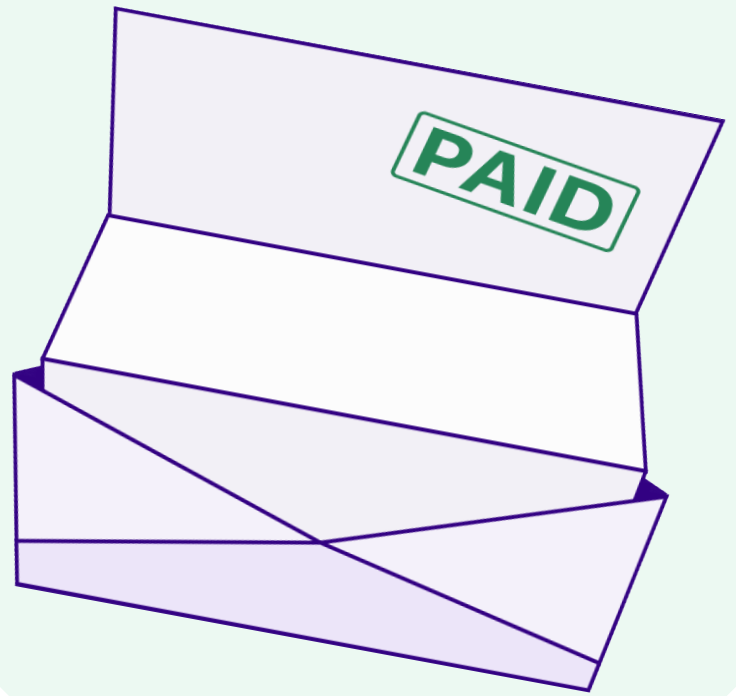


A riveting ebook by **rivet**



Get Paid with Payment Plans

How to collect more from patients and
ease the financial burden

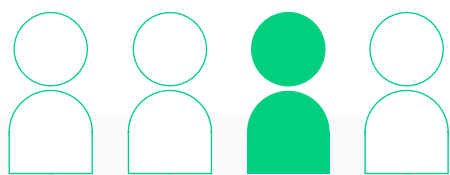
Your physician practice does everything it can to make the patient experience a positive one,

from filling the front desk with friendly staff, to stocking the waiting room with magazines and comfortable chairs, to developing close and trusting relationships between patients and providers.

But a negative billing experience can easily eclipse even the most carefully cultivated ambiance and clinical interactions, and in these uncertain times, there's nothing more negative than getting a large bill that you can't pay.

Troublesome medical bills are bad news for patients and physician practices alike. For patients, unmanageable medical bills can cause stress and financial strain. One-quarter of adults in 2018 were even forced to delay or forego future healthcare treatment because of medical expenses they couldn't afford, according to a [Federal Reserve](#) report. For physician practices, outstanding bills can negatively affect KPIs ranging from days in AR to bad debt.

Sending multiple statements over the course of many weeks or months to patients who are unable to pay their bills is a waste of resources, time, and energy. Instead, savvy, patient-centric physician practices are increasingly offering patient payment plans that are easy to use, flexible, and provide a wide range of options that fit a wide range of lifestyles and budgets.



1 in 4 **delay or forego future treatment**
because of medical expenses they can't afford.

A 137-million-patient problem

For many years now, most of the media and government attention on the problem of unmanageable medical bills has focused on ones generated by hospitalizations and emergency department visits that reach into the tens of thousands of dollars.

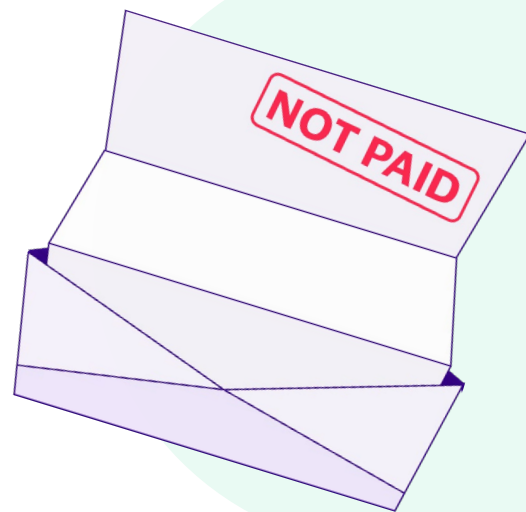
Because of this, medical practice leaders might believe that only hospitals and health systems that routinely generate bills with large patient balances would benefit from having formalized payment plan tools in place for patients.

