



RETHINKING PATIENT FINANCIAL MANAGEMENT

Minnesota Hospital Association

November 2017

private + confidential

Patient Financial Management Cycle

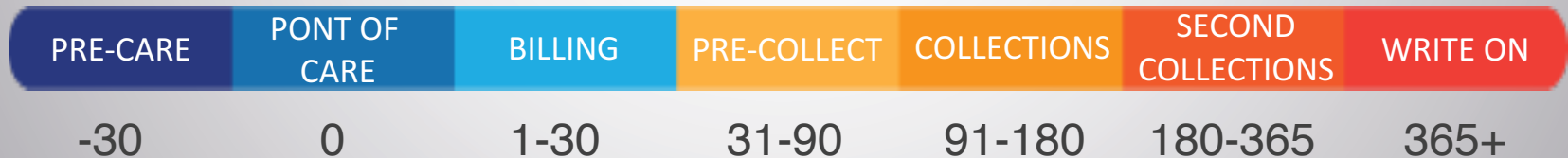
\$0 to \$0



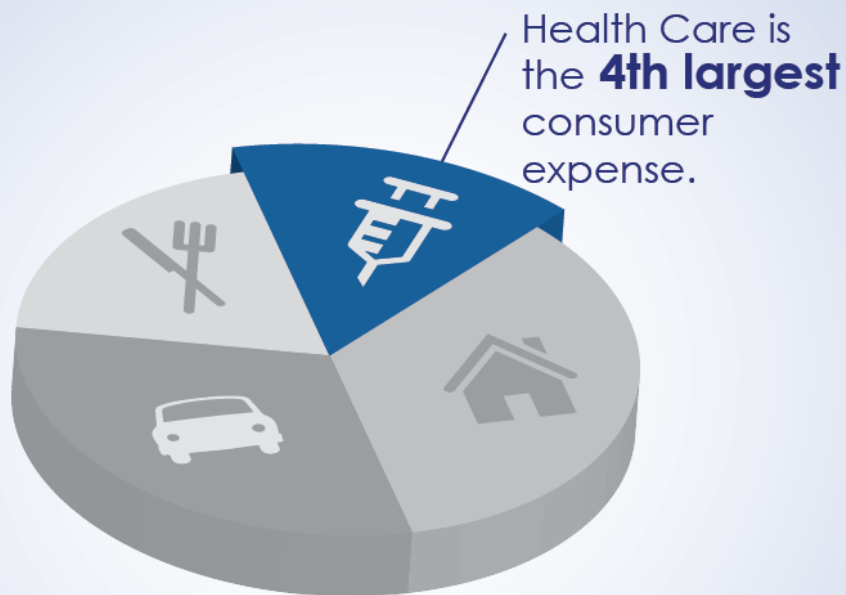
\$0

Patient Financial Responsibility

\$0



Personal Finance Trends are Rapidly Changing in Healthcare



THIS IS A **CRISIS** NOT A PROBLEM

\$400,000,000,000

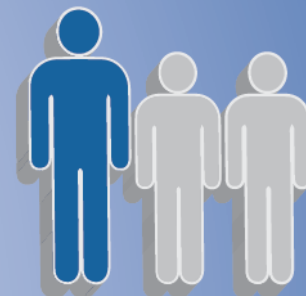
Total out-of-pocket health care expenses are predicted to surpass **\$400 billion** by 2016

(Kaiser Family Foundation)



Medical debt is the **leading cause** of debt and **bankruptcy** in the United States

(Nerdwallet Health Study, 2013)



One in three (31%) American **families** **delayed medical treatment** this year **because of** concerns about **cost**.

(Gallup Poll)
(New York Times/CBS News poll – Dec 2014)

