

Healthcare Payments Insight Report

2021



Contents

Introduction	1
Section one: The impact of COVID-19 on the patient experience	2
An altered healthcare experience	3
Virtual visits gain increased acceptance	4
Paying for virtual visits	6
Pandemic impacts how consumers pay	7
Section two: Consumer payment experience and expectations	8
Mail still leads for medical bills	9
Healthcare portals provide convenience	12
Digital payments increased	16
Consumer payment preferences	18
Payment preferences by age	19
Desired payment options	20
Affordability concerns remain high	22
Managing high bills	24
Discounted payment options	25
Section three: Opportunities for improvement and innovation	26
Consumer perceptions: healthcare payment methods lag in innovation	27
Consumers want modern payment methods	29
Key takeaways	32
Conclusion	33
Methodology	34
About U.S. Bank / Elavon	34
Sources	35

The COVID-19 pandemic has had an enormous impact on U.S. health systems, driving a combined loss of \$60 billion per month.¹

At the beginning of the pandemic, many consumers deferred care or skipped it altogether. Forty percent of consumers had a doctor cancel an appointment, and 30% said they'd canceled an appointment themselves.² Patients cite safety as the top reason for their cancellations (87%).³ This deferred care may have a long-term impact on individual health as consumers miss opportunities to manage ongoing health conditions or identify conditions early when they're easier to treat.

As a way to serve their patients and recoup some of their losses, many health systems turned to alternative care delivery

and payment methods. While virtual care existed before COVID-19, the pandemic has accelerated its use. A survey conducted in April 2020 showed telehealth visits increased from 9% before the pandemic to 51% during the lockdown.⁴ This move to telehealth pushed more health systems to diversify the way they accepted payments, such as introducing new modern methods. Healthcare payment digitization has also accelerated. Consumers don't just want to interact with their providers remotely; they also want safer, cleaner ways to pay for their care, and digital payment methods continue to gain traction.

As we look ahead to the future trends of payment methods, U.S. Bank anticipates an ongoing need for payment tools that help consumers make safe and timely payments – and that are more affordable. We have explored these themes in our third annual Healthcare Payments Insight Report, which also seeks to better understand strengths, weaknesses and opportunities for improvement in healthcare payments.

79% of worldwide respondents reported using contactless payments, citing safety and cleanliness as key drivers.⁵

70% of U.S. adults were using a peer-to-peer (P2P) payment app such as Zelle®, PayPal®, Venmo®, Google Pay® or Cash App® (formerly Square Cash) in 2020.⁶

Almost **70%** of global consumers think the shift to digital payments will be permanent.⁷

Section one

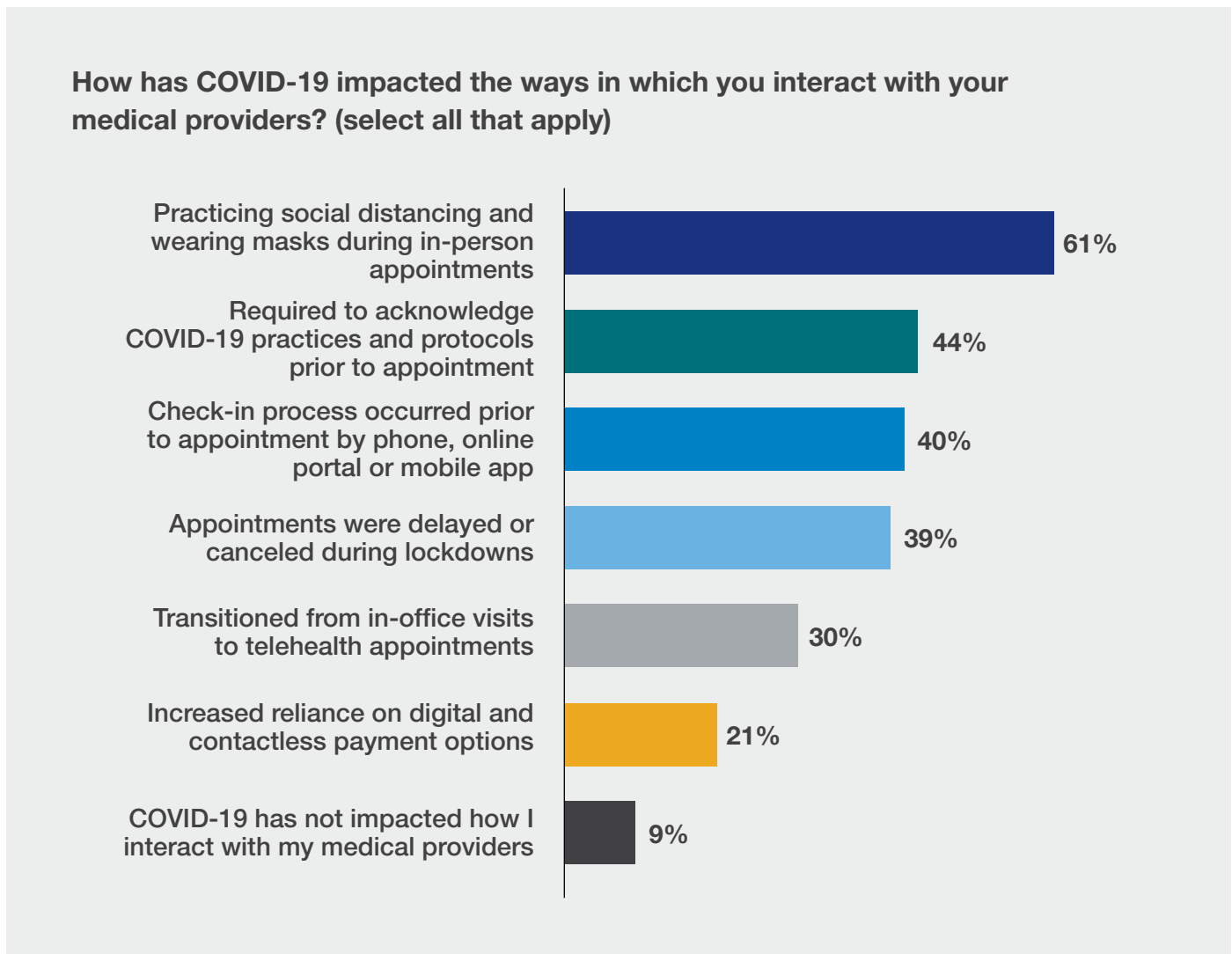
The impact of COVID-19 on the patient experience



The impact of COVID-19 on the patient experience

An altered healthcare experience

When asked how COVID-19 impacted their experience, most pointed to standard safety procedures like practicing social distancing and wearing masks; however, one in five said it also impacted their reliance on digital and contactless payments.



Virtual visits gain increased acceptance

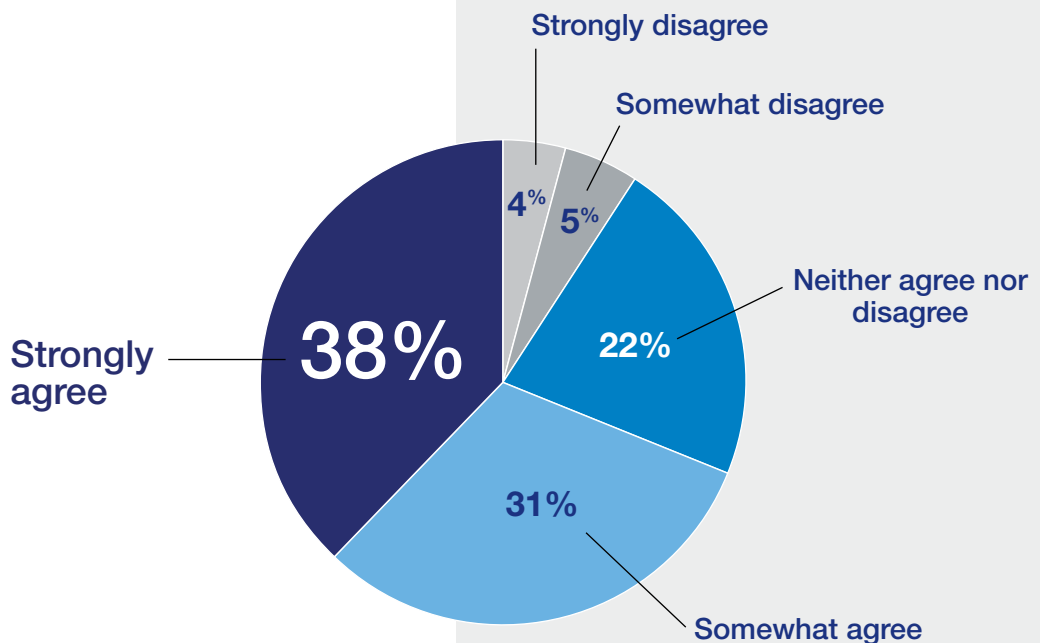
With the pandemic accelerating the growth of telehealth, a significant majority of survey respondents said they'd tried it – and even more said they want their doctors to expand availability.

Have you had a telehealth appointment in the past year?

- Yes: 65%
- No: 35%



When care delivery is feasible through telehealth, I am in favor of my healthcare providers expanding access.





Which of the following types of appointments would you expect to be more expensive if the purpose and service were the same?