In reality, patients have trouble paying for medical bills from all sources—including physician practices—and in all amounts.

In fact, 65% of people who had trouble paying for a medical expense said those bills were for doctor visits, a 2016 [Kaiser Family Foundation/New York Times survey](#) showed. Diagnostic tests (65%) and lab fees (64%) were also common sources of troublesome bills, which are services that physician practices routinely perform and bill for.

Patients also have trouble paying for bills in all amounts, not just ones in the thousands of dollars. The Kaiser Family Foundation survey showed that 24% of insured patients and 22% of uninsured patients struggled to pay bills of less than \$1,000.

Even bills that are much lower than \$1,000 can cause major financial strain, with 18% of patients saying they could only afford to pay up to \$100 of an unexpected medical bill, according to an [Ipsos poll](#) for the healthcare transparency firm Amino.



The skyrocketing cost of care

While not every patient will have surgery or be transported to the hospital in an ambulance, chances are they will visit the doctor from time to time, whether it's for an annual wellness visit, to address a sudden illness, or to manage a chronic condition.

Despite healthcare being a near-universal experience in the United States, it's also an incredibly expensive one. In this country, healthcare spending topped \$3.6 trillion in 2018, adding up to about \$11,172 per person. It also accounted for a whopping 17.7% of the nation's Gross Domestic Product, [CMS data](#) shows. That's much greater than in other high-income countries.

Healthcare costs themselves have been shooting up faster than other expenses, too. The [Peter G. Peterson Foundation](#) notes that although the Consumer Price Index has grown 2.1% per year over the past two decades, it's grown much faster for medical care, to the tune of 3.5% per year.

137 million

Adults reported some kind of medical financial hardship in the past year.

Data: Journal of Internal Medicine. Title. 2019

Healthcare's high price tag in the United States can seem hard to fathom, but those enormous numbers have real-world consequences and real patients who are affected by them. A 2019 *Journal of General Internal Medicine* study showed that 137.1 million adults reported some kind medical financial hardship in the past year. People who reported medical financial hardships had trouble paying their medical bills and even delayed or avoided future medical care because it cost too much.

Patients who are forced to choose between buying groceries or paying their medical bills will no doubt choose the former. For that reason and many others, it's no surprise that medical bills and personal bankruptcies go hand in hand: A 2019 *American Journal of Public Health* study showed that 66.5% of all bankruptcies were tied to medical issues.

Offering a payment plan can help alleviate the problem of large medical bills by breaking costs into smaller, more manageable payments, while building trust between patient and provider.

The medical bill burden,
by the numbers

A quarter of the population struggles

26%

of U.S. adults ages 18-64 said someone in their household had trouble paying medical bills in the past year.

The insured struggle, too

62%

of people who got medical bills they couldn't pay were insured.

The uninsured suffer a lot

53%

of the uninsured struggled to pay household medical bills in the past year.

Unpaid medical bills linger

46%

of people were struggling with bills that were more than a year old.

There's a storm brewing in healthcare

The healthcare industry is experiencing a perfect storm of problems that is leading to patients being unable to easily pay their medical bills. Many Americans have very little money in savings; are unemployed or underemployed; and have high-deductible health plans for which they bear a large amount of the cost-sharing burden. On top of all that, the global COVID-19 pandemic has caused employment and insurance losses for millions of people.

Physician practices need to get paid in order to continue to provide patient care, but no clinician wants to bankrupt their patients in the process. That's why it's more important than ever for physician practices to offer payment plan options that are flexible, patient-friendly, and allow patients to meet their financial responsibility in a way that won't damage their personal finances or hinder their day-to-day lives.

Taking on the perfect storm

Instead of sending big bills to patients who cannot pay them, forward-thinking physician practices are offering easy-to-manage payment plans. This allows patients to incorporate their financial obligations into regularly scheduled monthly payments that are smaller, more realistic, and work for their budget.

Rather than receiving a large bill that fills them with panic and worry, payment plans help patients regain control of their medical expenses with the ability to expect and plan for making smaller payments over time.