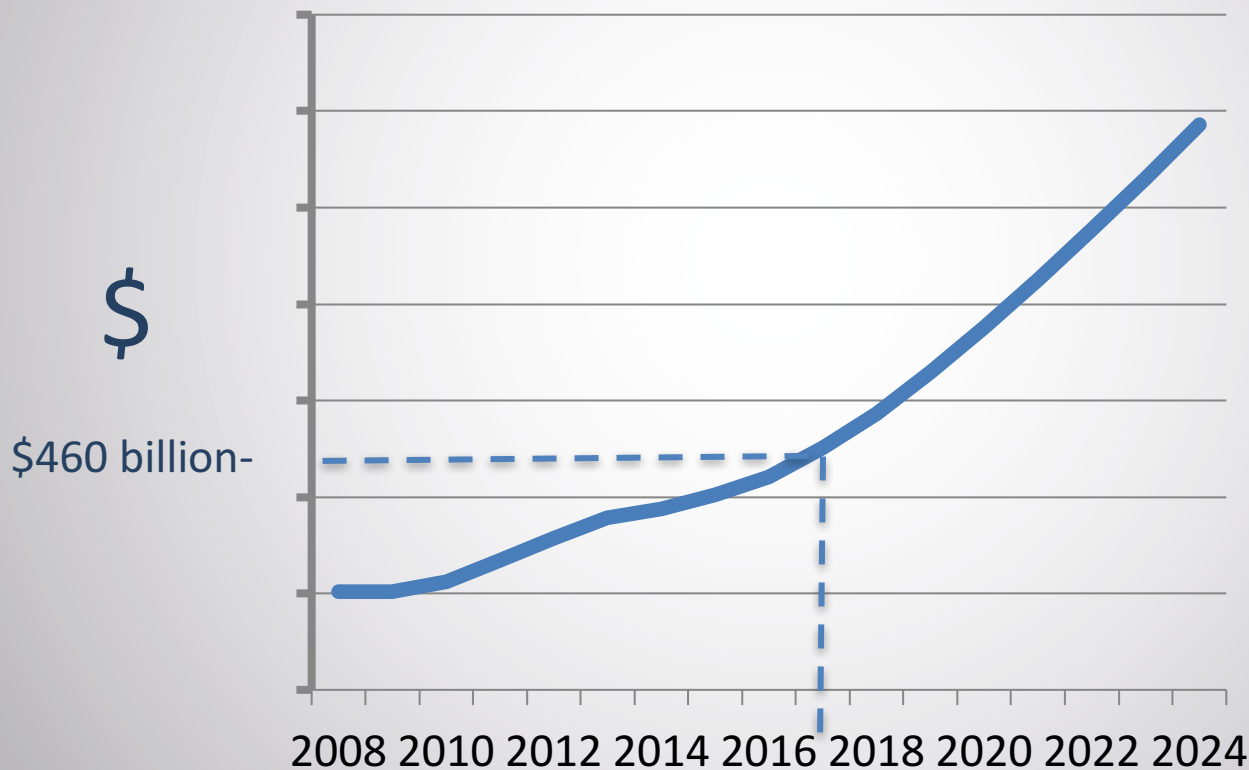


Out-of-pocket costs for premiums and deductibles have **doubled** to nearly 9.6% of household income between 2003 and 2013

(Commonwealth Fund)

The Problem is Only Getting Bigger

Out-of-Pocket Medical Expenses



SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary.

Healthcare is Unwittingly the Nations 4th Largest Consumer Lending Industry



Mortgages
\$8.69 trillion



Automotive
\$1.19 trillion



Credit Cards
\$784 billion



PFR for Healthcare
\$460 billion

Delinquency Rates on Consumer Credit by Industry



2016 Residential Mortgage Loss Rate

4.48%



2016 Consumer Loans

2.31%



2016 Credit Card Debt

2.22%



2016 Auto Loans

1.36%



2016 PFR for Healthcare

81%

Best Practices by Industry

Consumer Engagement

- 92% of mortgages are facilitated by a mortgage specialist
- 100% of new car loans/leases are facilitated by a financing specialist (F&I Manager)
- 100% of consumer bank loans are facilitated by a loan officer
- No data on payment specialists in healthcare

CFPB Compliance*

- All categories subject to:
 - **Equal Credit Opportunity Act**
 - **Truth-in-Lending laws**
 - **Electronic Funds Transfer Act**
 - **Fair Debt Collection Practices Act**

*Healthcare
Routinely violates
3 of these
requirements

Financial Product Offerings

- Mortgage industry offers a wide variety of educational & financial products
- Auto Industry offers a wide variety of educational & financial products
- Banking Industry offers a wide variety of educational & financial products
- Healthcare offers little in terms of education or financial products



Root Cause

Current Culture Focuses on Payers not Patients



19% National Collection Rate

PATIENT FINANCIAL MANAGEMENT

REVENUE CYCLE MANAGEMENT
(98% COLLECTION RATE)

