

2021

# Healthcare Consumer Experience Study



# About Cedar



Cedar is committed to improving the healthcare billing experience for all. We're the only complete solution that connects providers and payers, reducing friction so they can focus on helping healthcare consumers. For Cedar clients, this leads to more revenue, fewer headaches and happier patients.

To learn more about why leading U.S. healthcare organizations trust Cedar to manage payments and create a personalized financial experience for consumers, visit [www.cedar.com](http://www.cedar.com).



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# Methodology

**1,506**  
consumer  
respondents

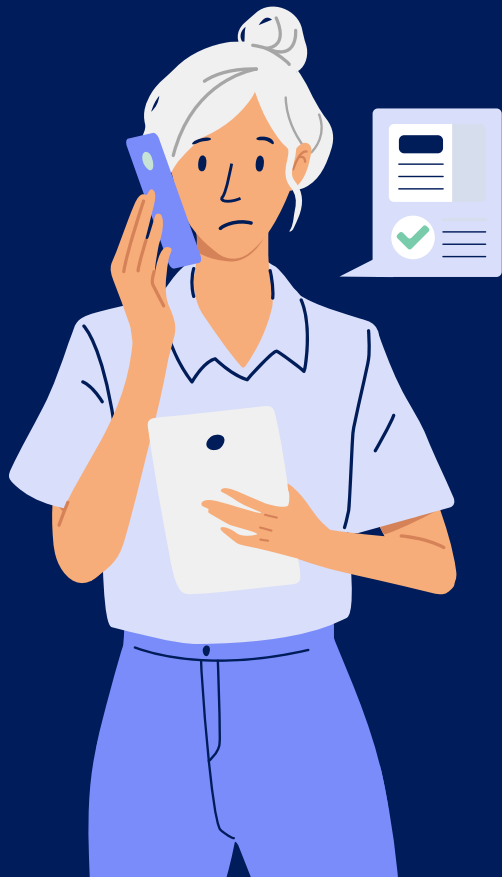
**26+**  
age of  
respondents

**100%**  
paid a medical bill in  
the last 12 months

The 2021 Healthcare Consumer Study was commissioned by Cedar and conducted by EI Studios, the custom division of The Economist Group, to identify top trends and pain points across the consumer financial and digital experience in healthcare. The survey was conducted online in September and October 2021 among 1,506 U.S. consumers, aged 26 years or older, and designed to ensure a balanced sample against standard census criteria (gender, age, etc.). All respondents visited, for themselves or for a dependent, a doctor or hospital at least once over the last 12 months, and are responsible for healthcare decisions and paying the bill.



# Introduction



31%

of consumers are not satisfied with the coordination between their healthcare provider and payer

U.S. healthcare is hardly immune to the steady march of digital innovation overtaking almost all sectors and industries. While the focus during the past two years has been on COVID-19 protocols such as automation and touchless safety measures, patient engagement and payment solutions are in huge demand to help solve the enigma of medical bills. As digitization and ease of use have become ubiquitous in industries such as retail and finance, consumers are demanding similar protocols from healthcare providers and payers (insurers). **High on the list of demands: better explanations of bills, improved communication between provider and payer, accurate accounting of out-of-pockets costs and consumer-friendly payment methods.** Increasingly, what constitutes a good healthcare ▶



outcome for consumers isn't based solely on the clinical experience. Accuracy, clear explanation of billing and ease of payment are just as important.

"Historically healthcare, and the various systems involved, have looked at the patient experience independently," says **Jeff Logan, group vice president of Patient and Market Experience at Providence.** "But customers look at them in totality. What was my experience overall, both from a physical and financial health standpoint? To have a good experience, those components have to come together to serve our patients in a more meaningful way."

This year's survey shows that although consumers appreciate how providers made technological strides with new pandemic protocols that ensure safe and touchless experiences, they're still clamoring for similar advances on the financial end with **better billing and payment solutions.** Nearly 60% of survey respondents say their healthcare provider has introduced new technology that facilitates social distancing (e.g., touchless ▶

# 60%

of respondents say their healthcare provider has introduced new technology that facilitates social distancing as a result of the COVID-19 pandemic



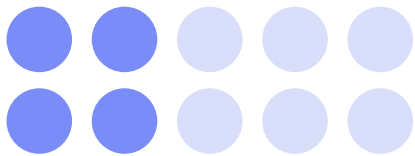
paperwork, no waiting room, telemedicine) as a result of the COVID-19 pandemic. And more than three-quarters of respondents are satisfied with the overall interactions they have with healthcare providers and staff.

