TELEHEALTH
DIGITAL PAYMENTS
REPORT

FEBRUARY 2022

■ FEATURE STORY

Salucro Healthcare Solutions on improving payments for telehealth services

■ PYMNTS INTELLIGENCE

How providers can meet telehealth's payment challenges

TELEHEALTH
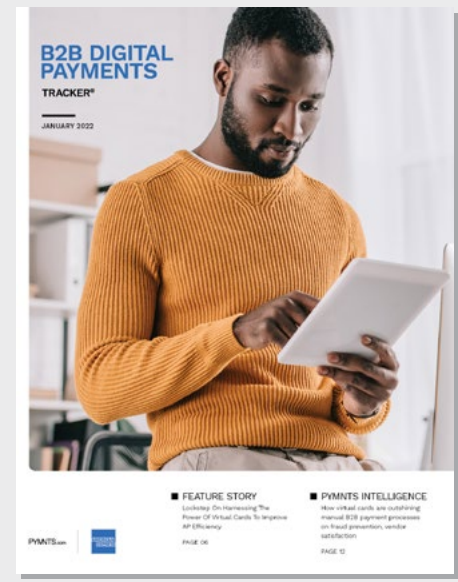**DIGITAL
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EDITOR'S
LETTER

The pandemic irrevocably changed the healthcare industry. Social distancing and stay-at-home recommendations as well as hospital overcrowding led to patients flocking to remote health services in record numbers, rather than visiting doctors in person for routine checkups or special appointments. Just 17% of patients leveraged telehealth services before the pandemic, while 47% reported using them for the first time after the crisis's onset.

Patients, especially seniors, have mixed opinions on the efficacy of telehealth services. A recent survey revealed that 31% of older Americans have concerns about how telehealth services can provide effective healthcare, with 29% worried about not having a personal relationship with their doctor, 17% concerned about the security of their personal information and 16% experiencing technical issues.

One of the most pressing concerns among patients of all ages is payments, with consumers citing a range of challenges in paying for their telehealth appointments. Digital payments can be complicated even in the best of times, but the healthcare industry in the United States involves additional complexities, including the sheer cost of many services as well as the input of insurance companies, Medicare and other assistance programs. A PYMNTS study found that 47% of patients with out-of-pocket costs did not know if their healthcare providers offered affordable payment options, for example, and 40% said their inability to afford care or treatments caused them to forgo necessary visits.

Telehealth providers looking to keep their patients from missing needed services are beginning to offer more transparent billing as well as a variety of different payment options for patients. PYMNTS' research found that 89% of patients felt the process would be easier if they knew their total bills and could make payments for their procedures in advance, and 57% said the ability to pay for a visit with their preferred transaction method was a "very" or "extremely" important determinant of whether they were satisfied with their healthcare experiences.

The Telehealth Digital Payments Report, a PYMNTS and American Express collaboration, delves into how the pandemic has brought telehealth to the forefront of the healthcare industry and how payments for these services confuse and frustrate patients. It also examines how increasing payment choice and transparency can help patients afford telehealth procedures and improve the care process.

THOUGHT LEADERSHIP TEAM

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Salucro Healthcare Solutions On

Improving Payments For Telehealth Services

Telehealth has existed for quite some time, but it has only become ubiquitous over the past two years as the pandemic raged and in-person doctor's visits became impractical for many patients. Sixty-four percent of households reported using a telehealth service in 2021, and one-quarter of them cited possible COVID-19 exposure as their primary reason for doing so.

While telehealth services may be convenient from a care standpoint, they carry the same payments complications as any doctor's visit. Telehealth providers have fortified their payments infrastructures in the past two years in response to this surge in demand, according to Rebecca Truscott, senior vice president of strategy and business development at patient payment and billing provider Salucro Healthcare Solutions.

"The pandemic really acted as kind of an accelerant to ramp up the need for telehealth payments solutions," Truscott said in a recent interview with PYMNTS. "Telehealth companies have gone from just checking the box on payment integrations to having to look at how they incorporate more robust payment functionality within these telehealth platforms and how they make it work within the healthcare providers' broader patient payments and billing ecosystems."

Truscott explained to PYMNTS what patients are looking for when it comes to telehealth payments, why telehealth providers are struggling to meet these needs and how these problems can be fixed by using dedicated healthcare payment platforms.

CHALLENGES WITH TELEHEALTH PAYMENTS

Consumers want their telehealth payments to be as simple as the other payments in their lives, such as eCommerce transactions and everyday bills. Truscott said healthcare providers echo this desire because they want their customers to have seamless payment experiences.