Medicare

Medicaid

Charity Care

Commercial Payor

INTERNAL & OUTSOURCED
COLLECTION PROCESSES

Deductables

Co-Pays

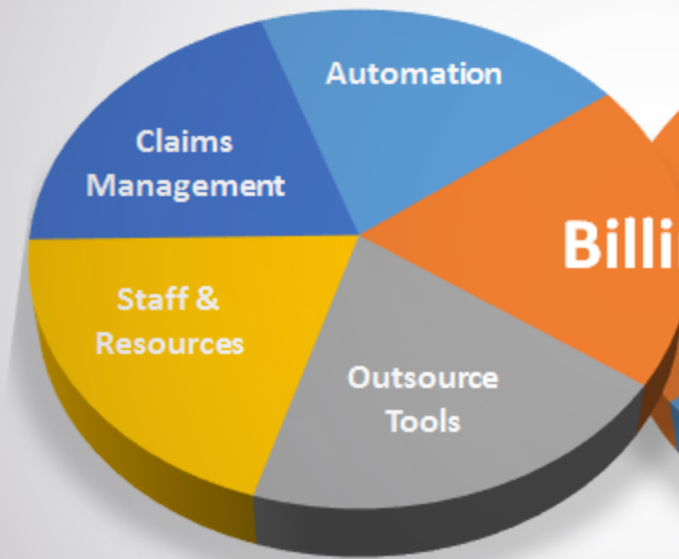
Self Pay



private & confidential

Revenue Cycle Management

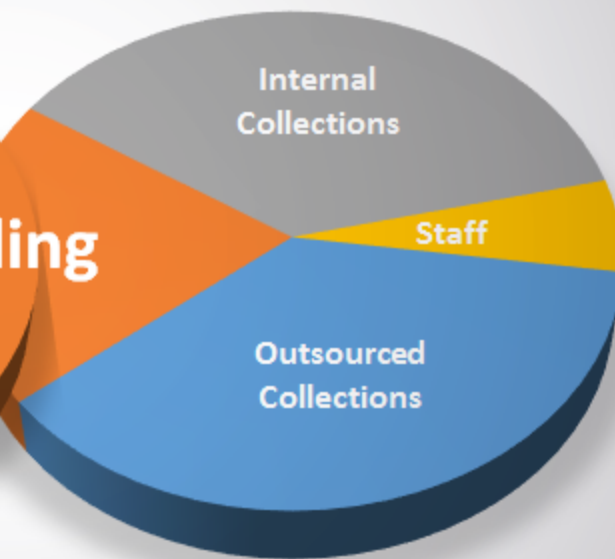
- Proactive
- Discipline
- Mature Market
- Payer Centric



98%
Revenue Capture Rate

Patient Financial Management

- 100% Reactive
- Minimal Discipline
- Immature Market
- Limited Staff & Resources