However, when looking specifically at the financial experience, 4 in 10 (40%) are not satisfied with provider billing. In dealing with payers, another almost 40% report that when inquiring about a bill, they are dissatisfied in their interactions with their payer.

Compounding this frustration is the lack of dialogue between payers and providers. Roughly one-third (31%) of respondents are not satisfied with the coordination between their healthcare provider and payer. Consumers often communicate separately with their providers and payers, and providers and payers rarely talk with one another about a consumer's plan of care. This lack of alignment, combined with the fragmented nature of healthcare, leaves consumers sometimes feeling helpless. They're stuck in the middle between two powerful entities unwilling to communicate.

"There's a Balkanized nature to healthcare in America, with no single source of truth," says **Mac Boyter**, research director at ▶

#### CONSUMERS ARE NOT HAPPY WITH THE FINANCIAL EXPERIENCE IN HEALTHCARE



**4 in 10**

of consumers are not satisfied with provider billing



**39%**

of consumers are not satisfied in their interactions with their payer when inquiring about a bill



healthcare consultancy KLAS Research. “It creates huge amounts of confusion and churn that then gets passed on to the patient. What’s really tough about this is that these are human beings who are already in a vulnerable place and now have the onerous task of figuring out how to pay their bills.”

The common theme is better communication around healthcare bills. As providers marshalled resources to fight the pandemic and created new ways to see patients, they propelled certain technological processes into the mainstream, such as telehealth and contactless check-in. Even though the public health crisis motivated an increase in investments to digitize healthcare, providers and payers are still in the early stages of adoption. Yet it’s clear that consumers are growing impatient, and willing to shop around for a better experience. More than one-third (35%) of survey respondents say they have changed (or would change) healthcare providers to get a better digital patient administrative experience. And one-third (33%) have changed or would change payers to get a better digital member experience.

Personal finances of consumers, as well as the ability to plan and budget, may also play a role in their frustration and willingness ▶

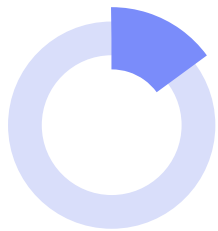


“There’s a Balkanized nature to healthcare in America, with no single source of truth. It creates huge amounts of confusion that then gets passed on to the patient.”

Mac Boyter  
Research Director  
KLAS Research







**15%**  
say they would not be able to pay out-of-pocket  
for an unexpected healthcare cost



**56%**  
say healthcare costs  
have increased over  
the past five years



**77%**  
are worried about rising  
expenditures over the  
next five years

to shop around: 15% say they would not be able to pay out-of-pocket for an unexpected healthcare cost. What's more, for 56%, healthcare costs have increased over the past five years, and 77% are worried about rising expenditures over the next five years.

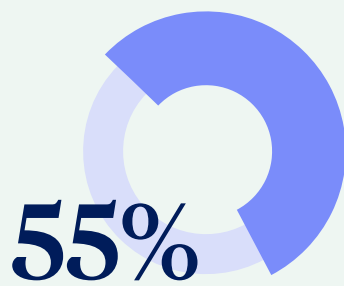
"If people could plan ahead for their expenses, so they know what they are about to incur, everybody would be better off," says **David Lubarsky, vice chancellor and CEO of UC Davis Health**. "The provider would have a prior agreement with their patient about how they're going to pay for their portion of the bill. The patient would know exactly what they owe before they get started. The idea is to be able to provide an assurance that patient out-of-pocket expenses will be whatever you say they're going to be. Federal regulations like the No Surprises Act coming online are a good first start to getting patients a good faith out-of-pocket estimate. We provide our patients with estimates for non-covered as well as other patient liabilities, and having financial conversations with our patients, prior to service, allows us to bring a range of payment plans and other services to the fore, to ensure the patient is not financially harmed in the provision of necessary medical care." •



# Medical bills continue to be a source of anxiety, mystery and frustration for consumers



of consumers find it stressful to reconcile a bill issue with their payer



of consumers find it stressful paying a healthcare bill

More than half (55%) of those surveyed find it stressful paying a healthcare bill, understanding their plan's coverage and benefits (53%) or comprehending what they owe (53%). And 59% find it stressful reconciling a bill issue with their payer.