Medical practices on the receiving end of those regularly scheduled payments can expect improved cash flow, timelier closing of accounts, and a lower likelihood of having to write off outstanding patient balances as bad debt.

Research shows that there's patient demand for such plans, but healthcare providers often don't meet that demand. Data from [InstaMed](#) shows that 52% of consumers want patient financing and 53% have used a payment plan to pay off a medical bill. Despite that demand, 63% of consumers say they cannot schedule automatic payments for medical bills.

There are a lot of problems with healthcare expenses that patients are trying to navigate, but offering payment plans can be a lifeline to help solve many of them. Here's how:

Problem No.1

Basic expenses are a struggle

Many of Americans live paycheck to paycheck, and as a result, 61% of people who have had problems paying medical bills say they either just meet their basic expenses (43%) or don't have enough money to meet basic expenses (18%), the [Kaiser Family Foundation/New York Times](#) survey shows.

Among people who didn't have trouble paying their medical bills, just 24% had trouble meeting their basic expenses, while the rest live comfortably.

It's unrealistic for physicians to expect patients to easily or quickly pay an additional bill when they already have trouble managing basic expenses like housing and food. A flexible payment plan with monthly payments that fit within the patient's budget can help ease that financial strain.

Problem No.2

Insurance coverage is tenuous

According to [Commonwealth Fund](#) research that started in January 2020, just before the COVID-19 pandemic struck the United States, 43.4% of U.S. adults ages 19 to 64 were inadequately insured. That includes people who were uninsured (12.5%); insured but had a gap in coverage (9.5%); and underinsured (21.3%), which is defined by metrics that consider patients' out-of-pocket and deductible costs in relation to their overall income.

These issues with insurance coverage are directly linked with struggles paying medical bills. The research found that even one-quarter of patients who weren't technically underinsured still struggled with medical bill problems or medical debt.

In addition, 67% of adults who reported medical bill or debt problems said the person in their household who incurred the medical bill was insured when the care was provided.

This shows that even people with health insurance could benefit from a flexible payment arrangement with their healthcare provider.

Problem No.3

High-deductible health plans are increasingly common

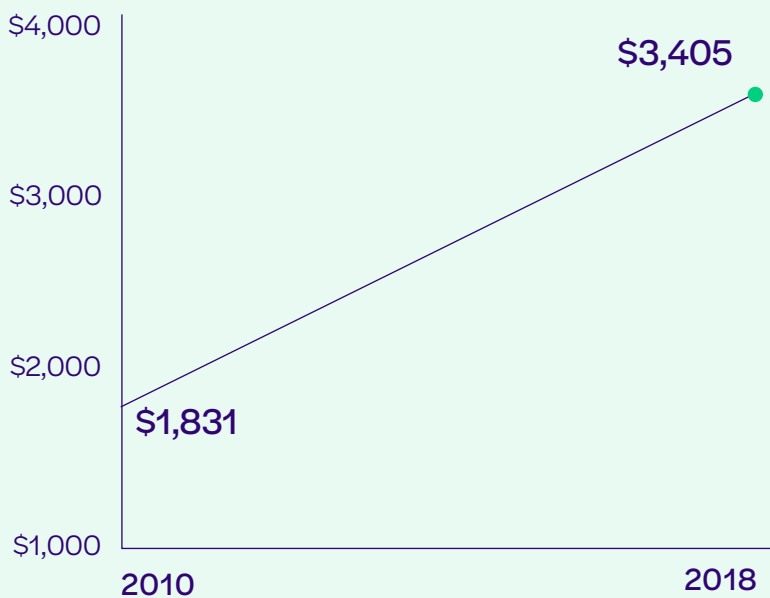
Household healthcare insurance expenditures nearly doubled between 2010 and 2018 jumping from \$1,831 to \$3,405, according to the [Bureau of Labor Statistics](#), and with that rise has come the rise in something else: high-deductible health plans.

In these plans, patients trade lower monthly premiums for higher deductibles, a costly gamble that has proved risky and untenable for many people.

The Commonwealth Fund says that the share of the adult population in private health plans with deductibles of \$1,000 or more doubled between 2010 and 2020.