19%
Revenue Capture Rate

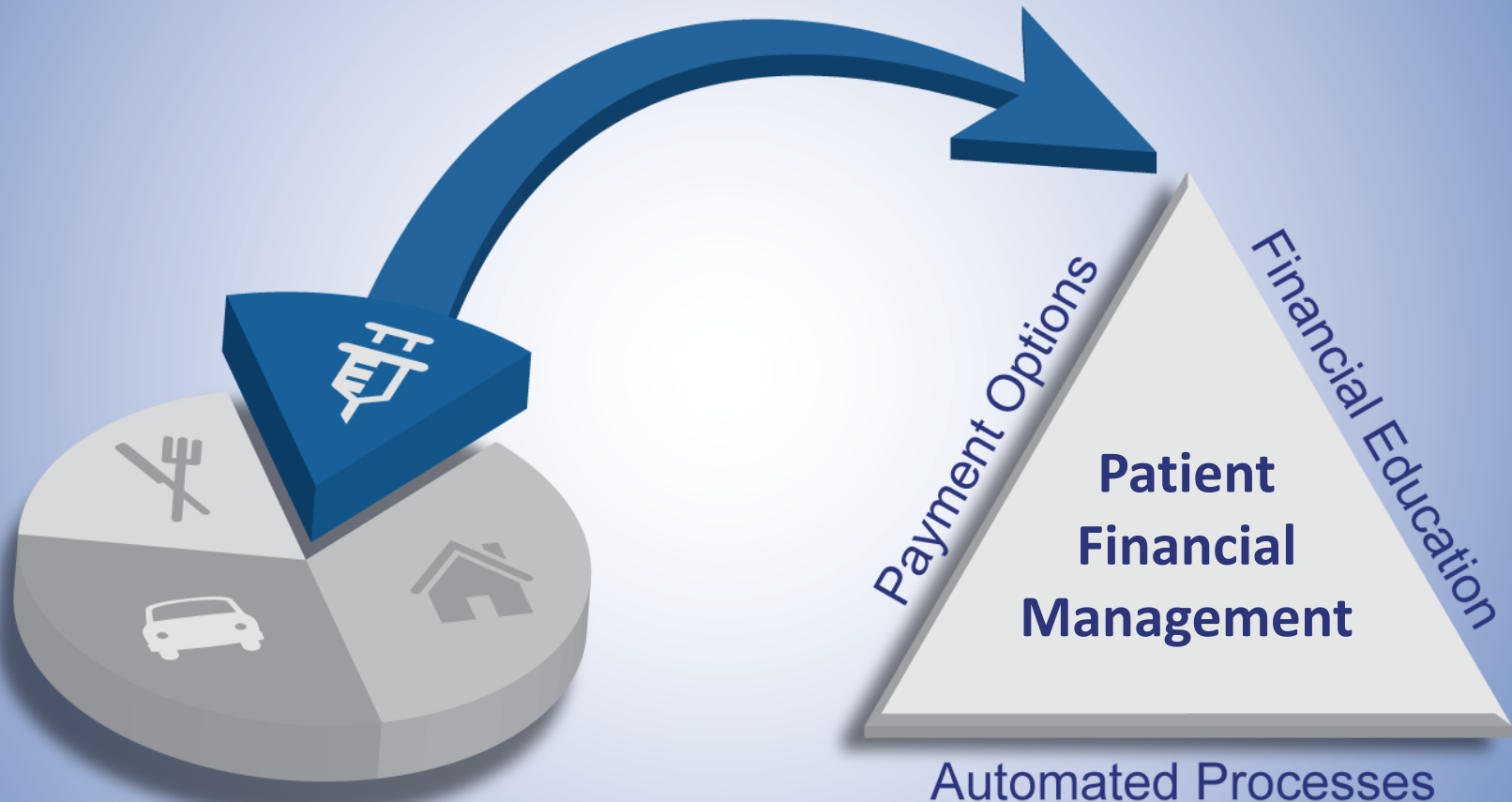


“Community Health Systems fourth-quarter 2015 provision for **bad debt** up by **\$169 million**, 40% of which was **from patients being unable to pay** deductibles and co-payments.” —Bloomberg



“Presence Health CEO has attributed almost half of the system's **financial losses (\$186 million)** to an inadequate collections system, which forced the hospital to **write off** some bills for being **to old to collect** on.” —*Beckers Healthcare*

Healthcare Finance needs a new Playbook



Implement a comprehensive Patient Financial Management Strategy that provides patients with a financial experience that mirrors the high quality clinical experience and that results in increasing the patients' propensity to pay.

McKinsey & Company

- “74 percent of insured consumers indicated they are both able and willing to pay their out-of-pocket medical expenses up to \$1,000 per year.” — McKinsey Study

Patient Financial Experience

The Challenge: “Nearly 80 percent of hospitals and health systems still indicate that they don’t currently have the adequate tools and insight to successfully implement a patient-focused strategy” -2017 Healthcare Industry Brief

Focus on the Patient’s Financial Experience: The primary objective should be to create a patient financial experience that mirrors the high quality clinical process & care that is provided to patients. If a provider makes this their primary objective the other patient financial management goals become easier to achieve and you create brand loyalty and higher customer satisfaction in the process.

Consumer Financial Protection Compliance

Compliance: Most healthcare organizations are acutely aware of CFPB consumer protection rules & regulations regarding healthcare collections. However, if pre-care and point-of-care payments are part of your patient financial management strategy, you open up a new segment of consumer protection laws that you need to adhere to:

- Equal Credit Opportunity Act
- Truth In lending Act
- Electronic Funds Transfer Act