In-office visit 53%

Telehealth visit 21%

No difference 26%

Many health insurance companies expanded coverage for these virtual visits during the pandemic. Consumers typically expect them to be less expensive than in-person visits. In general, telehealth tends to be less expensive than an in-person office visit, but cost varies between service providers and can depend on a patient's insurance coverage.

Paying for virtual visits

Virtual visits may be a technology innovation, but the billing that accompanies them isn't always as digitally advanced. Nearly half of consumers who attended a telehealth appointment received a bill in the mail after their appointment.

When did you pay for your telehealth appointment? (select all that apply)

Billed by mail after the appointment **45%**

Billed digitally after the appointment **35%**

Co-pay prior to appointment **26%**

Flat fee prior to appointment **22%**

Other **9%**

Given the quick growth of online visits during the pandemic, telehealth providers may still be catching up with digitizing billing and payments. One factor may be the type of telehealth visit. While some consumers connect with a doctor for a one-time appointment using a virtual care management platform (e.g., SnapMD®, MDLIVE®, Doctor On Demand®), others are actually connecting with their own physicians via video chat (e.g., Zoom®) – and that service is a new mode of care delivery for many primary care and specialist clinics since the start of the pandemic.⁸

The impact of COVID-19 on the patient experience

Pandemic impacts how consumers pay

A little over half of consumers say COVID-19 has impacted how they pay providers, and options like using a contactless debit/credit card, mobile wallet or online portal were popular choices. Paying via Zelle®, Venmo®, PayPal® or similar online money transfer service jumped from 4% last year to 18% this year.

For consumers seeing their doctors in person, 58% were offered touchless check-in before their appointment, and 69% were asked about making a credit/debit card payment as part of the touchless check-in process.

How has COVID-19 changed the way you pay your medical providers? (select all that apply)



Did not impact the way I pay



Paid using a contactless credit/debit card or mobile wallet



Paid via provider's online portal



Paid via Zelle, Venmo, PayPal or similar online money transfer service



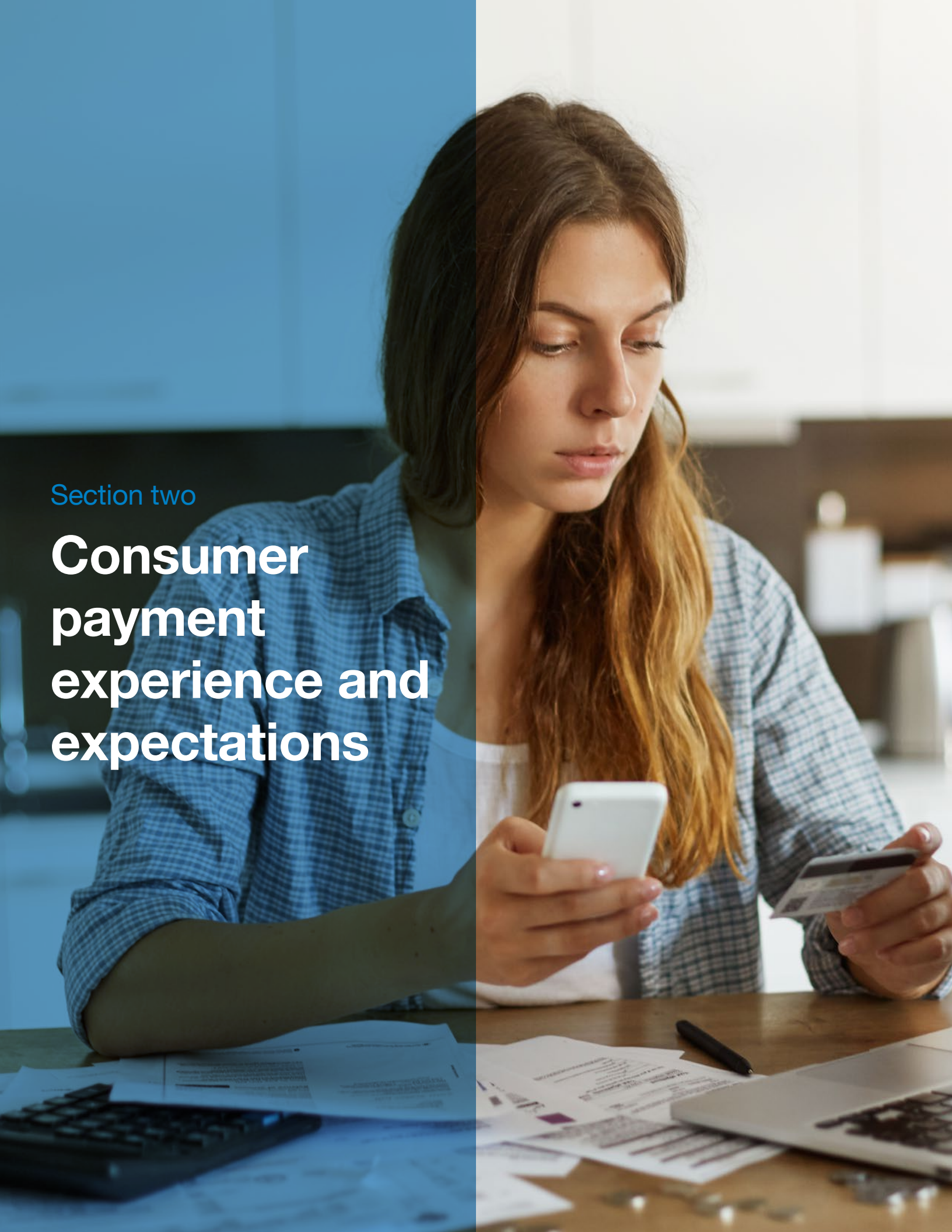
Paid via provider's mobile app



Used text to pay

Section two

Consumer payment experience and expectations



Mail still leads for medical bills

In last year's survey, 67% of consumers reported getting their medical bills in the mail. In the 2021 survey, mail remained the leading method but experienced a decrease, as online provider portals, apps and text all increased.

In which ways are you currently notified about your medical expenses after receiving service? (select all that apply)