Deductibles are also making up a larger share of people's incomes. In 2010, only 7% of people in private plans had deductibles that amounted to 5% or more of income. That number had risen to 15% of people by 2016.

The prevalence of high-deductible health plans are yet another reason that patient-friendly payment arrangements are a good idea: 62% of people with high deductibles (\$1,000 and up) who had medical debt had racked up bills of \$2,000 or more, the Commonwealth Fund research showed.



Household healthcare insurance expenditures **nearly doubled** between 2010 and 2018 jumping **from \$1,831 to \$3,405**

Problem No.4:

Many Americans can't handle large or unexpected expenses

While the number of people whose deductibles are \$1,000 or more per year is on the rise, the number of Americans with that amount of money in their bank account is plummeting.

In 2019, a whopping 69% of respondents to a [GOBankingRates](#) consumer survey said they have less than \$1,000 in a savings account. That's compared with 58% in 2018. In addition, 45% said they have no money in a savings account.

In addition, unexpected expenses have the potential to derail patients, according to a [Federal Reserve](#) report published in 2019. It showed that even an unexpected expense of \$400 would cause problems for many American adults: 27% would borrow or sell something to pay for the expense, and 12% would not be able to cover the expense at all.

Seventeen percent of adults are not able to pay all of their current month's bills in full. Another 12% of adults would be unable to pay their current month's bills if they also had an unexpected \$400 expense that they had to pay.

That struggle with expenses extends to medical bills, too, the Federal Reserve report shows: One-fifth of adults had major, unexpected medical bills to pay in the year before. Offering a payment plan can help physician practices provide a consumer-friendly way to make paying for medical expenses realistic and affordable for their patients.

The impact of medical bills on savings:

37%

of people with medical bill or debt problems **used up all their savings to pay their bills**

48%

underinsured patients said they **used up all their savings to pay off their bills**

40%

say their medical debt caused a **lower credit rating**

31%

accrued **credit card debt**

1 in 4

were unable to pay for basic necessities such as food, heat, or rent

Source: The Commonwealth Fund

Problem No.5:

COVID-19 has led to increased job and insurance losses

Even before the COVID-19 pandemic, insured patients often struggled with a combination of a lack of savings and high deductibles. But the pandemic caused mass layoffs, and with those job losses came loss of employer-sponsored health insurance coverage.

An [Economic Policy Institute report](#) estimates that during March and April of 2020, over 3 million workers per month lost coverage.

Moreover, an [Urban Institute](#) analysis finds that 3.3 million non-elderly American adults lost employer-sponsored insurance coverage over the summer of 2020, and that 1.9 million became newly uninsured from late April through mid-July.

Patients need help and your practice can provide it

This perfect storm of problems all points to one thing: Patients need solutions that help them pay their medical bills, and your physician practice can provide it. That's because good patient care doesn't stop when the patient leaves the exam room. It extends throughout the patient's entire experience with your practice, from making their appointment to paying their bill.

Of course, some physician practices do establish informal payment arrangements with patients by request, allowing patients to pay their bills in small installments over time. However, these plans are often ad-hoc and haphazard, and don't take advantage of specialized tools to help patients and practices optimize those arrangements. Additionally, the plans are often only arranged after patients have received multiple statements and have put off making payments for months.

Helping patients set up a convenient, formalized payment plan should not be a last-minute, emergency measure or the last thing your practice does before sending an account to collections.

A better, smarter strategy is to offer payment plans that put more control into the patient's and provider's hands right away. Instead of wasting weeks or months sending statements to patients who are unable to pay their bills, practices can enroll patients in payment plans immediately. Options might include offering payment plans right on the patient statement or even during a pre-service insurance authorization conversation. This proactive approach puts patients at ease while generating immediate and reliable revenue for your practice.



Payment plan best practices

When choosing a payment plan tool and putting those plans into place, there are several things that practices should be sure to do, look for, and include:

Be proactive: Don't force patients to wonder whether a payment plan is available. Tell them about their options right away, often, and in many formats. Bring it up in conversation during scheduling or at check-in; offer the plan beginning with the patient's cost estimate; post it on your website; and include information about plans and how to sign up on paper and electronic billing statements. Email or text patients to let them know that they can enroll in a plan now. A proactive approach is especially important with patients who are at higher risk for not being able to pay their bill.