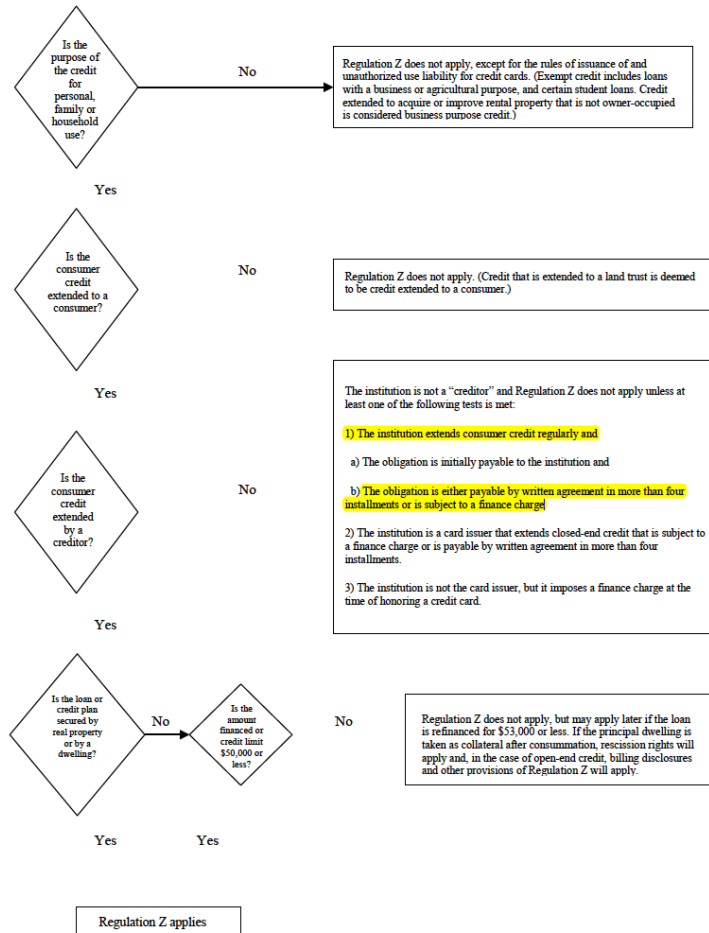
Reg. Z Authority

CFPB

Laws and Regulations

TILA

Coverage Considerations under Regulation Z



Truth in Lending Disclosures

Federal Truth-In-Lending Disclosure Statement

Lender: Recovery Centers of America Plan Number: 6ec02242-72b6-42db-bcd9-5b17accccac7 Date: 09/08/2017
 Borrower(s): Cerci Lanister Address: 313 hathaway Lane Wynnewood PA 19096

Final disclosure based on contract terms

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you based on your behalf as of the credit closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
0.00 %	\$ 0.00	\$ 7500.00	\$ 7500.00

Annual percentage rate does not take into account any deposit you may have been required to make by Recover Centers of America
 Your payment schedule will be:

Number of payments	Amount of each payment	When payments are due
18	416.67	10/01/2017

Security: You are giving a security interest in:

Nothing

(brief description of other property)

Late Charge: If a payment is late, you will be charged 0.00% of the payment. **Prepayment:** If you pay off early, you will not pay a penalty. **Default:** If in default, you account may be placed to an attorney or a 3rd party collection company, lender may also report your account to consumer credit bureau.

See your credit documents (promissory note) for additional information about prepayments, default, any required repayment in full before scheduled date.

You are not required to complete this agreement merely because you received these disclosures or signed a promissory note.

The undersigned hereby acknowledge receiving and reading a completed copy of this disclosure along with copies of the documents provided. The delivery and signing of this disclosure does not constitute an obligation on part of the lender to make, or the Borrower (s) to accept, the credit as identified. All Dates and numerical disclosures except late payment disclosures are estimates

Read, acknowledged and accepted on 09/08/2017 By:

Borrower

Date

Co-borrower

Date

Electronic Funds Transfer Act Authorizations

FINPAY Account Authorization

I, Jon Test, **Authorize Auto-Pay.** By providing my bank account, credit card, or debit card information and verbal authorization, I hereby authorize FinPay to initiate on my behalf, preauthorized payments from the funding sources linked to my FinPay Account. I understand that these transactions from my linked funding sources may be drafted from my account as early as today and that these payment(s) may be single entry, one time ACH debit, credit card, debit card or recurring payments to make payment on the payment due date to designated merchant(s) ("Auto Pay") pursuant to the terms of my chosen payment program and conditions set forth in the Governing Agreements (defined below). In the event any payment is returned from my bank unpaid, I further agree that a fee of \$25.00 or as allowable by law shall may be charged to my account via draft or ACH debit. ✓

I, Jon Test, **Authorize Auto-Adjustment.** I acknowledge that FinPay has provided me an estimate of my patient financial responsibilities for healthcare services with my designated merchant(s) and a payment program of my choice to pay my obligations. I hereby authorize FinPay to auto adjust (credit or debit) the principal balance of my chosen payment program with my designated merchant(s) upon the final adjudication of my health insurance claim with my designated merchant(s). I have provided FinPay a valid email address where FinPay shall notify me of any adjustments to the principal balance of my chosen payment program (credit or debit) and FinPay shall not be responsible if the email account provided to FinPay is changed or canceled without my prior written notification to Finpay. I acknowledge that FinPay has provided me access to my Finpay account where I can make changes to my linked funding sources and make requests to change the terms of my chosen payment program. ✓

I, Jon Test, **Understand my Right to Cancel.** My authorization for Auto-Pay shall remain in full force and effect until terminated by FinPay or revoked by me pursuant to the terms and conditions of the Governing Agreements (defined below). I acknowledge and understand I have the right to terminate my authorization for Auto-Pay at any time but that any termination shall be in writing and require sufficient time for processing. Any termination will only apply to future replenishments or payments from the time the termination request is received by FinPay and it has had reasonable opportunity to act. ✓

