

Cracking the millennial mindset

Understanding and optimizing the financial
engagement behavior of millennial patients



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About Cedar

Cedar is a healthcare financial engagement platform for hospitals, health systems and medical groups that clarifies and simplifies the financial experience for patients, improving bill resolution and payment outcomes for providers.

Recently recognized as a leading solution provider in the patient financial experience space by KLAS Research, Cedar facilitates patient-centric financial engagement across the care journey. To learn more, visit www.cedar.com.

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By understanding different millennial behavior patterns, healthcare providers can better serve this unique patient population. Solving billing issues for this tricky patient group is a crucial component in improving the overall financial journey for all patients, in turn benefitting the hospitals, health systems and physician groups providing care.

Part 1

Why engaging with millennials matters in healthcare

In 2019, millennials¹ **surpassed** baby boomers² as the largest adult generation in the U.S., encompassing over 72 million people. Consequently, their relative social weight cannot be overstated, and their influence is becoming increasingly decisive with population growth estimates projecting a peak in 2033 at 74.9 million.

Now **more than half of all Americans are millennials or younger**—and that’s a big reason why we chose to focus on millennials in our latest human-centered design research



72 million

Americans are millennials



50.7%

of all Americans are millennials or younger

¹Those born between 1981 and 1996

²Those born between 1946 and 1964

project in collaboration with IDEO, the preeminent global design firm best known for creating the Apple mouse.

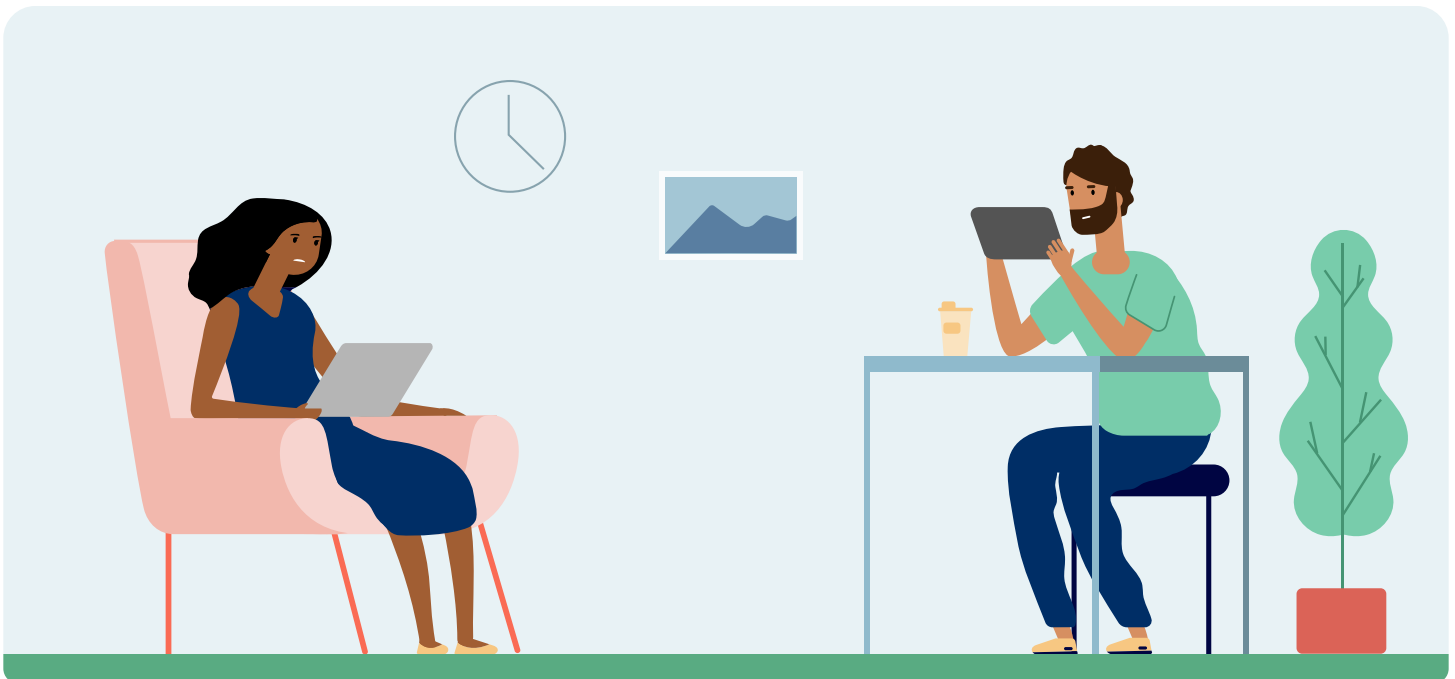
Over the past decade, a litany of lengthy articles, whitepapers, analyses and tomes have been written on the millennial generation, meticulously cataloguing preferences, personality traits, sociological influence and much more.