Give the patient options: Allow patients to choose monthly payment dates that work with their schedules and budgets. Patients should also have flexibility in setting the payment

plan terms. Allow them to choose from several minimum amounts due and options for how many months they'll agree to make those payments. Common term lengths include 6-, 12-, 24-, and 36-month plans, depending on the size of the patient balance and the agreed-upon monthly payment amount.

Accept modern payment methods: Meet patients where they are. Most patients are now accustomed to online and electronic payment options that they've used with retailers and others. Offer options to pay online, with mobile devices, and even more modern payment options like Apple Pay, Android Pay, PayPal, Venmo, Google Pay, and Amazon Pay. Not only are these options more convenient for patients, they also let you store their payment information for automated, monthly payment processing.

Have documented rules: Documentation allows for broad adoption and easy setup for your team and the patient. It also protects your medical practice against missed payments, defaults, and abuse. For instance, build rules around required upfront payments, minimum payments, and term lengths. Also, be sure to internally track data such as total payment amounts; risk tolerance with certain payment populations; historical payment outcomes for similar procedures; and payments you are likely to write off.

Communicate effectively: Just as different patients prefer different payment methods, they also often prefer different communication methods. Ask patients how they want to be reached and oblige, whether it's through paper statements, emails, or text messages. Reach out to patients the way in which they prefer.

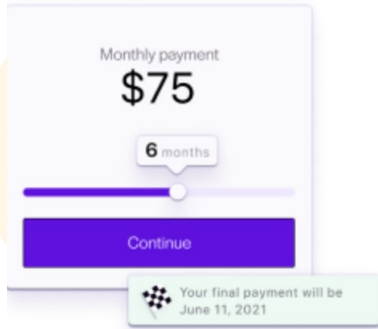
Include helpful features: Avoid missed payments by keeping patient credit cards on file and automatically notifying patients about information like credit card expiration dates and asking them to add their new card to their account. Patients will appreciate the heads up, and your practice won't miss out on the revenue that it's expecting. In addition, make enrolling in payment plans as easy and frictionless as possible by offering plans that don't accrue interest or carry fees and allowing patients to participate in the plans without requiring a credit check. Finally, allow for automatic payments that the patient can schedule themselves.

The bottom line: Payment plans are good for patients and practices

Research shows that patients frequently struggle with medical bills of all kinds, and data trends show those struggles getting worse, not better. Ultimately, the implementation of payment plans can benefit any practice by improving collections and truly leaning into what it means to provide compassionate, flexible, patient-centric care and a positive patient financial experience.

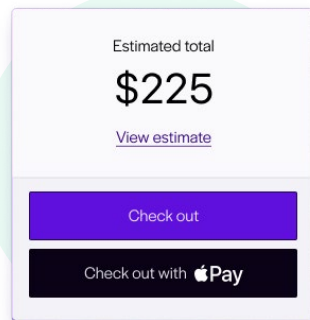
How Rivet Can Help

Rivet offers flexible, self-serve payment plans to help patients pay on their terms so your practice collects more.



You're in control

Setting smart limits means you never offer a plan you aren't comfortable with. Set minimum payments, terms, and the required upfront payment, all specific to the total amount of the plan.



Better experience & better collection

Patients are used to slick online checkout experiences. Rivet matches the ease your patients expect, stores cards on file for auto-collection, and eliminates clunky processing and phone calls.

Flexibility for patients

Patients choose terms that work for them. They can choose the payment day, adjust the length of their plan on the fly, and understand what changes mean for their payment.

GET QUICK WINS:

- ✓ Send the magic link to A/R older than 120 days as a final effort before collections.
- ✓ Use the magic link on estimates, statements, patient portals, emails, and more.
- ✓ Send an email to patients letting them know they can now pay with a plan.
- ✓ Train your front desk to set up payment plans before high risk patients leave the office.

Offer them anywhere

Rivet's magic link lets you offer payment plans from your existing systems, no integration necessary. Just paste the link in your statements, portals, and other communications. Or set up plans from directly within Rivet.

Rivet does a lot more to help your practice get paid

From better payer contract management tools to the most accurate cost estimates on the market, Rivet helps ensure that your practice is getting paid by patients and payers. See how it works by clicking below.

See Rivet in action