51%

Billing statement delivered by postal mail



16%

Text message notification from my provider



33%

Billing statement delivered by email



15%

App notification from my provider



31%

Explanation of benefits from my health plan



13%

Automated phone call from my provider



24%

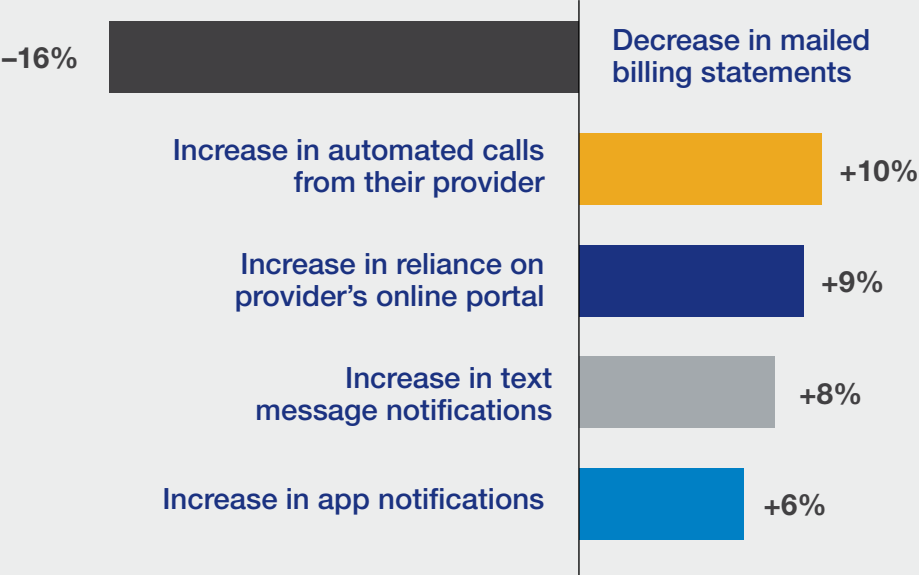
Visit my provider's online portal

2%

Other

Consumer payment experience and expectations

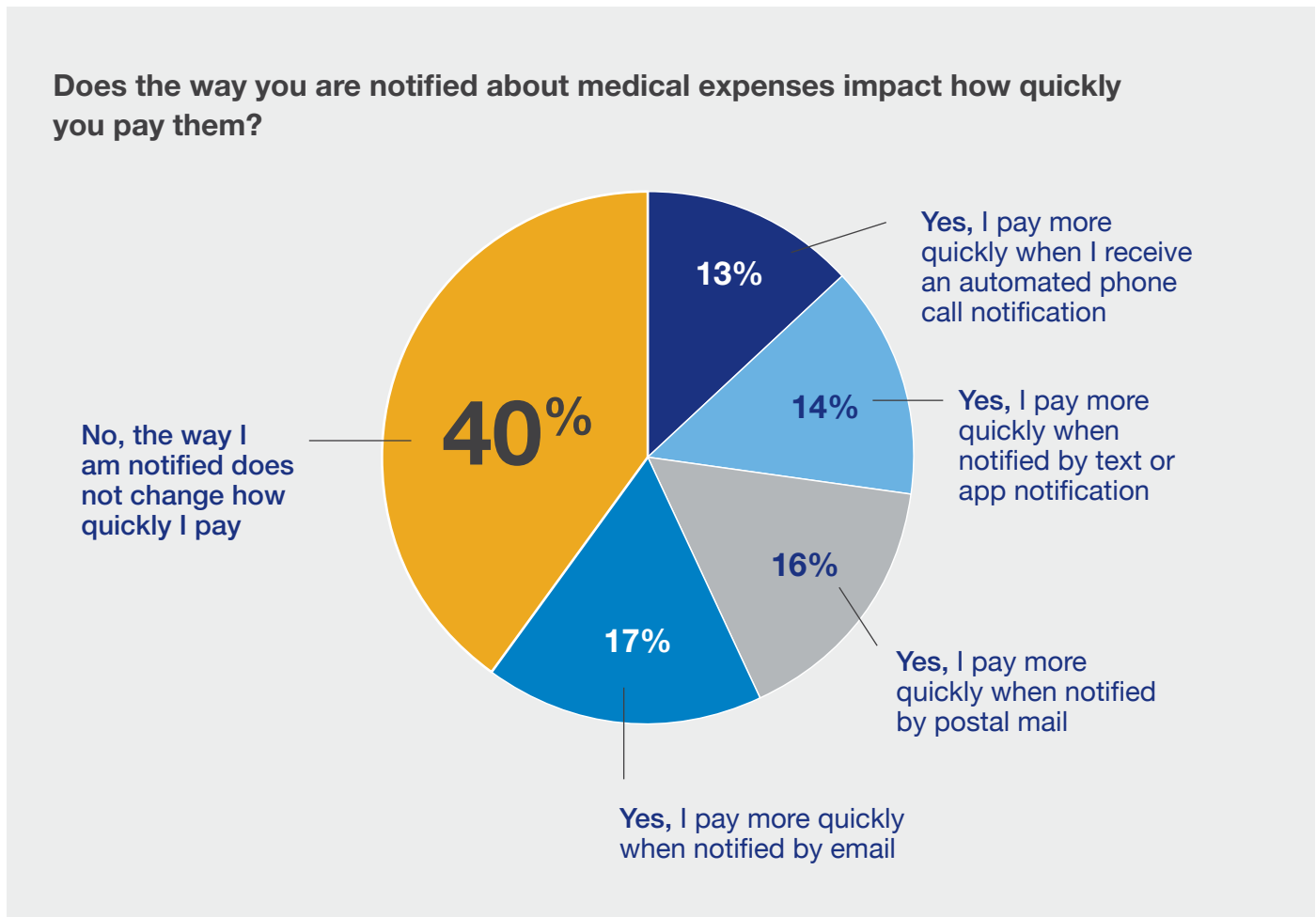
Compared to 2020, this year's responses indicate:



Consumer payment experience and expectations

About two-fifths of people say the way they receive bills doesn't affect how quickly they pay. And for those who say their payment speed is impacted, there's variation among which method drives them to pay faster.

How patients are notified seems to be increasingly influencing how quickly consumers pay. Last year 55% of respondents said the method of notification didn't affect how quickly they paid.



Consumer payment experience and expectations

Healthcare portals provide convenience

The majority of consumers are using online portals from both their providers and their insurers, and usage this year was similar to last year. Paying bills and checking balances are the most cited features they use.

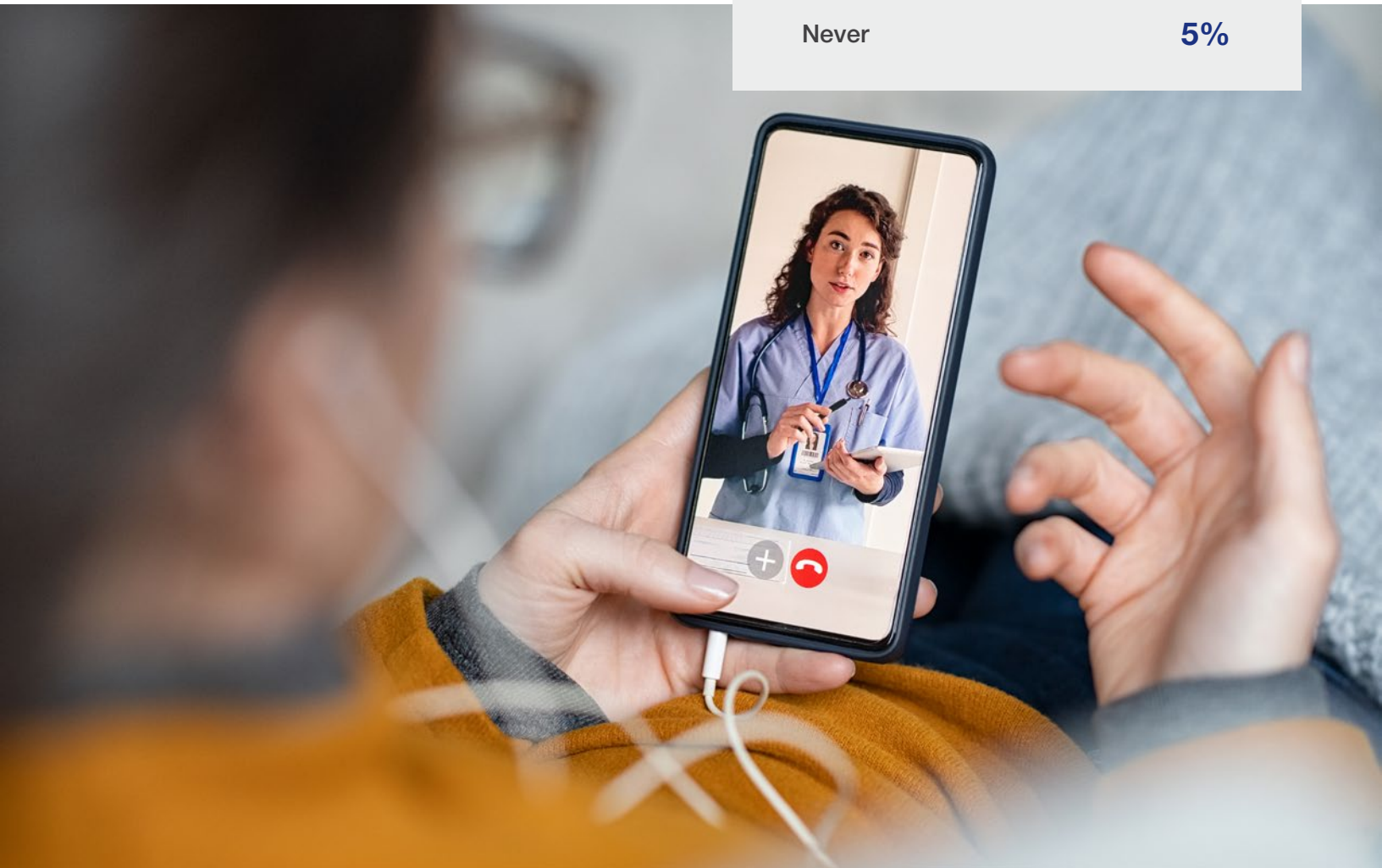
How frequently do you visit healthcare provider portals each year?

1–4 times **50%**

5–9 times **31%**

10+ times **14%**

Never **5%**





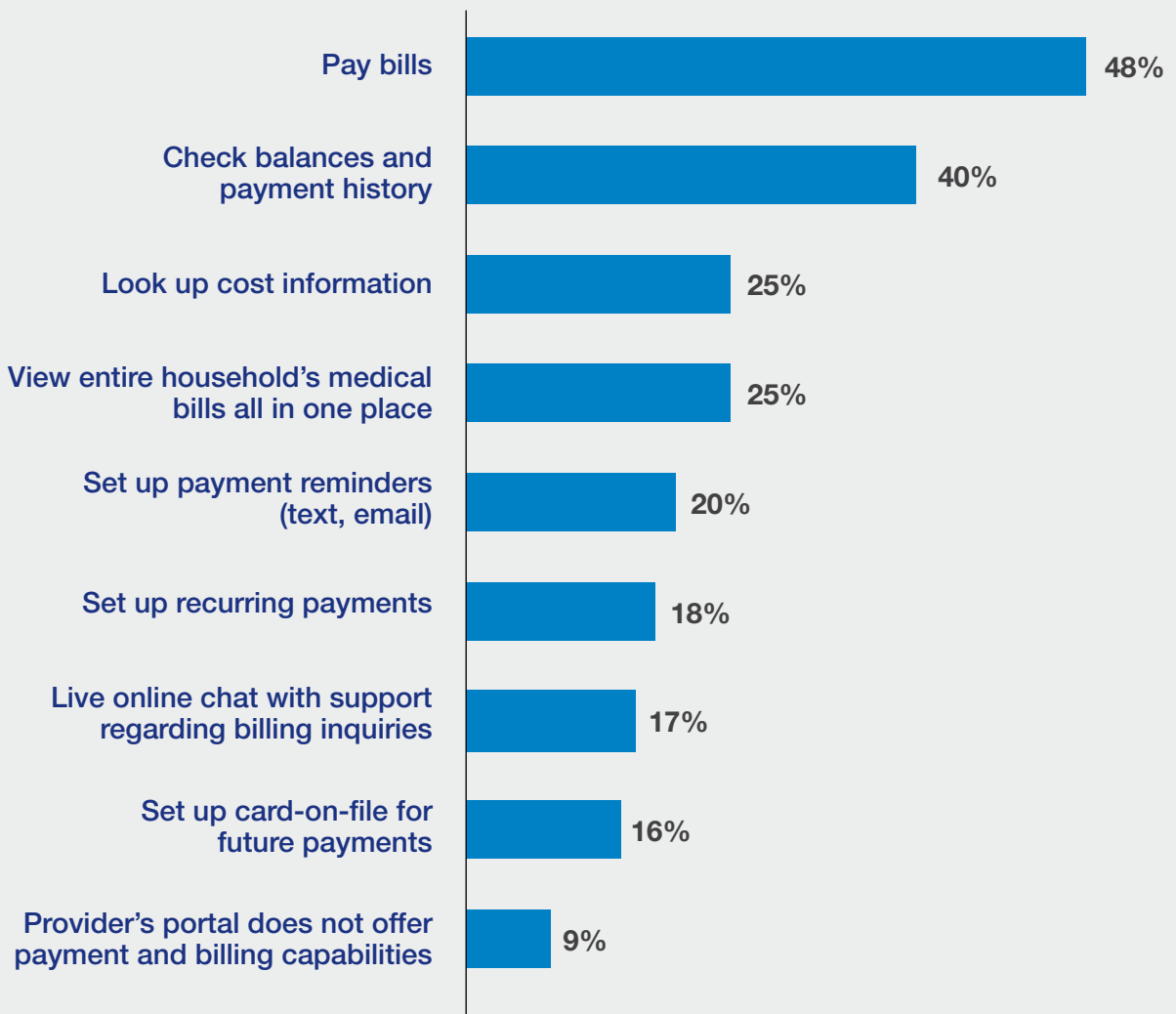
Consumers are also relying on patient portals for payment and billing support with nearly a quarter utilizing live chat. Fifty-six percent of respondents would be extremely or very comfortable resolving payment and billing questions via live text chat or video chat. Live chat capability presents an opportunity for healthcare organizations to more efficiently manage inbound inquiries.