But for healthcare providers, there's a specific noteworthy millennial proclivity that bears heavily on business: they're less likely to pay their healthcare bills than any other age group. At the same time, they're also the generation most likely to adopt digital health tools. So as providers are increasingly offering digital payment options, we wanted to understand why they weren't paying.

There is a specific millennial tendency that is noteworthy from a business perspective: they're less likely to pay healthcare bills than any other age group.

At Cedar, our teams of designers, data scientists and product managers use data to understand where we can have the highest impact on patient experience in our financial engagement technology.

This whitepaper aims to give healthcare providers actionable insight around patient-centric approaches to increase engagement with millennials. We'll explain why millennial patients behave the way they do, segment payment behavior patterns and share the results of real experiments designed to create a better patient experience.



Part 2

A look at the data

The data and insights we present in this whitepaper are derived from our research methodology, which is based on three pillars:

- **Analogous research sessions with leading experts:** to gather transferable psychology and human behavioral lessons applicable to patient financial engagement, we conducted sessions with finance experts, behavior and social scientists and even an FBI hostage negotiator (yes, this was as cool as it sounds).
- **In-depth interviews with millennial patient profiles:** to get a deeper understanding of why, when and how millennials interact with medical bills, we spoke with a broad sample of millennial patients, such as young parents on ACA plans, single twenty-somethings with big dreams but no insurance coverage, underinsured creatives living with their parents, immigrants on Medicaid with chronic conditions and well-paid managers with the best insurance on offer.
- **“Whine and dine” small group dinners:** to really dig into subjects’ collective pain points and thoughts on the patient financial experience, we held group dinners and asked them questions like who and what they trusted the most in their financial dealings.

At the heart of our research was the desire to understand exactly if and how we can make medical bills feel as thoughtful and empathetic as quality patient care. We knew that if we understood how people trust, why they do or don’t pay and how behavior patterns differ from patient to patient, we’d go a long way to answering this fundamental question. This insight enables us to elevate the patient journey and help boost millennial financial engagement behavior.

Throughout this whitepaper, we’ll delve deeper into these questions and share extensive conclusions from our ongoing research, design and experimentation around improving the patient financial experience and increasing net collections.

Earning millennial trust

Throughout the healthcare journey, trust is critical to success. From check-in all the way to paying bills, the relationship between patients and providers is paramount to ensuring the best-possible outcomes. This applies to all generations, millennials included.

At the same time, healthcare intersects with some patients' most emotional, difficult and life-changing events. Financial engagement and billing are inextricably linked with those intimate moments. And in an era of high patient cost-sharing, many people are anxious about financial obligations associated with medical care; this is particularly true for those in emergency medical situations.

So when designing products for healthcare financial engagement, we must consider not just the patient paying for a routine check-up, but also the one recovering from emergency surgery. How do we build trust with a person in crisis? If we design with this in mind, we'll improve the patient experience for everyone.