I, Jon Test, **Authorize FinPay to Share my Information.** I hereby acknowledge and agree that in order for FinPay to provide the services contemplated herein and by the Governing Agreements (defined below), including my Auto-Pay authorization, it may be necessary for FinPay to disclose my personal information to its network merchants and providers. I hereby authorize FinPay to disclose my personal information with any network merchant(s) or provider(s) as may be required from time to time in order to provide the services. ✓

I, Jon Test, **Agree to the Terms & Conditions.** I hereby acknowledge and agree my use of FinPay's services and website shall be governed by these authorizations as well as the terms and conditions of the FinPay Website [User Agreement](#), as amended, and any other terms and conditions governing services offered by FinPay, all of which are hereby incorporated herein by reference (collectively referred to as the "Governing Agreements"). I further acknowledge and agree that by selecting the "I Agree" checkbox below, I will be bound by these authorizations as well as the Governing Agreements and my electronic acceptance satisfies any legal requirement that my authorizations and acceptance of the Governing Agreements be in writing and is fully enforceable. I am able and consent to receive the Governing Agreements and any disclosures, notices, or other communications related to my use of the FinPay Services electronically. To withdraw my consent, I must exit this session prior to agreeing to the terms and conditions. In the event I exit this session prior to agreeing to the terms and conditions, I may not use the FinPay's services or website. ✓

Read, acknowledged and accepted on 08/30/2017.

By:



08/30/2017

FinPay Account Holder

Date



Equal Credit Opportunity Act

Prohibitions: Discriminate based on race, sex, age, national origin, or marital status, or because one receives public assistance.

Requirements: Standardize installment plan terms and make available credit at the same, or approximately the same, terms to all consumers equally.

Allowed: Offer installment terms that differ based on financial risk if documented in a policy and rules engine.