If you are registered on your health insurance plan's online portal, how frequently do you visit your healthcare insurance portal each year?

1–4 times	47%
5–9 times	34%
10+ times	17%
Never	3%

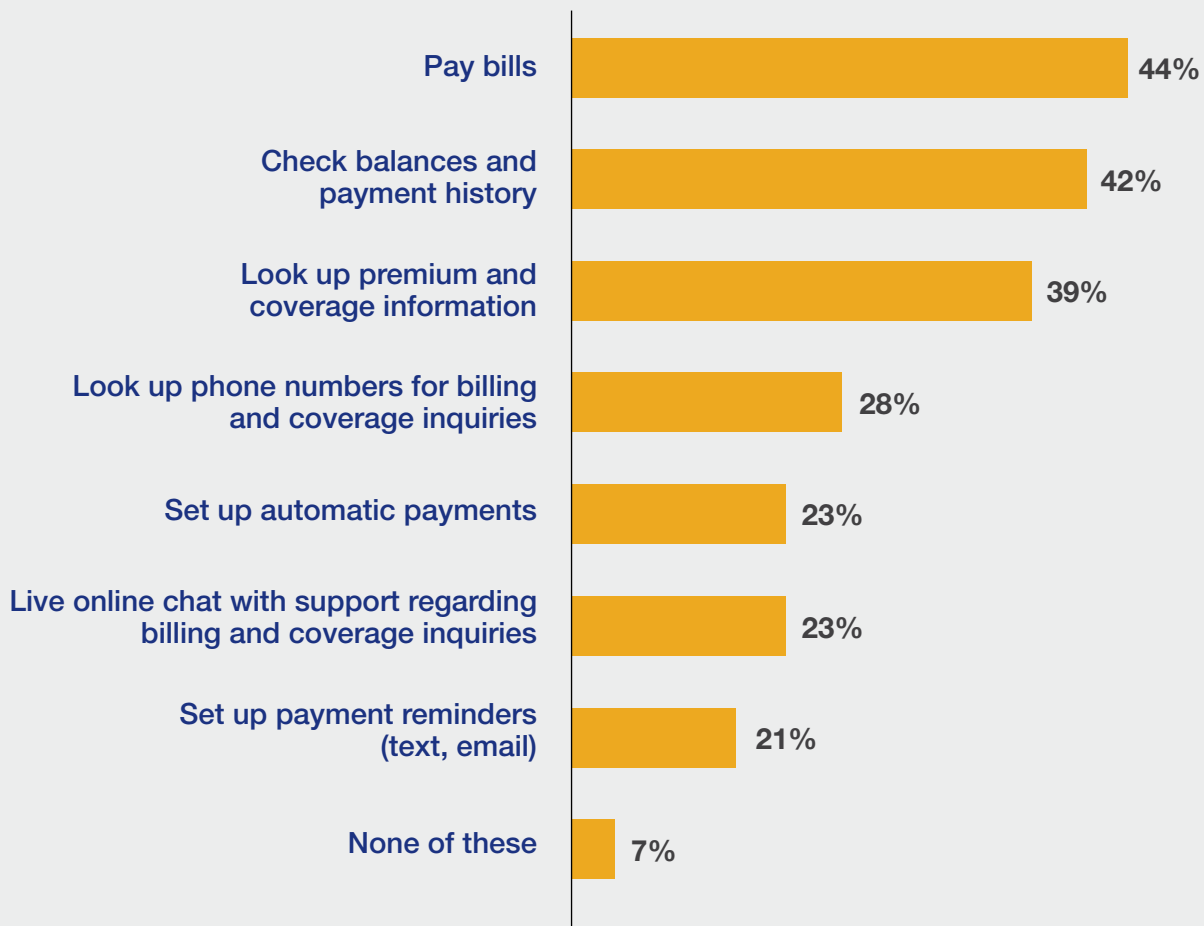
Consumer payment experience and expectations

If you are registered for your healthcare provider's patient portal, which of the following actions do you take? (select all that apply)



Consumer payment experience and expectations

If you are registered on your health insurance plan's online portal, which of the following healthcare insurance portal capabilities do you use? (select all that apply)



Consumer payment experience and expectations

Digital payments increased

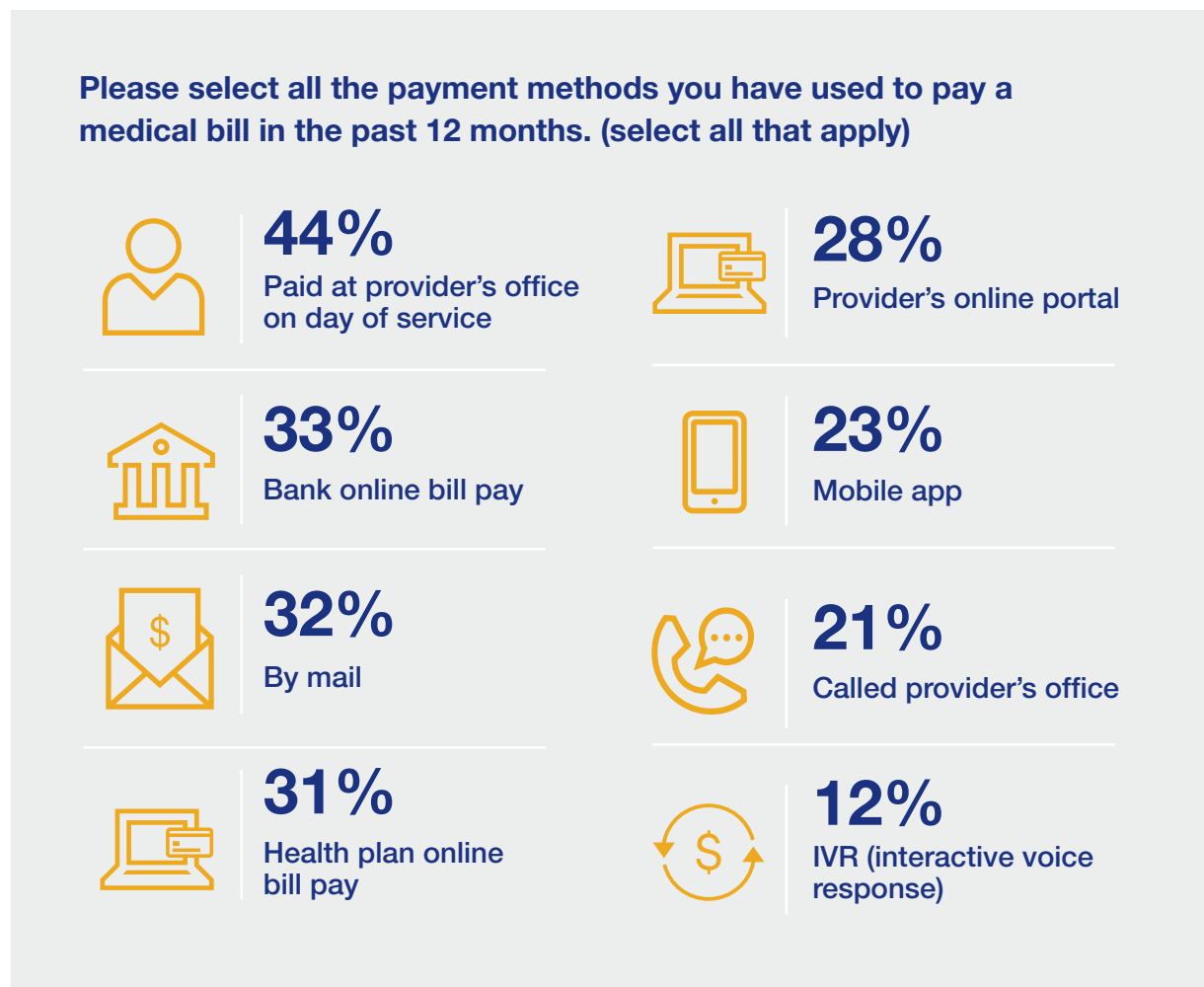
Consumers are using more digital channels to pay for care now. Compared to last year, 20% fewer patients paid at the provider's office – although the shift to virtual care likely contributed to this drop. Those payments moved primarily to three methods.