"One thing we hear from a lot of our healthcare provider customers is that they want their patients to have a healthcare shopping experience that's akin to what they have when they go shop on Amazon," she said. "The ease of completing the transaction and flexibility in choice are both quite crucial."

Somewhat counterintuitively, the major obstacle to achieving this is that many telehealth providers are using the one-size-fits-all payment solutions that eCommerce and bill-paying companies are deploying. Healthcare is entirely different, and Truscott said providers that are not using dedicated healthcare payment systems are setting themselves up for failure.

"The biggest challenge that we've seen with telehealth payments is the lack of connectivity and integration to providers' native patient accounting and related patient billing processes," Truscott said. "What we've seen happening with these out-of-the-box integrations, which are generally not healthcare-specific, is that telehealth payments are happening on one platform. But healthcare providers are still running their point-of-service and back-office payments through a different ecosystem. So the revenue cycle, treasury and IT teams end up having to build separate processes around posting and reconciliation for telehealth payments, which has been a pretty big challenge."

Healthcare providers would be much better served relying on dedicated healthcare payment platforms, which consider healthcare payment challenges like insurance, copays and other complications.

IMPROVING TELEHEALTH PAYMENT EXPERIENCES

Ensuring that a payments system can handle the nuances of healthcare transactions is critical to creating a seamless and satisfying payment experience for patients, Truscott said. Patients want payments choice, transparent pricing and an easy transaction process, which are all only possible when using a dedicated payments system.

"We [need to] provide an incredibly high level of configurability," Truscott said. "We want to make sure that we're able to deploy our platform and solution wherever the patient would be needing to make that payment, whether that is through an integrated telehealth app, at the point of care using contactless payment types, through a billing statement delivered in a text message or in any other post-adjudication setting. Making sure that we're able to facilitate a transaction at any point across the revenue cycle [is] incredibly important."

This healthcare payment specialization will likely become more prevalent in the future as patients grow accustomed to telehealth appointments rather than traveling to their doctors' offices. Meeting patients' evolving payment preferences will be essential.

"I think we'll see a lot of telehealth providers really lean in to enabling more advanced payment integration," Truscott said. "In 2021, we saw roughly 200% growth in the healthcare consumer demand for text to pay when compared to 2019, and 350% growth in demand for popular peer-to-peer payment applications such as Venmo."

The pandemic is continuing on despite ebbs and flows, and telehealth will likely remain popular even when the health crisis finally draws to a close. Payments technology will need to be top-of-mind for healthcare providers continuing to offer these services.

Q&A

BHAVNA SHARMA

Director of U.S. partner acquisition

AMERICAN EXPRESS

Just 17% of patients leveraged telehealth services before the pandemic, yet 47% reported using such services for the first time after it began. How has this surge in popularity affected telehealth payments?

"The pandemic has brought on a number of challenges, yet it has also helped accelerate the need to adopt digital capabilities in our everyday lives. In particular, telehealth services within the healthcare industry became and continues to be an immensely popular, safe and convenient way to see a provider without leaving home. The pandemic [has] challenged doctors to find ways to perform services over video they assumed could only be done in person.

