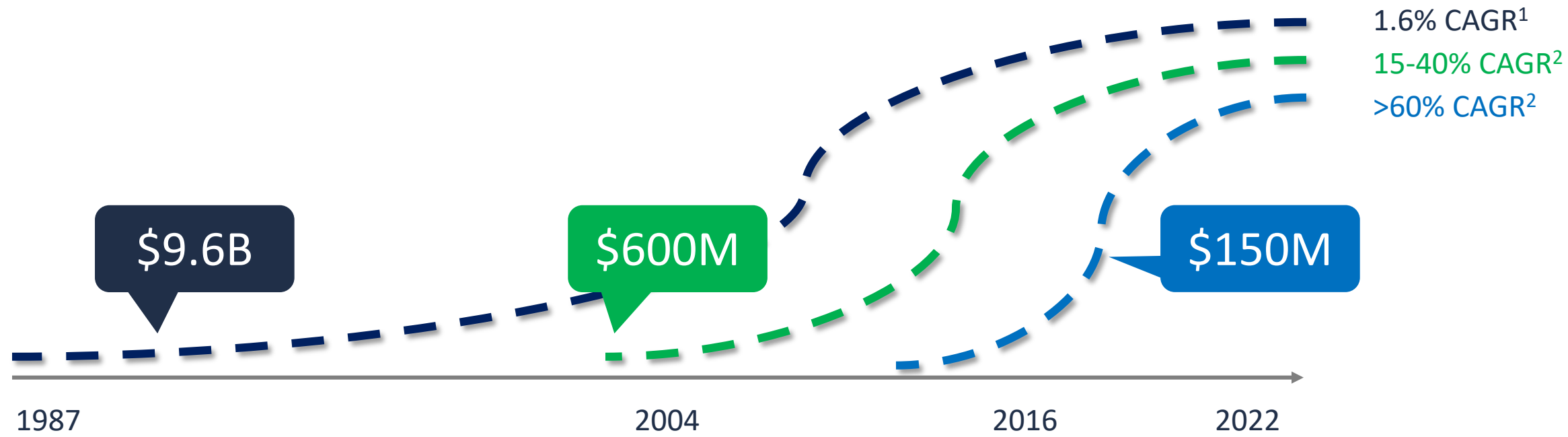
Payment Experience

Makes paying easier through a consumer friendly engagement platform that reduces friction



Patient Payment Behavior

Utilizes incentives and risk adjusted analytics to customize interest free payment programs to maximize reimbursement



¹IBIS World, "Medical Patient Financing in the U.S. – Market Size 2005-2027", December 2021

²Internal Analysis



has evolved the Patient Payment Model



Provides a
Simple & Convenient
Payment Platform

Gives Patients
Flexibility in
Choosing the
Payment
Terms Best
for Them

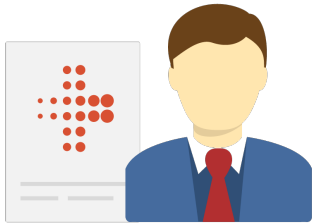
Offers Free
Advocacy
Support
Services to
Everyone

Makes Care
more
Affordable
by offering
Savings for
the Patient

AblePay's Partners



How Does it Work?



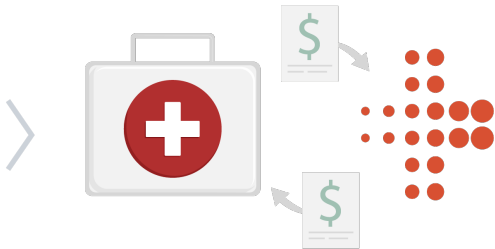
**AblePay
Contracts with
Provider**



**Provider Offers AblePay
Directly to Their Patients**



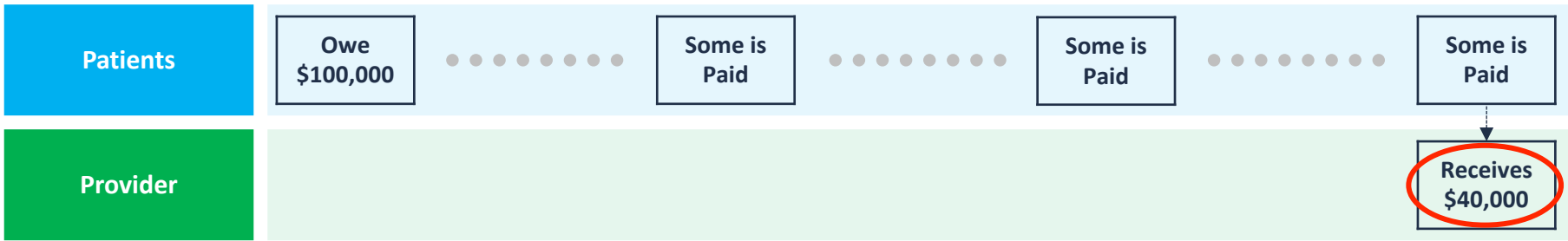
**Patients Become
Members and Present
AblePay Card at Time of
Service**