"It really comes down to the way that people build their mental models and how they set expectations for how something should work," says **Stacy Byers**, vice president of Customer Experience at Highmark Health. "If I show you a triangle and then a circle, and then a triangle and a circle, you expect a triangle. But what healthcare does is stick in a square. So you say, 'Wait a minute, that doesn't work how I expected it to work. It doesn't work how other payment processes work in the rest of my life,' and people lose confidence ▶



in their ability to understand the patterns. They feel overwhelmed that they can't navigate the system."

Complications and unknown factors when treating a patient have historically been the wrench in estimating costs and out-of-pocket expenses for consumers. Add to that a hierarchy of stakeholders—providers, payers, policymakers, employers and patients—making it difficult to discern who pays what, and how much the consumer owes. Beginning in January 2022, the No Surprises Act will take effect which, among other things, prohibits surprise billing for emergency services.

Regulatory intervention, however well-intentioned, sometimes misses the mark. For example, the 2021 [Hospital Price Transparency](#) rule requires hospitals to post pricing information online in an attempt to help patients estimate and compare costs of services. Critics argue that the costs listed allow payers to compare charges for procedures at various providers, but don't accurately ▶

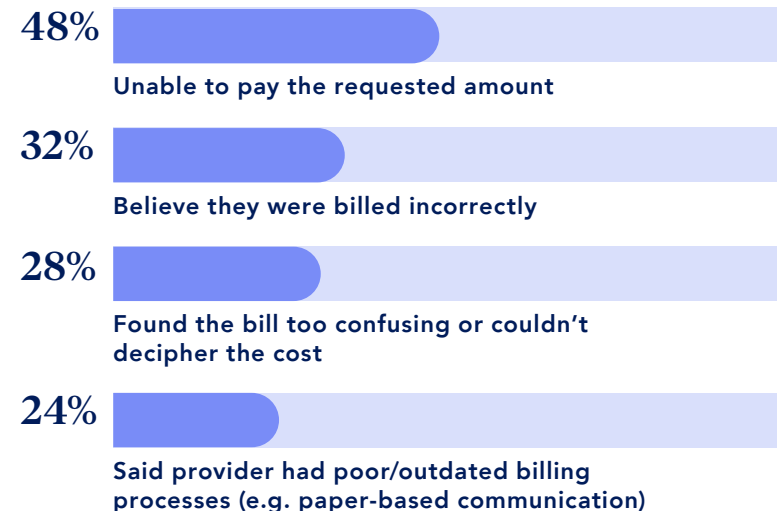


**BEGINNING IN JANUARY 2022**

**No Surprises Act:**

Prohibits surprise billing when seeking emergency services or certain services from out-of-network providers at in-network facilities, among other things

**REASONS WHY MEDICAL BILL WENT INTO COLLECTIONS:**





**“It’s about making the payment process easy so it doesn’t fall off the radar.”**

**Doug Watson**  
Senior Vice President and CFO  
UnityPoint Health

reveal the price a patient is ultimately likely to pay. What’s more, it’s unclear how many hospitals are following the rule: As of September 2021, [Bloomberg Law](#) reported that Centers for Medicare & Medicaid Services had sent warning letters to nearly 300 hospitals for noncompliance.

Addressing errors could also prevent bills from having to go to a collection agency. **Of the 19% of respondents who had their medical bills go into collections, nearly one-third said it was due to billing mistakes, followed by invoice confusion (28%) and outdated billing processes (24%).** This highlights, yet again, the significance of providing dignity to consumers by correcting errors and exercising empathy as they navigate a confusing billing maze. **A majority (62%) of consumers would take advantage of financing options or creative payment plans if they were available for large bill amounts—led by 71% of millennials.** In fact, payment flexibility is particularly important for millennials, who are more likely than older generations to have had a medical ▶



## BEFORE SCHEDULING AN APPOINTMENT



**45%**

of consumers would like to see changes and clarity around which services are authorized by their health plan



**42%**

of consumers would like to see increased transparency around expected out-of-pocket costs

bill go into collections because they were unable to pay the requested amount.