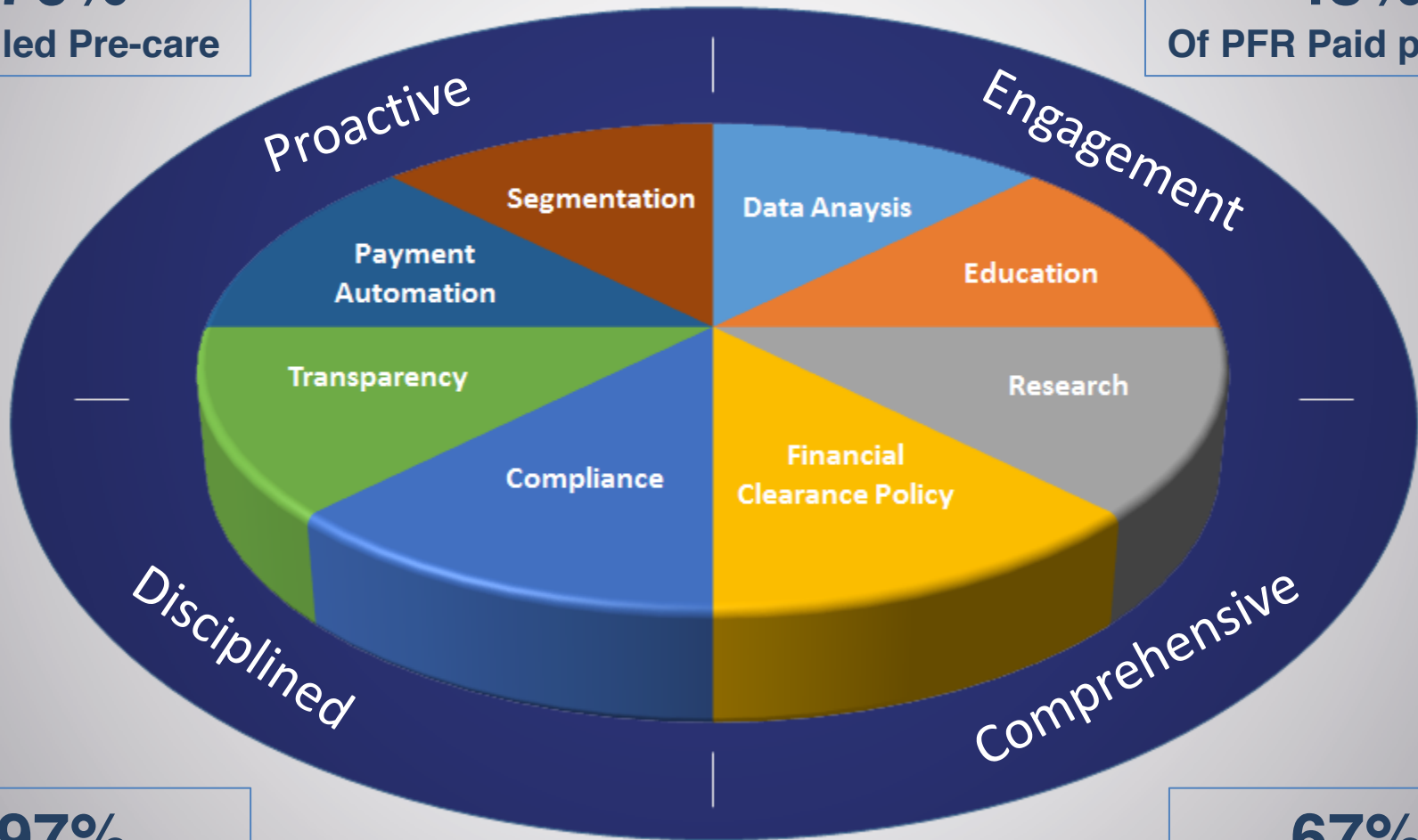
FinPay Solution

1. **Data Analytics & Research** to identify current classifications of high financial risk patients
2. **Develop a Financial Clearance Policy** for each classification of patients that create a high financial risk and prescribe the associated rules engine.
3. **Implement financial clearance processes** that target & segment high risk patients into classifications and customize work flow and curriculum for each high risk category to mitigate financial risk.
4. **Utilize FinPay People, Processes & Platform** for a Patient Engagement Strategy that creates a financial experience that mirrors the high quality clinical experience and increases the patient's propensity to pay:
 - Provide education on patient financial obligations.
 - Manage expectations on billing & claims process.
 - Provide More Payment Options (single pay, installment plans, & medical loans)
 - Offer financial assistance grants for patients who don't qualify for charity care.
 - Provide Automated Payment Platform to eliminate billing and collection risk.
5. **Implement compliance tools** for federal consumer protection laws

Patient Financial Management Solution

76%
Enrolled Pre-care

43%
Of PFR Paid pre-care



97%
Installment Plan
Performance Rate

67%
Overall Revenue
Capture Rate

private + confidential



Patient Financial Management at the Point-of-Care



Automated Payment Plans



Traditional Payments



Consumer Medical Loans

finpay

finpay



REVENUE CYCLE
MANAGEMENT
(98%)