- **7%** more participants reported using IVR
- **12%** more participants reported using bank online bill pay
- **9%** more participants reported using health plan online bill pay



Consumer payment experience and expectations

COVID-19 triggered payment changes for consumers age 50 and under – accelerating trends toward adoption of digital payment that were already underway. Consumers aged 51 and older, on the other hand, were more likely to say COVID-19 did not impact the way they pay.



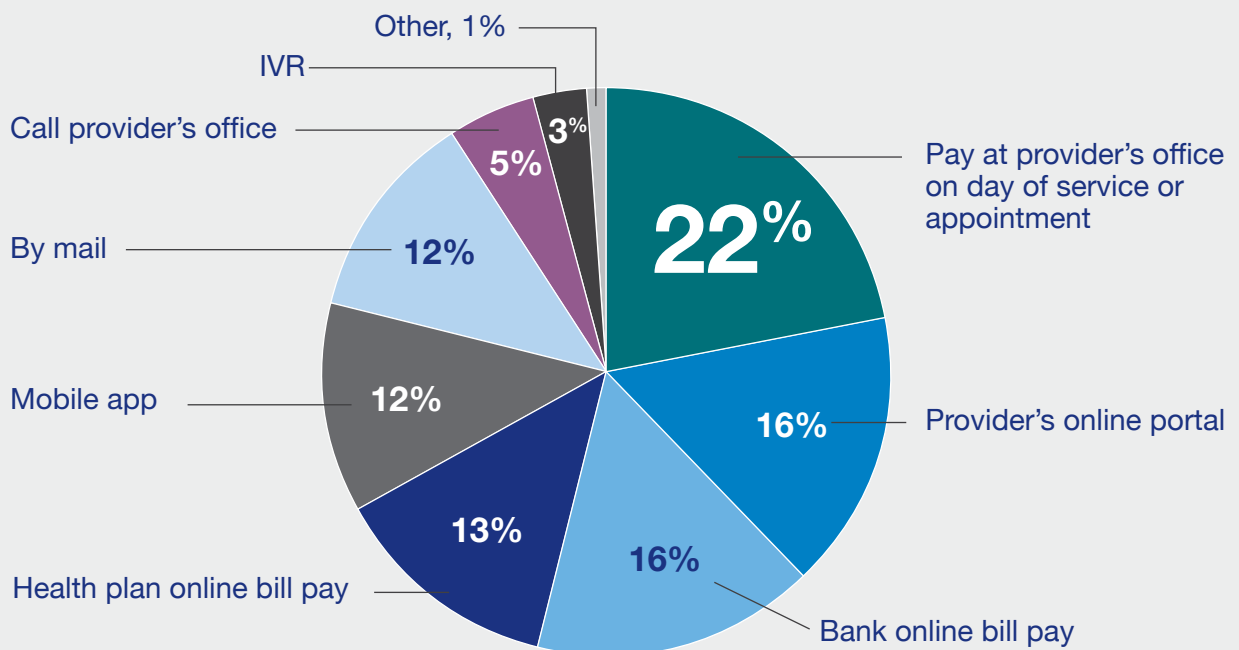
Consumer payment preferences

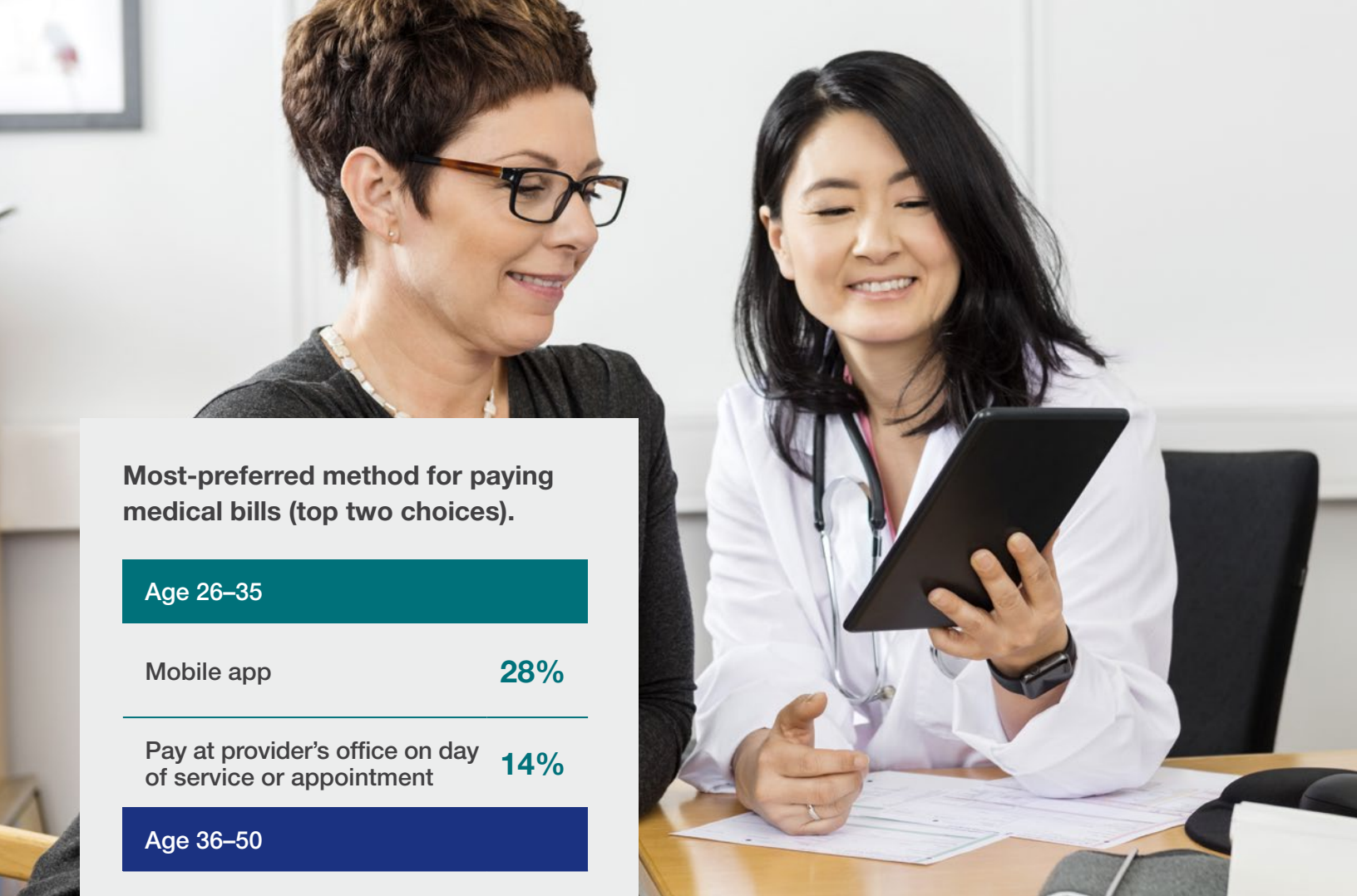
During the pandemic, paying at the time of service is still the preferred way. While the survey showed a decline in payments made at the time of service, which may be attributable to a decrease in office visits during the pandemic, it's still the preferred way to pay. This preference may speak to consumers' desire for greater cost transparency prior to care and the ability to pay or make arrangements to pay up front. Yet the desire

for price transparency isn't often being met. A recent survey showed that most health systems don't offer up-front cost information to patients.⁹

It's notable that while the top two choices remained consistent with the prior year, the number three spot showed a change. Bank online bill pay ranked third, pushing postal mail down the list to tie with mobile app payments.

Please select your most preferred method for paying medical bills.





Most-preferred method for paying medical bills (top two choices).

Age 26–35

Mobile app **28%**

Pay at provider's office on day of service or appointment **14%**

Age 36–50

Bank online bill pay **22%**

Tie: health plan online bill pay and mobile app **17%**

Age 51–65

Pay at provider's office on day of service or appointment **37%**

Provider's online portal **24%**

Age 66 and up

Pay at provider's office on day of service or appointment **37%**

By mail **18%**

Payment preferences by age

A breakdown of payment preferences by age shows that younger people are more interested in using a mobile app to pay, yet they're also interested in payment at time of service. The oldest age group also likes to pay at the time of service but prefers to pay by mail as a second choice.