“If the bill or process is difficult for people to understand, some will just check out,” says **Doug Watson, senior vice president and CFO of UnityPoint Health**. “A certain number of others will intend to pay it, but never actually get around to it. Whereas, if you make it easy with a click of a button, people are happy to pay as long as they had a good experience with their care. It’s about making the payment process easy so it doesn’t fall off the radar.” •

There’s no doubt about what consumers crave: **knowing and understanding the final cost**

### COMPARED TO 2020:



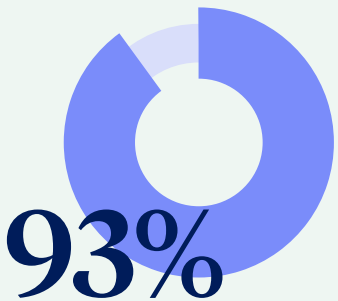
One-quarter (**25%**) desire better ways to get their questions answered faster



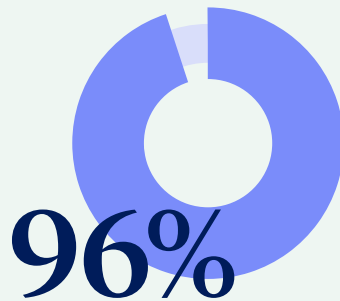
One-third (**33%**) still want greater clarity on what they owe and why, including insurance coverage and denials



# Loyalty and repeat business depend on follow-up interactions involving payment



of consumers say the quality of the financial experience is an important factor in their decision to return to a healthcare provider



of consumers say the quality of the financial experience is an important factor in their satisfaction with their payer

More than 90% of respondents say that the quality of the billing and payment experience—in terms of simplified explanations, consolidated bills that match one’s health plan benefits, clear language displaying patient liability and payment options—is an important factor in whether a consumer will return to the healthcare provider. And consumers overwhelmingly (96%) say it’s an important factor in the overall satisfaction with the payer. What’s more, one-quarter (26%) have left a negative review to express their dissatisfaction with a provider around unexpected costs or a frustrating bill process.

The main driver of dissatisfaction in the billing and payment experience is a lack of clarity, ▶



especially in communications around the explanation of benefits or bills. Around the same percentage of respondents who are not satisfied with the clarity of communications from their healthcare provider (37%) feel similarly about the intelligibility of explanation of benefits from their payer (36%). Part of the reason for this discontent may have to do with the lag time in billing.

“If you have a procedure, and you don’t get the bill until months afterward, you’ve forgotten some of the particulars and have to dig through the details to make sense of it before you send over a check for, in some cases, several thousands of dollars,” says **Maxwell Kagan, vice president of Finance and CFO at Wellstar Medical Group.**

In fact, 34% of respondents are not satisfied with the timeliness of communications regarding the explanation of benefits from their payer—and the same number (34%) are not satisfied with the alignment between their healthcare bill and the explanation of benefits.

#### MAIN DRIVERS OF CONSUMER DISSATISFACTION WITH THE BILLING AND PAYMENT EXPERIENCE



**37%**  
clarity of communications  
from their healthcare  
provider



**36%**  
intelligibility of  
the explanation  
of benefits

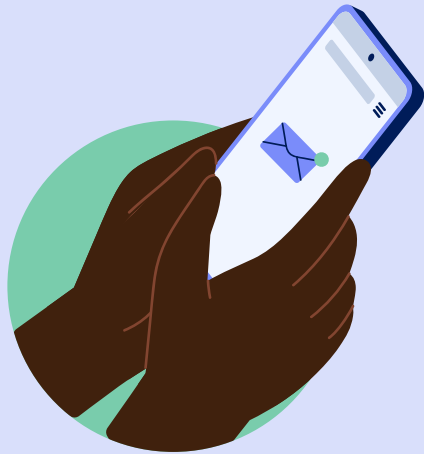


**34%**  
timeliness of  
communications regarding  
the explanation of benefits  
from their payer



**34%**  
alignment between  
their healthcare bill  
and the explanation  
of benefits





## COMMUNICATION PREFERENCES

### TELEPHONE:

**69%**

Boomers+

**54%**

Millennials / Gen X

### EMAIL:

**31%**

Boomers+

**47%**

Millennials / Gen X

In addition to greater simplification and clarification of the bill, providers and payers may be more successful in securing payment by diversifying how they communicate with consumers and accept payment. Phone and email are the most preferred means of communicating with a healthcare provider, regardless of age. However, baby boomers and older generations are significantly more likely to prefer communicating over the phone (69% vs. 54% of millennials/Gen Xers), while younger cohorts prefer email (47% vs. 31% of boomers+).