This surge in popularity and universal adoption by health systems opens up the question: Are telehealth services here to stay? If so, this opens up the need for healthcare providers to offer a digital — mobile — payments solution in a contactless environment. It will also be imperative that [providers] allow their patients to pay with their preferred payment method to remain competitive amongst their peers and meet patient demand."
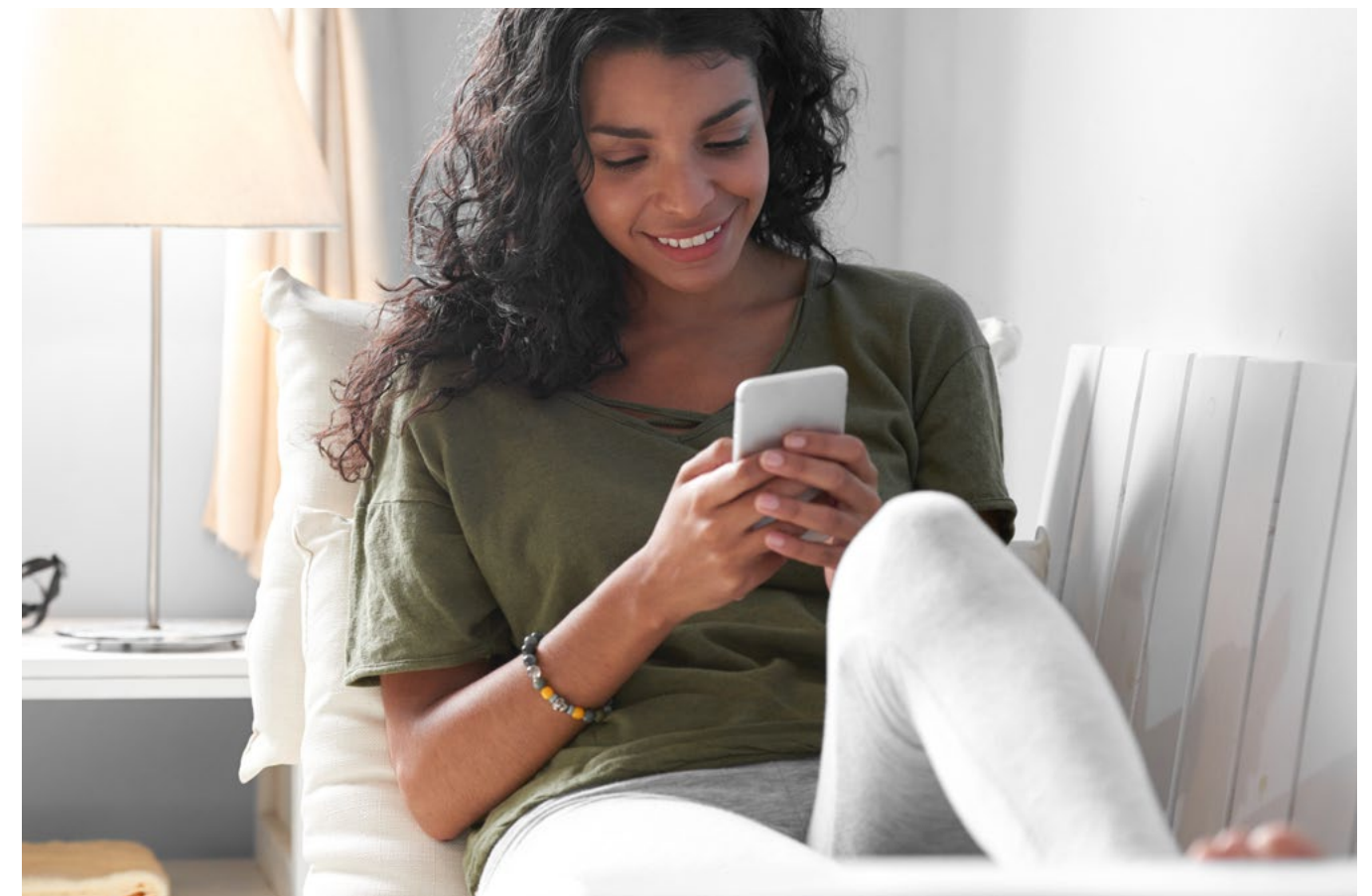
Meeting The **Payment Challenges Of Telehealth**

The pandemic rocked the healthcare industry to its core in ways that went beyond it being the largest public health crisis in more than a century. Patients flocked to telehealth in record numbers as stay-at-home recommendations went into effect and hospitals limited the availability of routine or voluntary procedures. A November 2021 study found that only 17% of patients leveraged telehealth services before the pandemic, but 47% reported using it for the first time since the health crisis began.

Payments became one of the major challenges of telehealth usage in the U.S. Healthcare providers not only began to offer more digital payments during the pandemic but also had to navigate myriad complexities around telehealth inherent in U.S. healthcare, such as insurance copays and variable reimbursement from federal assistance programs, including Medicare and Medicaid.

This month, PYMNTS explores the payment challenges facing the telehealth field and how telehealth providers and other players in the industry can adjust their payment practices to adapt.

TELEHEALTH'S PAYMENT COMPLICATIONS

More than half of consumers in a recent study reported that the pandemic affected how they pay healthcare providers, with digital channels playing a larger role. Contactless debit and credit cards, mobile wallets and online portals or bill payment were frequent choices, and 20% fewer patients reported paying at the provider's office.

