

E-Commerce Strategy Offers Patient-Friendly Options

When ValleyCare Health System began offering paperless billing, flexible payment options, and a new patient engagement strategy, cash flow increased and patient satisfaction improved.

In 2014, ValleyCare Health System in Livermore, Calif., introduced e-commerce options for patient payments. In just four months, the percentage of patients paying their bills online increased sharply—from 26 percent in April 2014 to 41 percent in July of that year. Online total payment volume increased by 47 percent within eight months of the e-commerce launch. In addition, paper and postage expenses decreased as patients opted to forego paper statements.

“This is a whole different mindset for healthcare, but people—especially millennials—are used to this in every other industry,” says Cindy Rudow, a revenue cycle executive and former patient financial services (PFS) director at ValleyCare.

E-Commerce to the Rescue

ValleyCare, which recently merged with Stanford Health Care, was a small independent system when Rudow began exploring e-commerce options in 2013. She was seeking solutions to several challenges:

- Hospital bills had become a topic of discussion among board members, with some advocating for summary statements while others preferred detailed statements: ValleyCare’s CFO requested a solution that would please both camps.
- PFS was asked to reduce its budget by about \$30,000 per month.
- The hospital identified improving patient satisfaction with the billing process as a priority.
- Any decrease in patient collections could not be tolerated.

Beginning in April 2014, ValleyCare introduced an integrated billing and collections platform that makes it easier for patients to know what they owe and how to pay.

ValleyCare has offered online bill payments since 2008, but bill payment was not linked to patient statements. “Patients could go to our website and make a payment but they had to fill in a lot of the fields, which could cause user errors,” Rudow says. “Now, all the fields are auto-populated.”

Proactive Patient Engagement

The hallmark of its e-commerce strategy is a proactive approach to patient engagement. Instead of waiting until insurance claims are paid, which may take 60 days or more, ValleyCare's e-commerce vendor contacts patients within seven days after services are provided. The contact is made by mailed letters, e-mails, or text messages, depending on patients' preferences.

"We are making that positive contact—'Mr. Patient, we have billed your insurance for these services. If this is not correct, call us. Otherwise, you won't hear from us again until your insurance is paid,'" Rudow says.

When the insurer pays ValleyCare, patients receive a second communication from the e-commerce vendor, notifying them about what they owe and about their payment options.

Statements, Summaries, and Details

Like most hospitals, ValleyCare traditionally had provided patients with summary statements, knowing that detailed statements often confuse patients and trigger time-consuming telephone calls. Detailed statements were always upon patient request.

Now, when the e-commerce vendor makes initial contacts with patients, summary statements are provided and patients are notified about how to access detailed statements. "They have an option to get the detailed statement online," Rudow says. This provides a value-added benefit for the small subset of patients who want a detailed statement without the expense associated with sending a detailed statement to every patient.

Patients can access, via a secure connection, their statements and bill-paying options from their smartphones or tablets. That patient friendly feature has proved to be popular:

- About 16 percent of all ValleyCare's patient payments are being made via a mobile device.
- Nearly 10 percent of all patient payments are being made via a smart phone.

Collection Costs

Traditionally, ValleyCare patients—both self-pay and those that owed a balance after insurance—received two patient statements before accounts were referred to an early-out vendor for soft collections. About 35 percent of patient accounts were referred for soft collection, and ValleyCare paid 7.5 percent for all money collected.

When it adopted an e-commerce approach, ValleyCare discontinued soft collections. The cost of the e-commerce service is less than the fees charged by the early-out vendor for soft collection, which is how the health system saves money via e-commerce.

“We’re spending between \$20,000 and \$30,000 less per month to collect from patients, and we’re actually on track or a little bit ahead with patient collections,” Rudow says. “Plus we’re not spending as much on printing statements and postage as more and more people opt in for the electronic communication.”

Paper Reductions

Patients are asked to opt in to receive paperless receipts and/or electronic statements during the registration process. Patients appreciate the option, says Rudow.

- To date, more than 50 percent of patients have provided e-mail addresses to ValleyCare to receive electronic communications from the health system.
- More than 50 percent of the e-mails being sent to patients each month are being opened.
- About 18 percent of patients who receive their bills by e-mail immediately access the site to pay their bills.
- Between 13 and 15 percent of online payments each month are in direct response to the e-mails.

Payment Plans

Traditionally, ValleyCare did not routinely offer payment plans although it would allow patients to pay their bills over time if they called the office to request such options. Now the payment plan terms are loaded into the e-commerce software. PFS staff can use the software to set up payment plans—or patients can do so on their own.

“Now they can do it themselves 24/7, and they don’t have to be embarrassed [about telling a staff person] that they cannot pay in full right away,” Rudow says. “We are empowering our patients to handle their bills.”

In the first eight months, more than 500 patients established payment plans—and nearly half of those patients used the self-service option.

When the payment plans became available, Rudow enlisted some clinical leaders to promote the option to their patients. She learned from the director of the hospital’s obstetrical program that many young couples had been asking for payment plans.

“The millennials expect this kind of option, but I didn’t even realize that she was getting that request from them,” Rudow says.

What Patients Say

Nearly 80 percent of respondents to a survey conducted by ValleyCare’s e-commerce vendor said they would recommend ValleyCare based on their billing experience.

“I’ve been in the PFS world for 24 years, and I’ve never received a thank-you note for a bill—ever,” Rudow says. “But the comments that we are getting through the short survey at the end of the bill-pay process are very positive. And this is that last impression that the patient has with the whole experience of ValleyCare, so that is another positive that we were very surprised to see.”

Lessons Learned

The savings and costs associated with e-commerce must be tracked carefully to allow for valid comparisons with previous processes. In ValleyCare’s case, its e-commerce vendor sends its bill to Rudow, but its previous credit-card processing company billed the finance department, so Rudow was unaware of those charges. “The e-commerce system looked like an additional expense until we realized that we needed to offset it against what we were paying to the payment-processing company previously,” she says.

Other takeaways from ValleyCare’s experience include the following:

Train PFS staff about e-commerce features, benefits, and processes. “You can put these cool tools in, but if you don’t have the frontlines engaged and excited about it, it’s going to be hard to be successful,” Rudow says.

View self-service offerings as key performance indicators that should be monitored for continual improvement. Success requires easy-to-understand bills and convenient payment options, and success metrics include patient satisfaction and collection costs.

E-commerce does not automatically decrease staffing levels. Rudow expected that the online payment options would decrease the volume of incoming phone calls immediately but that did not happen. Some patients are uncomfortable giving credit card information online so they still called PFS to make payment arrangements.

ValleyCare is piloting an interactive voice response system that addresses those patients’ concerns but limits the manual processing of credit card payments made over the telephone.

Patient Satisfaction with the Billing Process

Through early communication with patients about their financial responsibilities and flexible online payment and payment plan arrangements, ValleyCare is encouraging quicker patient payments and improving patient satisfaction.

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Lola Butcher is a freelance writer and editor based in Missouri.

Interviewed for this article: [Cindy Rudow](#), FHFMA, is a revenue cycle executive and former director, patient financial services, at ValleyCare Health Systems, Livermore, Calif., and a member of HFMA's Northern California Chapter.

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