Billing, too, does not have to take only one form. Payment options can run the gamut—allowing consumers to use the channels and payment methods that are most comfortable and convenient for them. Nearly two-thirds of people (64%) say that when communicating or paying bills, it's important to be able to customize their experience with their healthcare provider.

It's no surprise that digital options are a continuing desire among consumers who are increasingly reliant on ▶





technology for ease and convenience. Nearly six in 10 (57%) consumers say they are more likely to recommend a provider who offers a great digital experience.

This digital demand also includes insurance approval and payment processes. For instance, 3 in 10 (32%) want the ability to complete online the prior authorization process with their payer; 30% want an easier process to reconcile payment issues online; and one-quarter (25%) want an easier method to pay their premiums online.

In the administrative process offered by healthcare providers, more than half (56%) of respondents would prefer a digital payment option, or to pay through a patient portal; 37% want simplified online payment processes for medical bills; and 20% want options to use more consumer-friendly payment options, such as Apple Pay or text messaging, to pay for medical bills.

Going digital doesn't mean keeping technology in a silo. Rather, it's about connecting capabilities for a seamless ▶

#### WHAT CONSUMERS HAVE ON THEIR FINANCIAL EXPERIENCE WISH LIST:

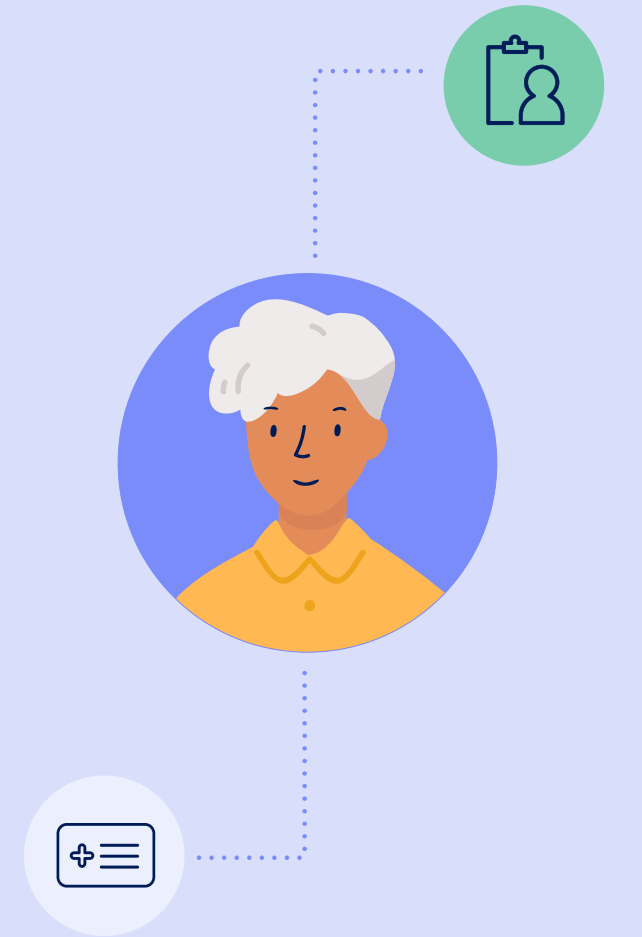
- ✓ **64%** want to be able to customize their experience with their provider as to how they pay their bills or communicate
- ✓ **56%** want a digital payment option or to pay through a patient portal
- ✓ **32%** want the ability to complete online the prior authorization process with their payer
- ✓ **30%** want an easier process to reconcile payment issues online with their payer
- ✓ **25%** want an easier method to pay premiums online with their payer



experience for the consumer whenever possible. Banking, for instance, isn't separated into "digital" or "brick and mortar." Neither is retail. Banking or shopping can be accomplished multiple ways: in-store, through a website or by phone.