Consumer payment experience and expectations

Desired payment options

A national survey conducted by Public Service Credit Union (PSCU) showed a growth in digital payment usage – not just in healthcare but in all industries. It found debit mobile wallet purchases up 62% and credit mobile wallet purchases up 46% over the previous year.¹⁰

This aligns with the responses received when we asked consumers which payment methods they want to see offered at their doctor’s office.

Groups who report using digital payments at higher rates are more interested in having

new digital options like mobile wallet, money transfer services and text – and they also perceive healthcare to be more innovative. As services like Zelle®, Venmo® and PayPal® expand to support consumer-to-business payments, they have become a preferred way for younger healthcare consumers to pay – particularly during the pandemic.

When desired payment types were broken down by age, all groups chose contactless debit or credit card as one of their top two desired methods.

Which of the following payment methods would you like your medical provider to offer and support? (select all that apply)

48%



Contactless credit/debit card

26%



Mobile wallet

17%



Pay by text

31%



Zelle®, Venmo®, PayPal® or similar online money transfer service

24%



I would not use any of these payment methods if offered

13%



QR codes

Consumer payment experience and expectations

Desired payment methods by age

While people 50 and under desired additional digital options, respondents aged 51 and older were more likely to say they would not use them.

The desire among younger people to use online money transfer services hasn't been limited to healthcare. In 2020, Zelle[®] experienced a 58% growth in transaction volume as a result of consumer adoption and expansion to businesses.¹¹



Most desired method for paying medical bills (top two choices).

Age 26–35

Contactless debit or credit card **52%**

Zelle[®] / Venmo[®] / PayPal[®] / online money transfer service **50%**

Age 36–50

Contactless debit or credit card **52%**

Mobile wallet **41%**

Age 51–65

Contactless debit or credit card **48%**

I would not use any of these payment methods if offered **35%**

Age 66 and up

I would not use any of these payment methods if offered **49%**

Contactless debit or credit card **41%**





Affordability concerns remain high

Beyond experiences related to payment methods, concerns around affordability are common for healthcare consumers

- **29%** of Americans lost their health insurance in 2020.¹²
- **50%** remain uninsured in 2021.¹²
- **66%** of adults in the U.S. worry about unexpected medical bills.¹³
- **66%** are afraid they won't be able to afford healthcare this year.¹⁴
- **50%** of Americans fear a major health event would lead to bankruptcy.¹⁵

While many affordability concerns stem from issues far greater than the scope of this report, there is a need for payment tools that help ease the burden. The issue of surprise medical bills is a recognized problem that Congress seeks to address with the recent passage of the “No Surprises Act.”¹⁶ The Act will offer healthcare consumers new protections starting in 2022 to help alleviate surprise billing. However, surprise bills are only one part of the equation, as some consumers continue to struggle to simply understand the cost information on their medical bills.

Consumer payment experience and expectations

How clear and complete is the cost information on your medical bills?

- **Extremely clear: 31%**

- **Very clear: 34%**

- **Somewhat clear: 24%**

- **Not very clear: 9%**

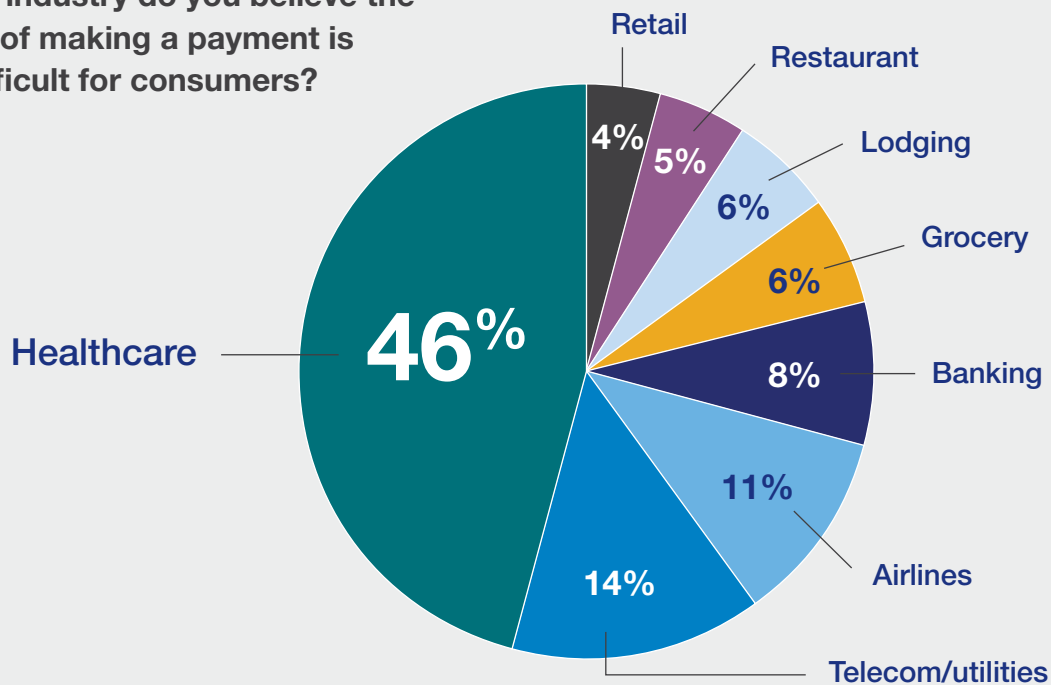
- **Not clear at all: 2%**

Have you been surprised by an unexpectedly high medical expense in the past 12 months?

- **Yes: 48%**

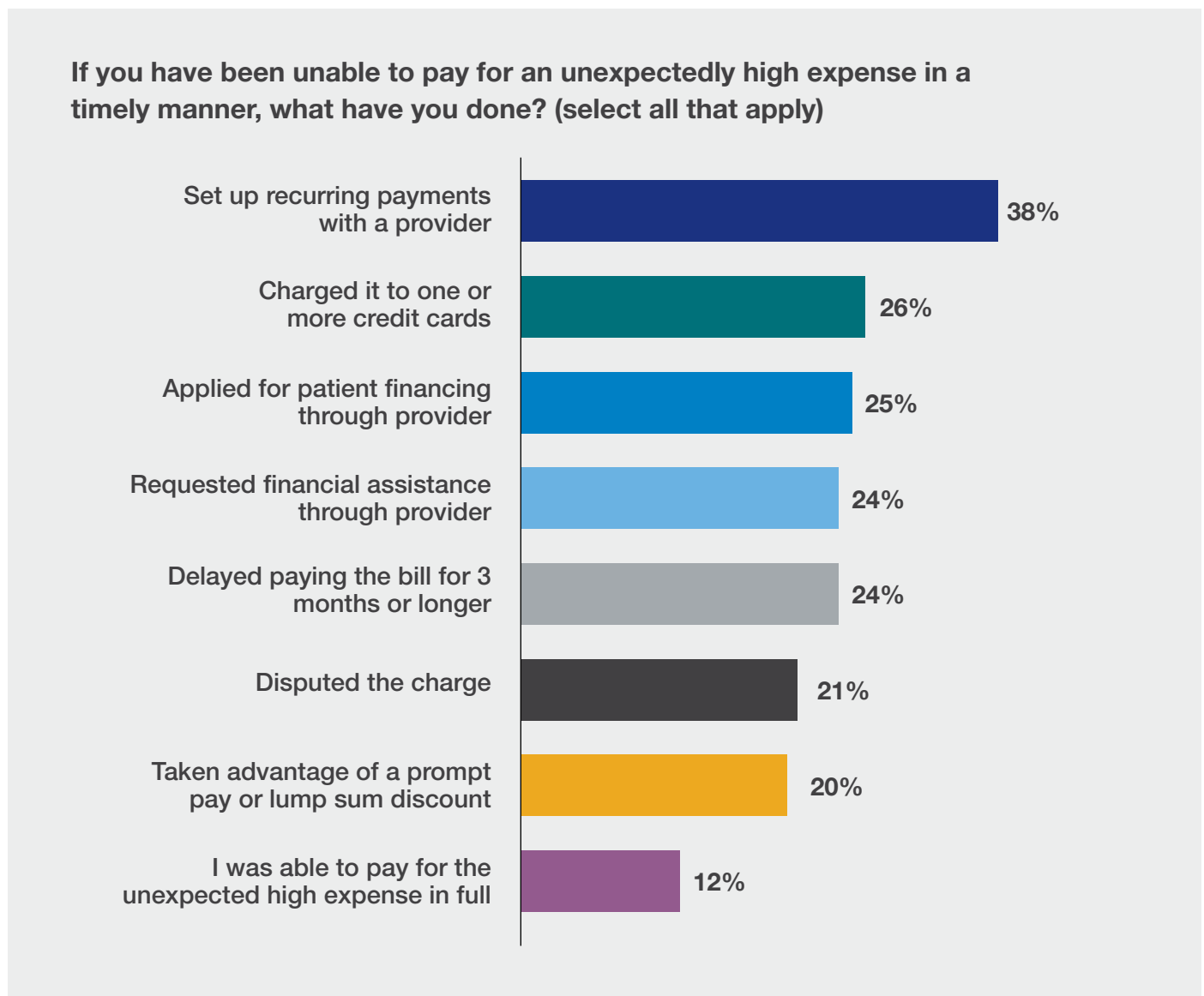
- **No: 52%**

In which industry do you believe the process of making a payment is most difficult for consumers?