Despite telemedicine's convenience during pandemic restrictions, however, cost and reimbursement issues — for both providers and consumers — have emerged as powerful challenges that need solutions to ensure the future of these services. One of the biggest points of contention for providers has been that Medicaid and Medicare have not reimbursed telehealth equivalently with on-site visits. Patients have also reported issues such as service limitations and difficulty accessing remote care. A 2021 survey found that patient satisfaction with telehealth services declined from

FIGURE 1:

Consumers' reasons for opting not to seek medical care

Share of consumers who did not make necessary healthcare appointments or abandoned needed treatment, citing their reasons why, by importance

Concerned about cost
20.5%
22.2%
42.7%

Could not afford the care or treatment
22.3%
17.8%
40.1%

Insurance would not cover the appointment or treatment
11.0%
15.1%
26.0%

Too busy to obtain care or treatment
10.9%
13.8%
24.7%

Did not trust that my insurance would cover the care or treatment
5.3%
12.3%
17.6%

Lacked transportation to obtain care or treatment
6.6%
7.9%
14.4%

Could not get to the clinic or facility during office hours
5.6%
8.5%
14.1%

Did not trust the provider to deliver the care or treatment
4.7%
7.0%
11.7%

Could not obtain timely information about what I would be required to pay to receive care or treatment
3.5%
7.3%
10.8%

Other
6.0%
1.4%
7.4%

■ **Most important reason**
■ **Important but not most important**
■ **Total**

Source: PYMNTS.com
Wellness And Affordability

2020, with patients citing limited services and lack of awareness of costs as the most frequent hurdles to access.

A recent PYMNTS study confirmed that costs continued to pose a barrier to consumers' telehealth access during the past 12 months. One-third of consumers reported opting out of necessary appointments or abandoning needed medical treatment, predominantly for cost-related reasons: 43% of those who opted out of visits were concerned about the cost, 40% said they could not afford the care or treatment and 26% said their insurance would not cover the visit.

HOW TELEHEALTH PROVIDERS CAN ADAPT THEIR PAYMENT PROTOCOLS

These issues have contributed to healthcare practices' revenue losses during the pandemic, so it is in providers' interest to deploy payment innovations that make telehealth access and bill payment easier and hassle-free for patients.

One of the most important steps to improving the payment process for telehealth services is to increase its transparency, as healthcare payments can quickly grow incredibly complicated when factoring in insurance, copays and federal aid. Patients have a variety of different preferences for when they wish to pay for medical appointments and procedures, for example, with 50% paying after the procedure, 20% paying during the visit and 18% paying before the visit. Only 30% of consumers in a recent PYMNTS study said they received cost estimates before treatments, but 89% said they would prefer to know the total bill and make a payment ahead of time.

Offering payment choice is also crucial for streamlining and improving the telehealth experience. The ability to pay for a visit quickly and through their preferred method was a "very" or "extremely" important factor for 57% of patients when determining whether they were satisfied with a healthcare experience, and 26% said they would

consider switching healthcare providers if an alternative provider offered a range of payment methods.

Another PYMNTS study found that enabling patients to make payments through a website and offering them payment plans could help providers retain the 22% of private practice patients and 13% of group practice patients who said they had difficulty paying their bills. Other PYMNTS data indicated that 47% of patients with out-of-pocket costs do not know if their healthcare providers offer affordable payment plans, but more than half of those who were aware of such options took their providers up on these offers. Affordable payment alternatives were in high demand, with 45% of all patients saying they would be interested in using these payment plans in the future, and 41% of users said these options helped them with their other bills and expenses as well.

Healthcare payments in the U.S. are complicated in the best of times, and a shift to telehealth amid an unprecedented medical crisis has made them even more challenging. Offering payment transparency and choice, including affordable payment plans, could be a crucial step toward reducing the barriers to care and keeping patients coming back, both virtually and in person.

NEWS & TRENDS

TELEHEALTH **PAYMENTS**

STUDY FINDS UNCERTAINTY ABOUT THE TELEHEALTH INDUSTRY'S POST-PANDEMIC FUTURE

The use of telehealth among both patients and doctors has boomed during the past two years, driven by the public health crisis and the need for social distancing. The industry's post-pandemic future is in doubt, however, with a recent study showing that more than 63% of respondents wanted no or very few doctor appointments via video. Twenty-three percent of reluctant respondents changed their minds when offered a lower cost for a remote visit versus an in-person one, however.