To better understand this, we sat down with former FBI hostage negotiation special agent Chip Massey and Adele Cehrs, an expert in PR crisis communications. The two now partner together to help firms implement actionable frameworks for reading people, building trust, navigating crisis situations and controlling critical conversations.



They shared five crucial tactics in breaking through to those under pressure that dovetail very closely with good design principles:

1. **Master the art of empathy:** This is the quickest way to reach someone in a heightened emotional state—whether in hostage situations or at bill pay. Greet patients with their first name, a friendly salutation and an easy view of their payment obligations. Make everyone feel respected as a human, not a spreadsheet number.
2. **Name the emotion:** When dealing with a highly stressed individual, never let an emotion go by without labeling it—naming emotions helps people feel understood and creates connection. At Cedar, we acknowledge potentially tough circumstances in balance resolution workflows; we make it clear that we understand the difficulty of unaffordable medical bills, assuring patients we'll get to a resolution, whether through payment plan, discount or charity care.
3. **Disengage the lizard brain:** In moments of fear, people often revert to their “lizard brains”—the primitive survival-focused part of the brain. However, If you take the time to have a calm approach, it's possible to have a more productive, reasonable exchange and come to a better outcome. By engaging patients early in the care journey, we prevent lizard brain activation. Proactively communicating price estimates

“**Put financial terms and service codes in easily understandable language so patients understand exactly what they are getting billed for.**”

prior to care empowers patient planning without catching them off guard.

4. **Find the internal narrative:** Everyone has their own internal narrative about themselves and their circumstances. We find the narrative by putting billing terms and service codes in easily understandable language so the patient understands exactly what the bill is for.
5. **Make bad behavior OK:** Everyone messes up. Acknowledging mistakes and moving forward helps all parties progress and more productively problem-solve. Even if a patient is behind on payments or doesn't engage with their bill within a certain timeframe, we tell them it's not too late. They can always engage, get help and come to a good resolution, regardless of past behavior.

In summation: we put ourselves in our patients' position. We imagine how scared they may feel about health and finances, and how the added stress of a large bill may feel. At Cedar, we want to be able to say to the patients using our platform: “We're here to help. How can we figure this out together?”

Using behavioral archetypes to approach medical billing with millennials

Despite being the generation least likely to pay medical bills, millennials aren't a homogenous mass. People are different, they change (sometimes from moment to moment), and often respond in a variety of different situationally-dependent ways.

Informed by the empathic approach outlined above, we conducted extensive research and catalogued behavioral patterns based on the substantial information we collected in interviews and "whine and dine" dinners to develop archetypes capturing and representing our data.

Behavior archetypes aren't static groupings of demographic attributes (often called "personas"). Archetypes provide deeper, more actionable user insights, delivering views beyond surface-level attributes like age, location and gender to uncover what drives needs and goals. Archetypes are the "who does what, when and why" of user research. They're developed from user behavior data points and provide insight into needs, motivations and pain points.

We segmented millennials into four primary archetypes: seekers, avoiders, hustlers and planners. On the next page is a deeper dive into each and how to best work with their behavioral patterns to increase engagement.

You might have guessed that planners would be best-positioned for success when it comes to managing healthcare bills. But users can exhibit multiple archetypes depending on the situation. Given this knowledge, one of Cedar's goals is to help more archetypes act more like planners earlier in life.

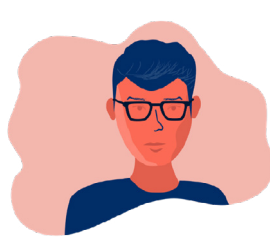
“Archetypes provide deeper, more actionable user insights, moving past attributes like age, location and gender to understand what drives needs and goals.”

The four millennial archetypes



Seekers

Knowledge-hungry and willing to go to great lengths to understand exact bill details, seekers are savvy and want to control and optimize their finances (think: master coupon collectors or tough negotiators). When it comes to medical bills, less is not more—seekers want all of the details.