Medicare

Medicaid

Charity Care

Commercial Payor

PATIENT FINANCIAL
MANAGEMENT
(74%)
Deductables

Co-pay

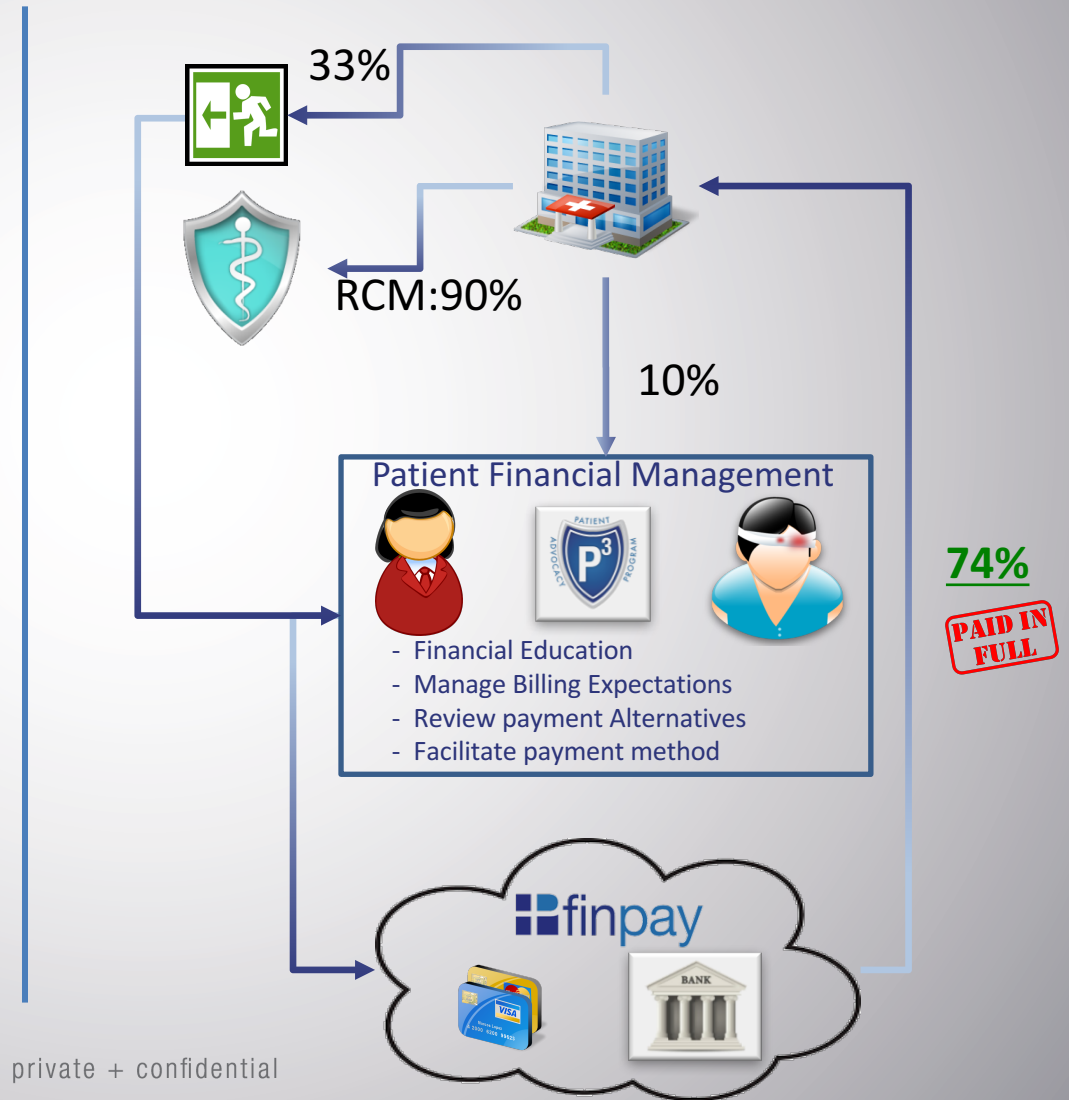
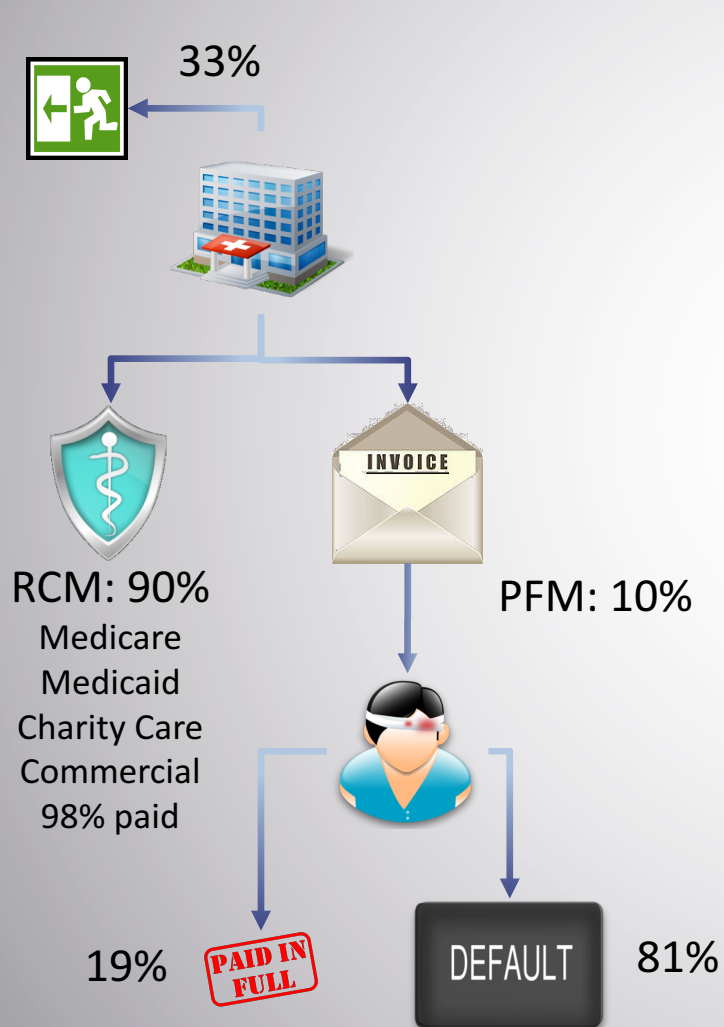
Self Pay

Community Care

Grants

INTERNAL &
OUTSOURCED
COLLECTION
PROCESSES

Drastic Reduction
in Files Sent
to Collection



Provider Benefits

Increase revenue opportunities from reduction in delayed medical treatments



Eliminate/reduce internal and external collection cost



Create more satisfied customers



Protect and strengthen your brand image



Free up cash flow with automation of patient payments



Patient Benefits

Quality healthcare when you need it



Multiple affordable options to make payment fit any household budget



Provider Good will through education and transparency



Strengthen & protect consumer credit.



Peace of mind



 **finpay**
payments you can trust

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