"Our industry has long held onto functional silos," says **Stacy Byers of Highmark Health**. "It's one of the reasons we've struggled to develop connected, customer-first digital experiences. Each has its own business rules and regulations they have to meet, and the customer is very much in the middle. The more we can do to bring those experiences together, the more seamless it will be for customers."

Adds **David Lubarsky of UC Davis Health**: "The fact that you're doing something good for consumers, but you end up being paid more by them—and you still have happier customers—is counterintuitive." Doing right by the consumer can indeed yield greater earnings for providers and hospitals. ●

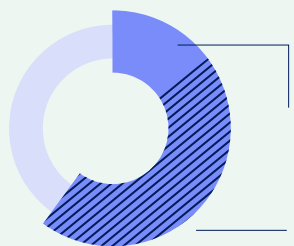


**"Our industry has long held onto functional silos"**

**Stacy Byers**  
Vice President of Customer Experience  
Highmark Health



# Improving billing transparency would be beneficial to both consumers and healthcare providers



Of the **58%** of consumers who have tried to obtain out-of-pocket costs ahead of receiving care, **40%** said the information was difficult to find or even inaccurate

Healthcare providers have come a long way with technological upgrades to their front-end operations, but there's room for improvement in communicating out-of-pocket costs. Nearly 90% of consumers would find it at least "somewhat useful" if their healthcare provider posted pricing information on their website around expected out-of-pocket costs, such as copay and coinsurance. Yet only one in three consumers say their healthcare provider offers this "most of the time" or "always."

Improving transparency would go a long way in building trust and confidence with consumers. If a healthcare provider offered the option to generate out-of-pocket costs online for specific services, six in 10 (63%) say they would likely use it. In fact, more than half (56%) say they wish ▶



they were able to pay a guaranteed out-of-pocket price prior to receiving care, or at the point of service.

And consumers welcome useful and timely information in one place: Nearly two-thirds of people (65%) wish they could view real-time benefits information, such as the amount of the remaining deductible, in the same place as their provider bill.

Helping consumers obtain pricing information around expected out-of-pocket costs may be key to faster payment collection. More than three-quarters of respondents (79%) are willing to pay for the out-of-pocket cost prior to, or at the time of the visit, if given a guaranteed price. And nearly one-third of people (32%) want a better understanding of what they owe *before* a procedure or visit.

**YOUNGER GENERATIONS ARE MORE WILLING TO PAY A GUARANTEED OUT-OF-POCKET PRICE PRIOR TO OR AT THE TIME OF VISIT:**



**87%**

Millennials  
(ages 26 through 40)



**80%**

Gen Xers  
(ages 41 through 56)



**70%**

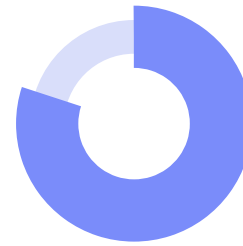
Boomers+  
(ages 57 and older)



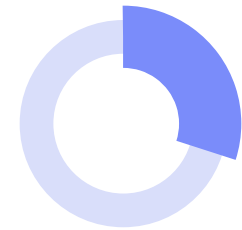
Conversely, 37% simply won't pay a bill if they cannot understand the administrative experience—that's more than triple the number of people as last year. This highlights yet again the need for clarity and transparency: **if consumers don't understand their bill, or cannot get clarification about it, more are likely to just ignore the bill.**

"Everybody thinks the patient is trying to get out of paying, but they actually want to pay," says **Maxwell Kagan of Wellstar Medical Group**. "What we owe them is the correct amount. We need to build processes, technology and programs with the thought in mind that patients want to pay for their services. But they want to pay the correct amount, and they want different options for how they can pay for them." •

#### NO SURPRISES, PLEASE!



**79%**  
are willing to pay for the out-of-pocket costs prior to, or at the time of, the visit



**32%**  
want a better understanding of what they owe before a procedure or visit



**63%**  
would likely generate out-of-pocket online costs for specific services if offered by their healthcare provider



**65%**  
wish they could view real-time benefits information in the same place as their provider bill



# Recommendations and insights from industry leaders



## Seek cooperation and reduce friction

Bringing together payers  
and providers will improve  
outcomes for everyone

“Get all parties to participate and investigate ways to come together and simplify as much as we can. It’s the right thing to do. We’ve all been patients, and we know what it’s like to be in a situation when recovering from an injury or some sort of medical event. When we add to that the uncertainty and stress about what you will owe or how you can potentially pay for the care you have received, it becomes even more straining or difficult. It’s just not a very pleasant experience. The right thing to do is to work together and make it easy for patients.”