Avoiders

Skeptical and distrusting of medical bills (and often of the healthcare system overall), avoiders often transform from another archetype after negative experiences (e.g. a surprise bill or a difficult insurance denial) that erode trust, fostering their belief that the system is broken. They often totally disengage with healthcare bills.



Hustlers

Frequently living paycheck to paycheck, hustlers are altruistic and desire a better, fairer world while learning “how to adult.” They want to do the right thing and pay their bills, but usually spend money where they can see and use it (e.g. a new bike to get around the city). They’ll ask Dr. Google or try a juice cleanse before going to the doctor and they don’t emergency plan.



Planners

Planners put systems in place to track and organize medical bills and believe that paying them is the right thing to do. Consequently, they take steps to consistently pay. Overall, they respect rules and social norms and tend to trust institutions. They have a strong sense of personal responsibility and often proactively manage financial obligations, even if they are financially constrained.

To help archetypes become better planners earlier in life, we constantly look at:



How we can give hustlers flexibility and tools to feel in control



How we can give seekers upfront information to foster trust in their bills

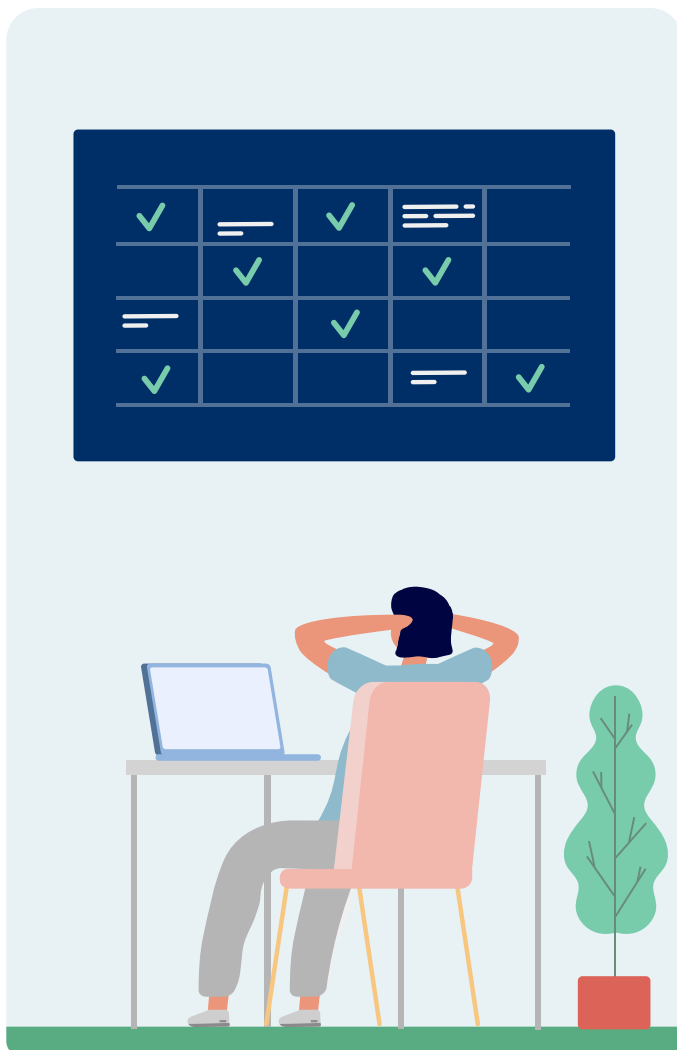


How we can offer outstanding customer service to help all archetypes trust the system (especially avoiders)

That’s why it’s critical that we design our product to support all archetypes while creating opportunities for hustlers, avoiders and seekers to respond and behave more like planners.