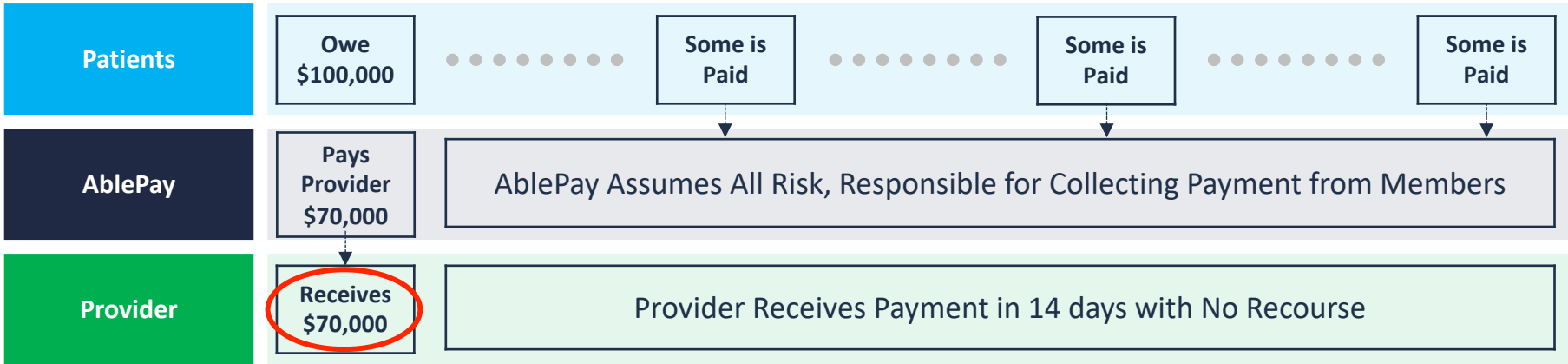
**Provider Bills AblePay,
AblePay Pays Provider,
Members Pays AblePay**

AblePay assumes all collection risks and costs of its members while dramatically increasing revenue

Current Provider Collection Model



AblePay's Model



AblePay is unique in offering savings to all patients while acting as a secondary payer to providers

Member Benefits

A compassionate and flexible payment option that makes healthcare **more affordable**

Payment Flexibility

- 1 payment
- 3 payments
- 6 payments
- 12 – 24 payments

Savings

- 13% ACH – 10% card
- 10% ACH – 7% card
- 8% ACH – 5% card
- No savings

- **Zero Interest**, Zero Fees, Zero Penalties
- Patient has **power to choose** payment methods and **terms** that best meet their needs
- Patient receives **Advocacy services** for billing and EOB comprehension as well as customized payment plans for financial hardship





















Provider Benefits

A risk bearing solution that takes full responsibility for patient collections: Acts as a Secondary Payer (e.g., 837, 835, ACH)

- **Non-recourse payments** to the Provider at contracted rates, **increasing patient revenue 40-60%**
- **Same Day Integration** for AblePay acceptance
- **Payments** made within **14 days** of submission
- **Complimentary** to existing Patient Payment Platforms
- Accepts **All Patients**
- **Improves Patient Satisfaction** Ratings – 69 Net Promoter Score
- Drives demand for additional services

Solution Comparisons – Provider Perspective





















AblePay is complimentary to other Patient Payment solutions

<u>Vendors</u>	 <u>System/EHR Integration</u>	 <u>Billing Expense</u>	 <u>Patient Adoption</u>	 <u>Time to Collect</u>	 <u>Increase Revenue</u>	<u>Typical Revenue Increase</u>
Patient Financing						2-8%
Payment Experience						10-35%
AblePay Savings & Advocacy	 Same-Day Go-Live	 Zero Invoicing	 All Patients are Accepted	 14 Day Payment	 Avg. 50% Revenue Lift Non-Recourse	40-60%