Managing high bills

Those who had experienced an unexpectedly high bill addressed it with a variety of strategies, and like last year, respondents chose recurring payments as their top strategy. Still, more than a quarter of patients used one or more credit cards to pay the bill, which could result in extensive interest charges – exacerbating the affordability problem.



Discounted payment options

As the previous table showed, 20% of respondents who have been unable to pay for an unexpectedly high bill said they'd take advantage of a prompt pay or lump sum discount, and 38% said they'd set up recurring payments with a provider. When asked about these two options, consumers say they're highly likely to take advantage of them if offered by their providers.

How likely are you to take advantage of receiving a discount for paying your entire bill in one lump sum?

Extremely likely 46%

Very likely 29%

Somewhat likely 18%

Not very likely 4%

Not likely at all 3%

How likely are you to choose recurring payments to pay your bill if offered by your provider?


Extremely likely 33%

Very likely 26%

Somewhat likely 23%

Not very likely 11%

Not likely at all 7%

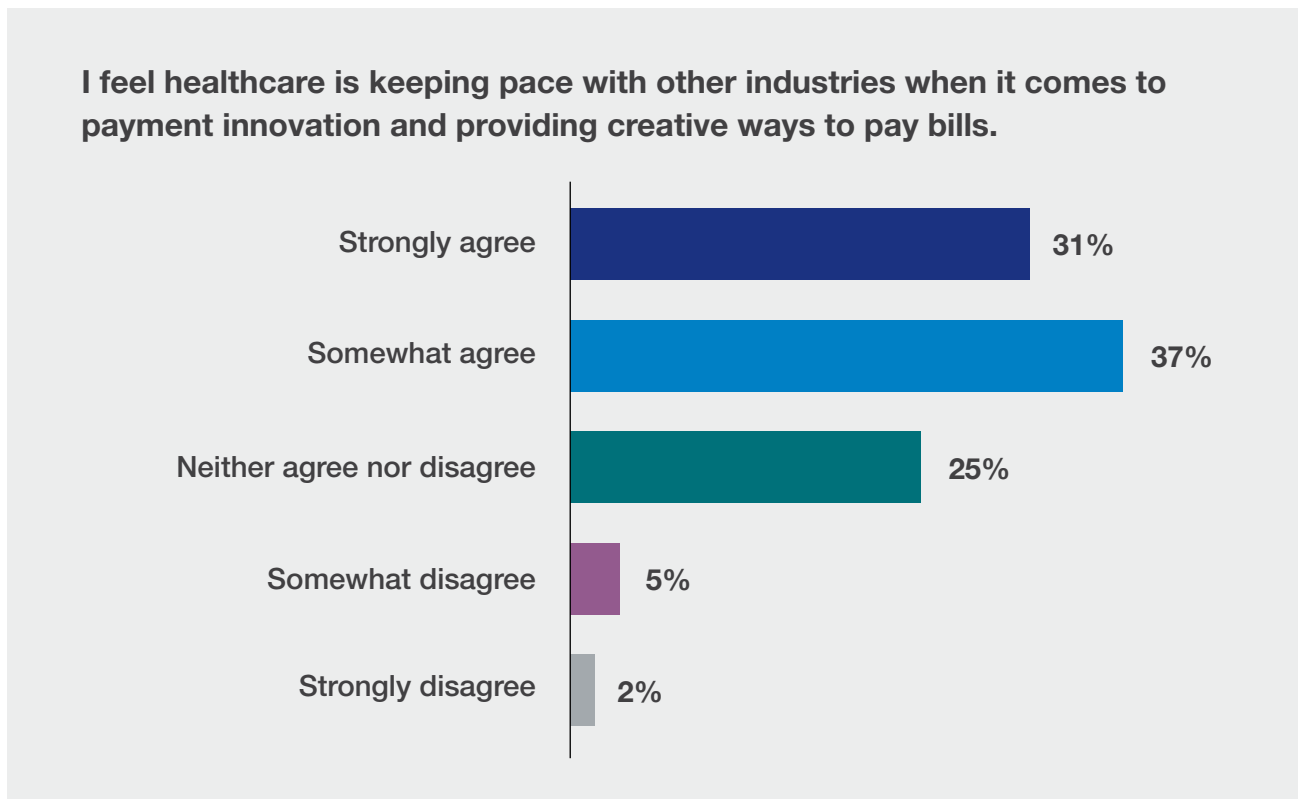


Section three

Opportunities for improvements and innovation

Consumer perceptions: Healthcare payment methods lag in innovation

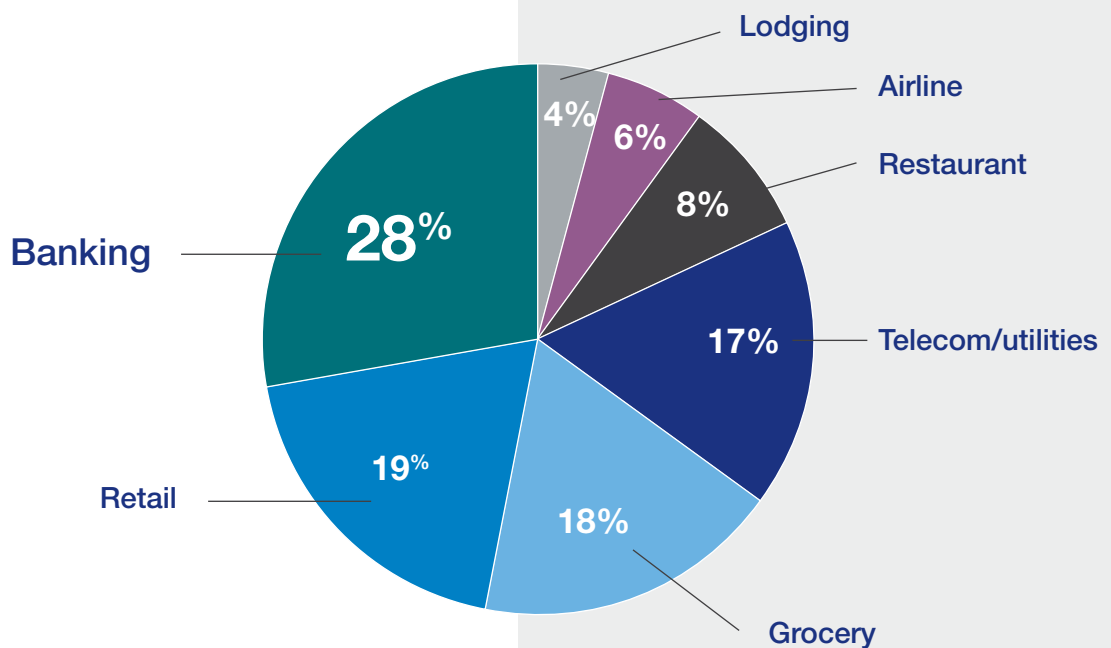
Despite some consumers shifting payments to more digital options, there was no change compared to last year in the number of consumers who feel healthcare is keeping pace with other industries.



Opportunities for improvements and innovation

Interestingly, banking is now the category consumers wish healthcare would emulate – not retail, as chosen last year. This might be indicative of the strides banks have made in the mobile experience and of consumer interest in having more robust mobile options available from their healthcare providers.

Which industry do you wish healthcare was more like in terms of payment types and payment options?





Consumers want modern payment methods

When asked about modernizing available payment options, 37% of respondents indicated that an online patient portal be updated or added as an option.

If you could ask your provider to modernize the digital payment options available to you, which would you choose? (Top 5 answers)

1



Online patient portal

2



Mobile app

3



Contactless payment
via mobile wallet

4



Pay by text

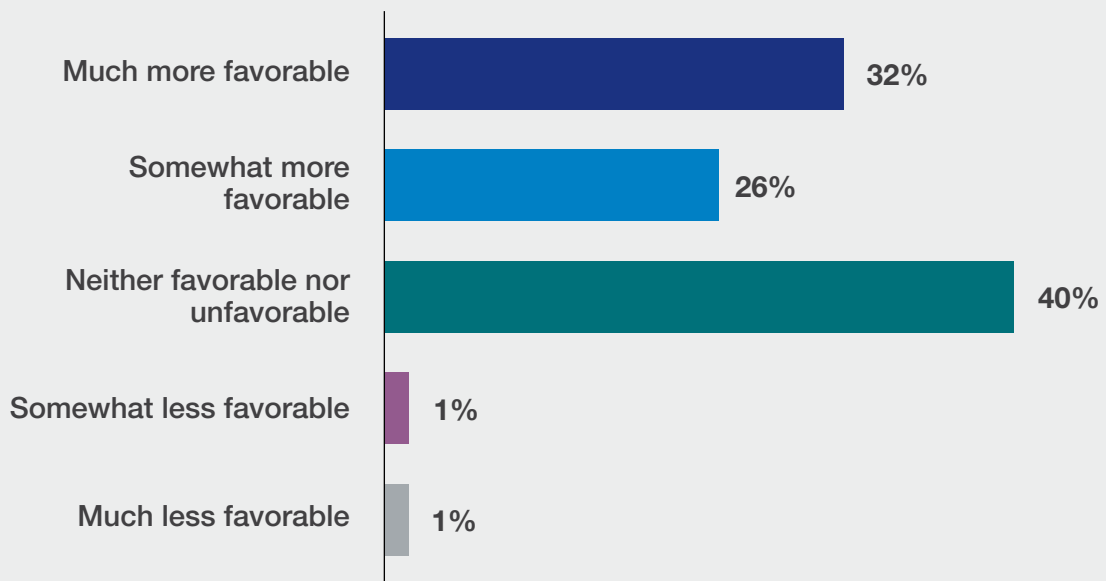
5



QR codes

Opportunities for improvements and innovation

Does the availability of a contactless payment device at the point of service improve your perception of your medical provider?