Helping archetypes be better planners

Because archetypes help ensure we're designing accessible products that support different behavior patterns, we can take action to help millennial patients plan by offering:



- **Self-service payment plans:** In just a few clicks, flexible payment plans allow patients to leverage supportive systems to pay bills over time. They can check back in anytime to review plan status at their convenience. This obviously appeals to planners, but also hustlers, who want to pay their bills.
- **Bill details:** Planners often want a high-level obligation view—one that gives enough context (but not too much!) around bills. When patients log in to our platform, we present all key visit details so they can understand their obligations without being overwhelmed. They can see high-level tags indicating whether insurance has been applied and when the bill is ready to be paid. If they want more detail, they can click into each visit for itemized charge breakdowns.
- **Price estimates:** One of the best ways to enable planning is pre-visit price estimates that help patients anticipate care costs. Upfront estimates give patients more time to prepare for financial obligations, inspiring trust in the system and avoiding any surprises that can cause planners to act like avoiders.

Quantifying archetypes

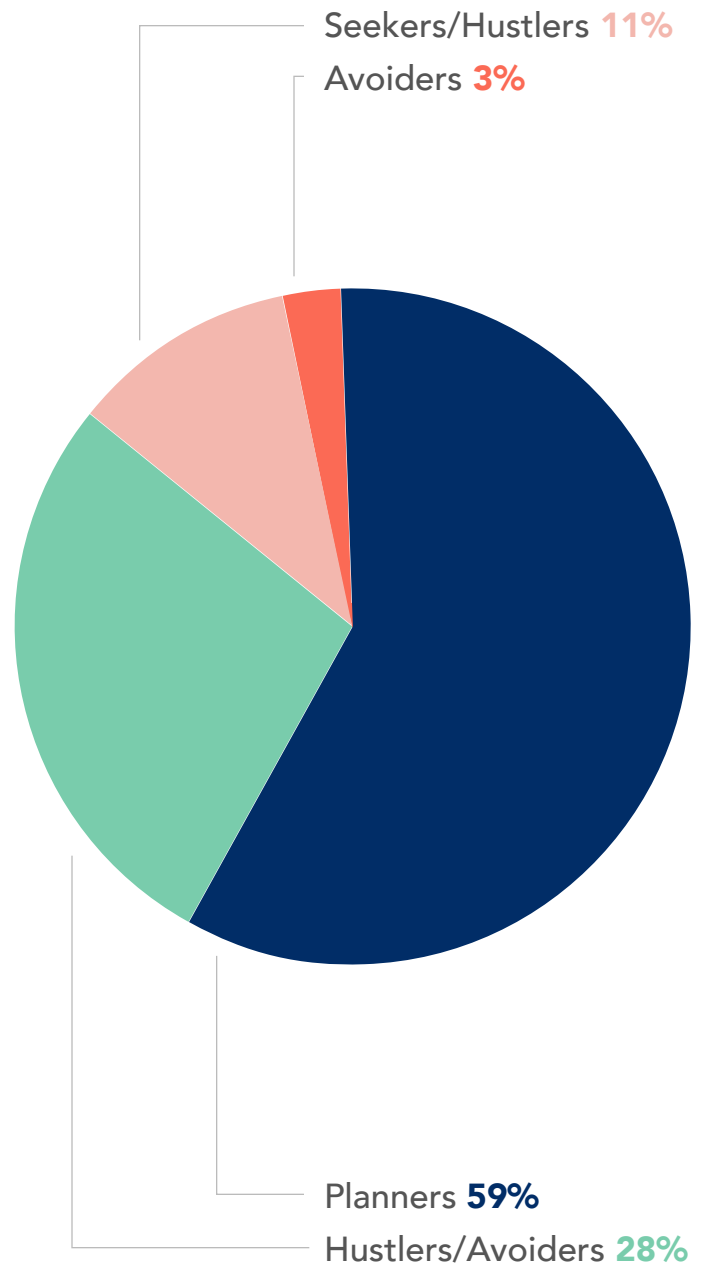
We mentioned that patients fluctuate between different archetypes based on the situation, so we had to understand how to quantify and measure: How many users identify as seekers vs. planners? What patient proportions fall into each archetype?