Internal Analysis – Relative Comparisons

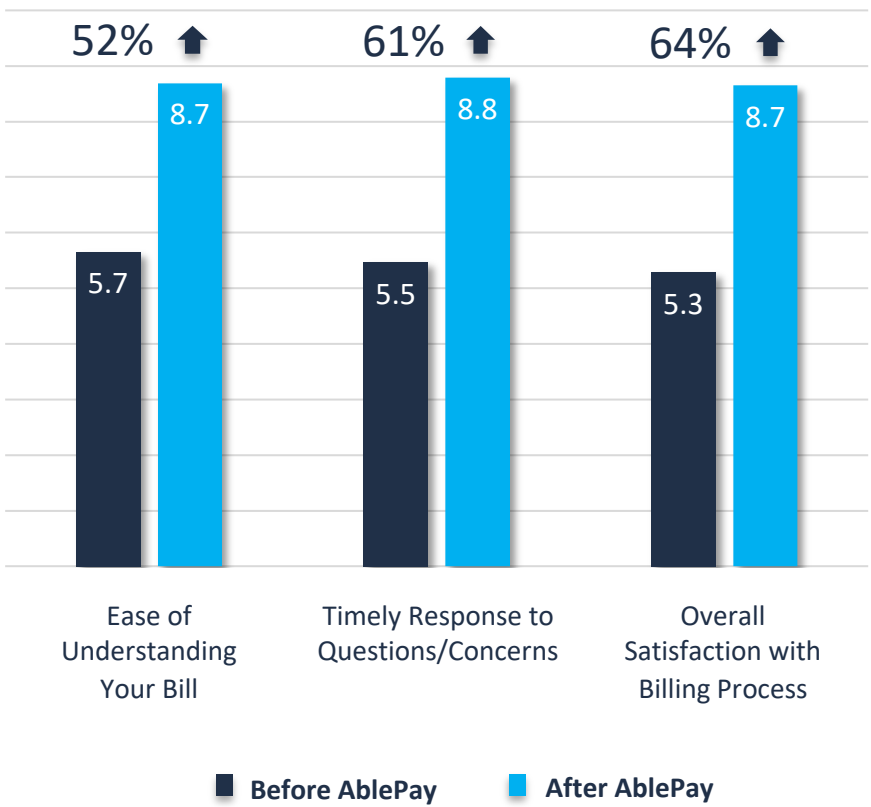
Solution Comparisons – Patient Perspective

AblePay is complimentary to other Patient Payment solutions

<u>Vendors</u>	 <u>Payment Platform</u>	 <u>Interest Expense</u>	 <u>Patient Satisfaction</u>	 <u>Patient Advocacy</u>	 <u>Patient Savings</u>
Patient Financing					
Payment Experience					
AblePay <u>Savings & Advocacy</u>	 5 min Enrollment	 0.00% APR	 69 NPS	 Full Suite of Services	 13% Savings

Internal Analysis – Relative Comparisons

Patient Experience & Advocacy Results¹



Survey

Survey Item	Scale 1-10
Ease of Enrolling in AblePay	9.12
Ease of Paying Bill through Portal	9.06
Overall Customer Service Experience	9.03

69

Net Promoter Score

Healthcare Industry Avg NPS = 31²

¹Internal Survey Results
²Retently, "What is a Good Net Promoter Score? (2022 NPS Benchmark)", April 2022



Key Operating Statistics

\$2.4B

Net Patient Revenue

330K

Total Patient Days

1723

Total Beds

16K

Total Employees

Recipient of +200 Quality Awards





Case Study of financial impact a patient population that enrolled in AblePay*

49%
Increase Over Historical Collection Rate of 50.2%

40%
Increase in Out-of-Pocket Revenue per Patient

+70%
Collection Rate on Patients who Previously Paid Zero

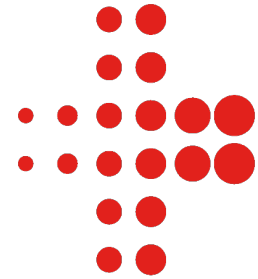
14 Days
Payment Received vs. the Avg. 111 Days to Collect

“The financial impact AblePay Health has had on the network is undeniable.

Our patients are self-selecting AblePay to be their payment processor eliminating statement costs and collection calls from the network, while enhancing the overall experience for our patients.”

- Richard Madison; Network VP Revenue Cycle SLUHN

**Statistics based on actual SLUHN patients prior to and after becoming AblePay members*



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Thank You