Preferences for telehealth appointments versus in-person visits varied by demographics as well. Forty-nine percent of African American respondents and 58% of Latino respondents preferred in-person visits, as did 56% of respondents living in rural areas or small towns.
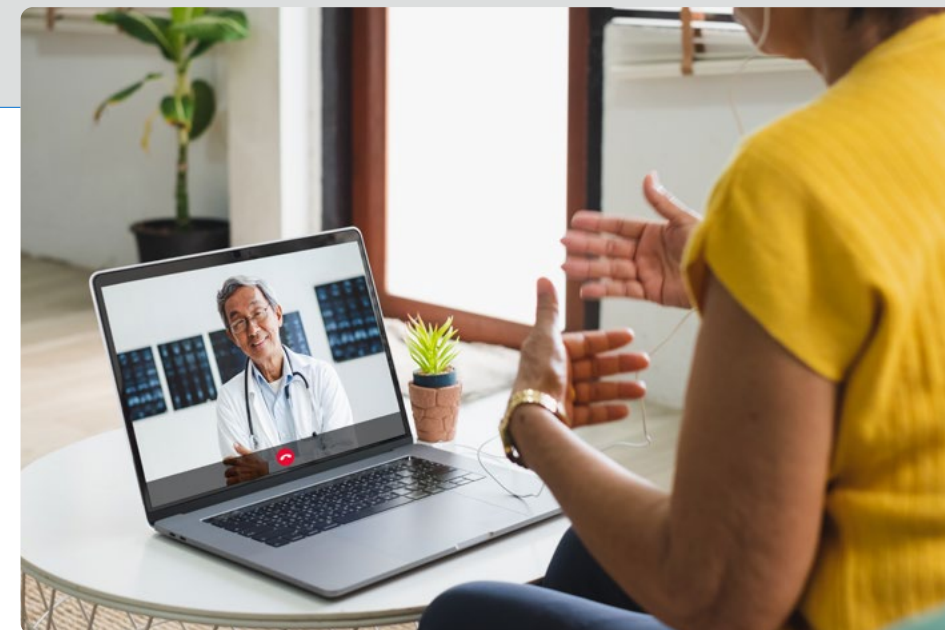
31% OF OLDER AMERICANS ARE UNSURE OF TELEHEALTH'S EFFECTIVENESS, SURVEY SHOWS

Reluctance to continue using telehealth can also be attributed to general hesitancy about the services' efficacy, according to a new survey. Thirty-one percent of older Americans said they had concerns about how well telehealth services could provide effective healthcare, with 29% worried about not having a personal relationship with their doctor, 17% concerned about the security of their health information and 16% encountering technical issues. This last concern was especially pronounced among patients older than 65 or those who lacked college degrees.

Respondents also expressed potential ways to help alleviate these concerns, with 69% saying that having a prior relationship with a doctor would help, while 55% said being able to exchange direct messages with their physicians could improve the process.

VIRTUAL HEALTHCARE CAN SIGNIFICANTLY REDUCE PATIENT COSTS PER VISIT, STUDY FINDS

Patients may not prefer telehealth services unless the prices are lower, but fortunately, this does seem to be the case compared to in-person visits, according to a recent study. The average visit for a non-urgent health issue cost $93 less when conducted virtually, while a specialist cost $120 less and urgent care cost up to $141 less per visit. Telehealth visits also reduced the frequency of lab tests, which are often unnecessary, leading to an average of $118 in savings.

Telehealth had several advantages over traditional visits outside of cost alone. Patients who leveraged telehealth options had 19% fewer emergency room and urgent care visits than others, likely because the barrier for a doctor's appointment was lower and they could catch potentially dangerous conditions early. Virtual visits also necessitated 11% fewer follow-up visits.

DIGITAL PAYMENTS TRENDS

THREE IN FIVE UK BUSINESSES FACE LATE PAYMENTS, RESULTING IN CASH FLOW ISSUES

One of the perennial challenges in business-to-business (B2B) transactions is late payments, and these delays can quickly manifest into downstream cash flow complications. A recent study found that 58% of small businesses in the United Kingdom are awaiting late payments, with this number quickly shooting up to 94% for mid-sized firms. These late payments often result in cash flow instability, the study reported, preventing firms from paying staff on time, acquiring inventory or investing in improved business practices. Late payments and the problems they cause have also led owners of these small to mid-sized businesses to face personal challenges, with 39% reporting mental stress and 27% citing damaged interpersonal relationships.

73% OF BUSINESSES ARE TRANSITIONING TO DIGITAL B2B PAYMENTS, ACCORDING TO SURVEY

Payment delays are a large part of why most businesses are moving away from paper checks. A recent survey found that 73% of organizations are transitioning their B2B payments to digital transactions, although this process is slow going. Currently, 92% of businesses leverage paper checks and 87% use automated clearing house credit for incoming payments, with slightly fewer organizations using these methods for outgoing transactions. This shift to digital payments accelerated as the pandemic progressed, according to the study.

Payment delays are just one reason for this digital shift, with many businesses seeking to reduce costs as well. Though data on the expenses of real-time payments is currently scarce, the study confirmed that processing paper payments continues to cost significantly more than processing digital payments.

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