To do this, we aligned behavioral archetypes to quantifiable features. We began by mapping each archetype to different actions taken on our payment portal. Based on the data, we developed a detailed and comprehensive user behavior map.

To segment, we used clustering algorithms to gain insights from data by seeing what groups' data points most closely fall into or align with each archetype (you can learn more about our methodology [here](#)).

Overall the data was good news: Cedar already addressed primary needs of close to two-thirds of users. They felt supported, understood obligations and generally paid bills on time.

That said, 28% behaved like they were receiving large unexpected bills with which they did not want to engage. On the bright side, though engagement was low in this



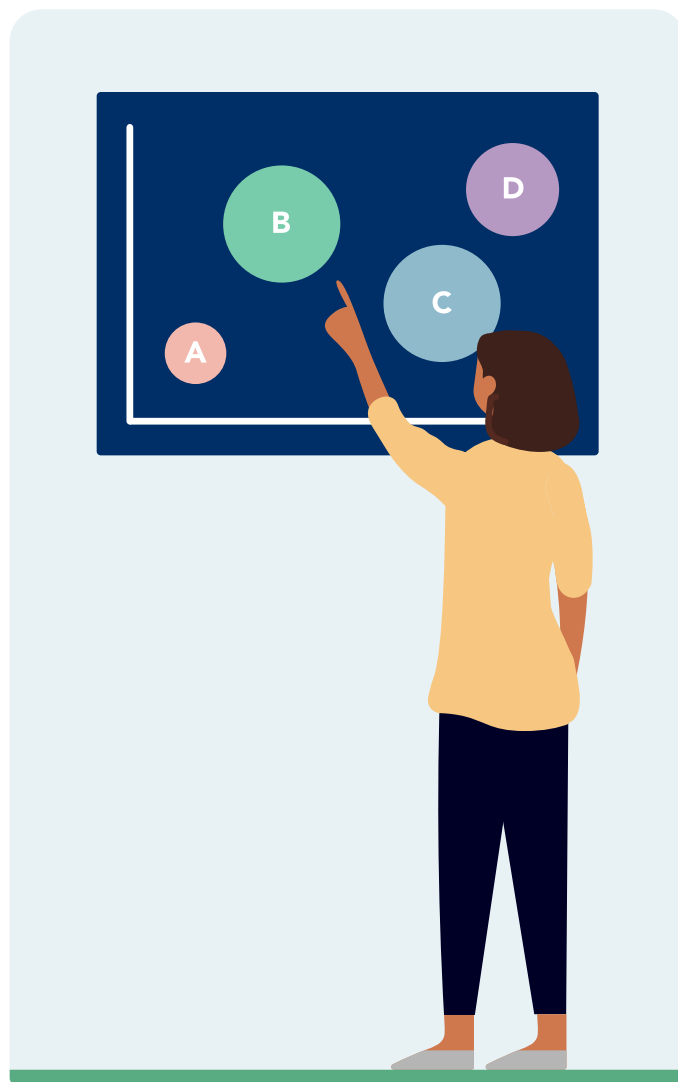
cluster, when they did engage, most patients sought help through the chat feature (although most didn't subsequently resolve bills).

The seeker/hustler cluster encompassed 11% of invoices, representing patients who were unable to quickly pay their balance and needed flexibility and support. At the same time, they were the most likely to take advantage of Cedar's flexible payment options to address bills once they had the information and options they needed. These bills tended to take longer to be paid and nearly half were associated with self-pay status.

Only 3% avoided bills and didn't resolve balances. Invoices were typically larger, and only a few were paid, most of which were self-pay.

So what's the takeaway? The data confirmed what we already knew: payment plans are among best tools to support all patient archetypes (millennial and otherwise).

Users request "more time" to pay bills more than anything else we hear. No-interest payment plans give flexibility to pay bills in a way that suits individual patient preferences and budget, and they're easily set up in just a



few clicks. And in a win-win for providers, our data demonstrates that increased payment plan usage leads to overall higher collections for health systems and physician groups.