Respondents not only want modernized payment methods but also demand cleaner and safer ways to pay in person. COVID-19 has made consumers wary of touching payment devices for fear of virus transmission – 76% of respondents expressed concern – and this increased concern about safety during the pandemic may extend to flu, cold and other viruses as well. A quarter of survey

respondents said they paid using a contactless card or mobile wallet due to COVID-19 risks. And nearly three-quarters of consumers – in all industries – said they’ve made payment decisions based primarily on safety issues at the point of sale. Simply offering contactless payments as an option at the point of care can improve a consumer’s perception of their provider.

IVR is another option for consumers who are leery of virus transmission. While less than half of the respondents used IVR in the past 12 months for balance and payment information, those who did had an overwhelmingly positive opinion of it.

- **41%** have used IVR to pay bills or obtain balance information in the past 12 months – compared to 22% last year.
-
- Of those who used it, **90%** strongly or somewhat agreed that IVR is a good way to be reminded about upcoming payments and balances due.
-
- Of those who used it, **82%** are extremely or very likely to use IVR to pay bills or obtain balance information from a healthcare provider in the future.

Another payment option that removes the need to touch devices at the point of service is pay by text, and almost 50% said they'd use it if available. Of those who would not choose to pay by text, security concerns (57%) and preferences for other ways of paying (51%) are the top reasons.



Key takeaways

The COVID-19 pandemic impacted how patients receive and pay for care.

- **65%** of consumers have had a telehealth appointment in the past year.
 - **21%** say the pandemic increased their reliance on digital and contactless payment options.
-

58% of consumers who had an in-person doctor appointment were offered touchless check-in, and 69% were asked about making a credit/debit card payment as part of that process.

60% of consumers say that how they're notified about bills impacts how quickly they pay, but there's variation in which method drives them to pay faster.

12% more of this year's respondents used bank online bill pay this year, and 9% more used health plan online bill pay.

COVID-19 triggered payment changes for consumers age 50 and under – accelerating digital payment trends that were already underway.

Consumers want their providers to offer more digital payment solutions including contactless credit or debit card (48%); Zelle®, Venmo®, PayPal® or similar online money transfer service (31%); and mobile wallet (26%).

Affordability remains a key issue – especially at a time when many Americans lost their health insurance. **48%** say they were surprised by an unexpectedly high medical expense in the past 12 months.

Consumers are highly interested in receiving a discount on their medical bill by paying in one lump sum or breaking up their bill into recurring payments.

- **93%** are somewhat, very or extremely likely to take advantage of a discount offered for paying a bill all at once.
 - **82%** are somewhat, very or extremely likely to choose recurring payments if offered.
-

Almost half of consumers indicated they would pay by text.

Conclusion

Digital payments are the trend

This year's Healthcare Payments Insight Report highlights how the pandemic has accelerated the demand for digital payments. Now more than ever, digital payment technologies offer a remedy for reducing payment and billing complexity. By expanding digital payment options, healthcare providers can positively impact patient satisfaction and make it easier for consumers to access flexible payment options such as recurring payments and lump sum discounts.

Thoughtful investment in updating revenue cycle and payment workflows to modernize the patient financial experience can yield positive results for healthcare providers and the patients they serve.

Our goal is to help your organization simplify, accelerate and improve your revenue cycle so you can continue to thrive in the communities you serve.

[We are here to help.](#)





Methodology

About this survey

The online survey questionnaire was fielded in the United States in February 2021. The healthcare consumer survey is based on a national sample of 1,113 adults, 26 years of age or older, living in 49 different states. All respondents had visited a hospital, clinic, urgent care center or doctor's office in the past six months and paid for treatment. The survey was conducted in English.

About U.S. Bank / Elavon

Our healthcare industry experts understand the nuances of your industry and provide personalized guidance to help keep your revenue cycle and financial operations running smoothly. We offer banking, payment and investment solutions to enable your organization to deliver a better patient financial experience and sustain healthy revenue.

Visit us:

www.usbank.com/corporate-and-commercial-banking/industry-expertise/healthcare

Sources

1. Mehlman E, Lefar S. Elective surgery does not mean optional surgery: How to recover from the impact of canceled procedures. Healthcare Financial Management Association. hfma.org/topics/financial-sustainability/article/elective-surgery-does-not-mean-optional-surgery--how-to-recover-.html. June 4, 2020.
2. Cohen O, Fox B, Mills N, Wright P. COVID-19 and commercial pharma: Navigating an uneven recovery. McKinsey & Company. mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/covid-19-and-commercial-pharma-navigating-an-uneven-recovery. April 21, 2020.
3. Minemyer P. New MGMA, Humana report highlights impact of care deferred due to COVID-19. Fierce Healthcare. fiercehealthcare.com/payer/new-mgma-humana-report-highlights-impact-care-deferred-due-to-covid-19. January 29, 2021.
4. Hodgkins M, et al. Physician requirements for adoption of telehealth following the SARS-CoV-2 pandemic. NPJ Digit Med. 2021;4:19.
5. Mastercard. Mastercard study shows consumers globally make the move to contactless payments for everyday purchases, seeking touch-free payment experiences. mastercard.com/news/press/press-releases/2020/april/mastercard-study-shows-consumers-globally-make-the-move-to-contactless-payments-for-everyday-purchases-seeking-touch-free-payment-experiences/. April 29, 2020.
6. PaymentsJournal. P2P payment apps are seeing gains in consumer adoption. paymentsjournal.com/p2p-payment-apps-are-seeing-gains-in-consumer-adoption/. February 26, 2021.
7. Beaumont R. Mastercard research shows surge in digital payments as e-commerce reaches new heights around the world. Mastercard. mastercard.com/news/europe/en-uk/newsroom/press-releases/en-gb/2020/june/mastercard-research-shows-surge-in-digital-payments-as-e-commerce-reaches-new-heights-around-the-world/. June 18, 2020.
8. Bestsennyy O, Gilbert G, Harris A, Rost J. Telehealth: A quarter-trillion-dollar post-COVID-19 reality? McKinsey & Company. mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality. May 29, 2020.
9. VisitPay. 2020 VisitPay Report. visitpay.com/landing/2020-visitpay-report.
10. PSCU. 2020 Eye on Payments: COVID-19 drives surge in digital adoption. pscu.com/eye-on-payments.
11. Cision PR Newswire. Zelle closes 2020 with record \$307 billion sent on 1.2 billion transactions. prnewswire.com/news-releases/zelle-closes-2020-with-record-307-billion-sent-on-1-2-billion-transactions-301219911.html#:~:text=SCOTTSDALE%2C%20Ariz.%2C%20Feb.,%2Dover%2Dyear%2C%20respectively. February 2, 2021.
12. Cision PR Newswire. 29% of Americans lost their health insurance in 2020; more than half remain uninsured in 2021. prnewswire.com/news-releases/29-of-americans-lost-their-health-insurance-in-2020-more-than-half-remain-uninsured-in-2021-301208068.html#:~:text=NEW%20YORK%2C%20Jan.,new%20ValuePenguin.com%20Healthcare%20Survey. January 14, 2021.
13. Pollitz K, et al. U.S. statistics on surprise medical billing. JAMA. 2020;323(6):498.
14. Leonhardt M. 66% of Americans fear they won't be able to afford health care this year. CNBC. cnbc.com/2021/01/05/americans-fear-they-wont-be-able-to-pay-for-health-care-this-year.html. January 5, 2021.
15. Witters D. 50% in U.S. fear bankruptcy due to major health event. Gallup. news.gallup.com/poll/317948/fear-bankruptcy-due-major-health-event.aspx. September 1, 2020.
16. Kaiser Family Foundation. Surprise medical bills: New protections for consumers take effect in 2022. kff.org/private-insurance/fact-sheet/surprise-medical-bills-new-protections-for-consumers-take-effect-in-2022/. February 4, 2021.



Visit us:

www.usbank.com/corporate-and-commercial-banking/industry-expertise/healthcare

© 2021 Elavon Inc. Elavon is a registered trademark of U.S. Bank N.A, in the United States and/or other countries. All rights reserved. This document is prepared by U.S. Bank Payment Services as a service for its customers. The information discussed is general in nature and may not apply to your specific situation. 0521 CR-19798308

Zelle is a registered trademark of Early Warning Services, LLC. PayPal and Venmo are trademarks of PayPal, Inc. Google Pay is a trademark of Google, LLC. Zoom is a registered trademark of Zoom Video Communications, Inc. MDLIVE is a registered trademark of MDLIVE, Inc. SnapMD is a registered trademark of SnapMD, Inc. Doctor On Demand is a registered trademark of Doctor On Demand, Inc.