**Doug Watson**  
Senior Vice President, CFO  
UnityPoint Health





## Don't compromise quality

Improving the billing experience doesn't have to come at the expense of care

"The goal, ultimately, is patient care. How do we improve the patient outcome? How do we deliver better quality care, faster, more efficiently, more effectively? That is absolutely the priority. That said, providers have to pay the bills. The other priority has to be, how can we do both? Where digital transformation is most valuable is when we have a confluence of those two factors—when improving the patient outcome and experience coincides with improving the revenue generation and collections."

**Mac Boyter**  
Research Director  
KLAS Research



## Learn and evolve

Be flexible and prepare to shift strategies as you learn more about consumer behavior

"Early on, we concluded that if we put the costs of services out there, people would use it to shop around. But we found quickly that consumers don't care about the charges. They want to know their out-of-pocket costs. Understanding consumer behavior and what motivates people helps us make better decisions about where we spend our time and money to drive change."

**Stacy Byers**  
Vice President of Customer Experience  
Highmark Health



## Seek strategic digital partnerships

Recognize the value of connected capabilities and prudent digital investments

“The whole goal is to provide a much more personalized, engaging and convenient patient financial experience when it comes to helping our patients and their families understand what their bill is, what their obligation is and allow a convenient way for customers to pay and settle their bills. We’re taking inspiration from organizations that have really learned how to communicate effectively with customers, in a way that resonates with them and demystifies the process.”

**Jeff Logan**  
Group Vice President,  
Patient and Market Experience  
Providence



## Take the long view

Implementing innovative technologies can feel slow, but the investment can yield incremental gains over time for the revenue cycle

“If you go back five years, think about where you were, and think about where you are now. Sometimes you can’t believe it. But if you go back a year, sometimes we’re a little disappointed. I really wanted to accomplish ‘X’ in the new year and didn’t. But I made incremental progress toward something that’s going to be fantastic in five years. So for things like the patient experience with paying bills—whether it’s digital healthcare or rules and regulations—we overestimate what we can accomplish in the next year. But we’re going to underestimate the progress we can make in the next five. Eventually we’ll have breakthroughs that are going to result in wins for everybody.”

**Maxwell Kagan**  
Vice President of Finance, CFO  
Wellstar Medical Group







## Empower consumers

Provide clarity and a sense of ownership over the financial experience

“There’s an incredible opportunity going forward for patients to own their medical records, delivered in [plain] English. That’s the next stage. First you have your MRI, and then you wait a week for someone to interpret it for you. Really? That interpretation is pretty much available, and with the 21st Century Cures Act, we’re releasing all patient records within 24 hours. The healthcare industry really needs to start thinking about providing things in a more timely fashion to our patients, and in a way they can understand. There’s also a great opportunity to enhance care when you have people’s attention in terms of the payment. You could add information on the bill about when their next follow-up should be, or post-procedure care. There are all these opportunities to enhance care in a way that is patient-focused.”

**David Lubarsky**  
Vice Chancellor, CEO  
UC Davis Health



# Conclusion



This study is Cedar's third annual analysis of the consumer healthcare experience with billing and payment. As the industry continues to transform for the digital age, it's clear that the billing demands of consumers need to take center stage. Consumers are clamoring for greater explanation and fewer surprises from their medical bills.

This survey data highlights the immense opportunity for providers and payers to work together to end the frustration and anxiety created by current billing methods. By fostering consumer loyalty and improved financial outcomes, the organizations willing to collaborate will yield tremendous benefits in the long-term. Allowing consumers to fully understand their bills, and budget better for medical expenses, is a win for the entire industry—and above all, for consumers.