But we also observed in the data that many patients who could benefit from a payment plan weren't opting in. So we designed an experiment to see if we could help more patients pay on their own terms.

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Encouraging millennial payment plan adoption through experimentation

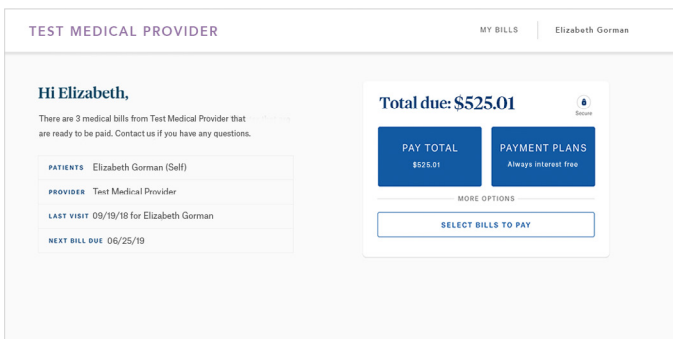
On the original Cedar Pay portal welcome page (Version 1), we presented a payment plan call to action, but it required an extra click to view and select term options (installment amount and time period). In user testing we also realized patients were intimidated by total balance sizes and dropped off without exploring options because of perceived unmanageable bill sizes.

We hypothesized that this created unnecessary friction and prevented more patients (particularly non-planners) from understanding how much flexibility they actually had to meet obligations.

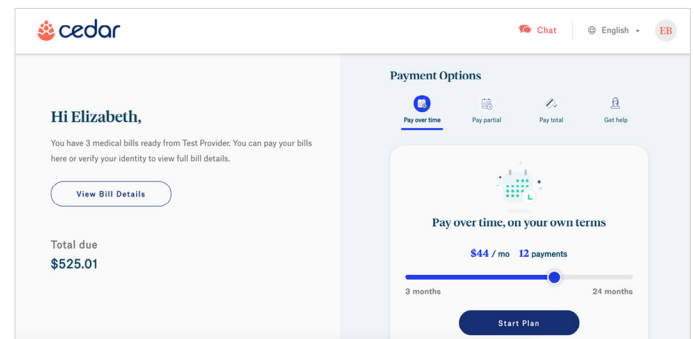
We needed up-front visual communication to help users understand payment plan terms and benefits before they dropped off the page.

So we designed a new version of the welcome page (Version 2) that surfaced payment plan term options upfront. Instead of having to click twice, patients could understand payment options at first glance by engaging with a user friendly slider that showed installment amount changes with plan duration. The intuitive interface and slider made the boundaries of the payment plans very clear and encouraged engagement.

Version 1



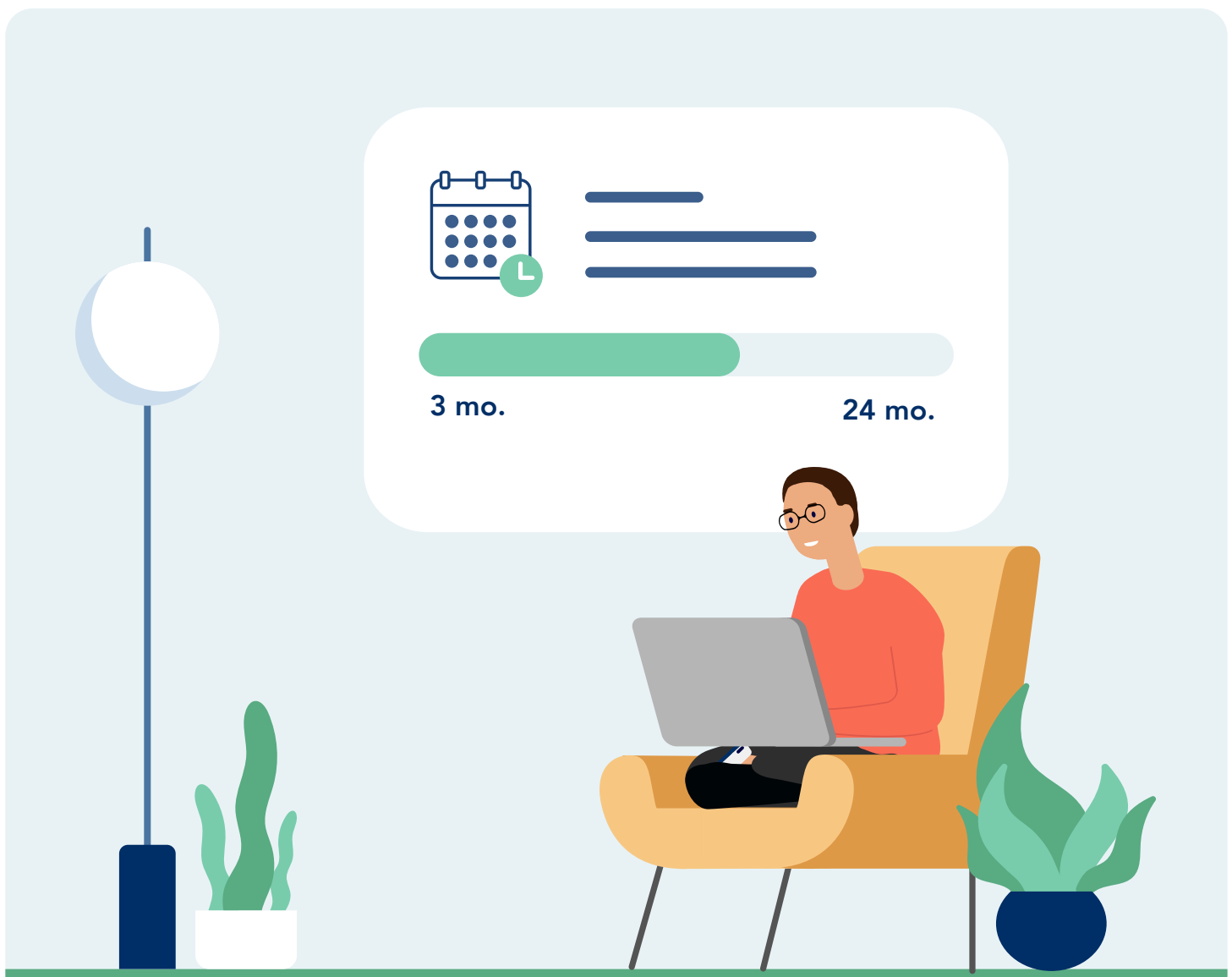
Version 2



Once designed, we set these two different versions live for a subset of real patients in an A/B test.

The results? When presented with intuitive payment plan options upfront (Version 2), more patients chose payment plans. Most importantly, this was true for patients who showed low propensity to pay.

In other words, patients who historically may have had difficulty paying for medical bills (like hustlers) were more likely to pay when presented with a clear, flexible plan at the outset. And—confirming our hypothesis that payment plans are a win-win—Version 2 drove higher collection results for providers, indicating that greater flexibility yields more payments.





Part 8

Conclusion: Leading with empathy and giving patients control

If there's one major takeaway from the study, it's that millennial patients have more in common than apart, and that by leading with empathy and giving patients control, providers can help patients plan ahead and meet financial

obligations in ways that fit their needs. This increases engagement and ultimately payment; in essence, as we often say, it pays to care.

But one study or data set is by no means the end of the story. In order to continually meet patients where they are and engage them—in the right place at the right time—providers of choice must continuously tap data for insight and combine it with design thinking to deliver

“If there is anything akin to a ‘code’ for cracking the millennial mindset, it’s this: be human.”

ever-improving, best-in-class empathetic digital experiences. If there is anything akin to a “code” for cracking the millennial mindset in the digital space, it’s this: be human.

To sum up, there are three big levers that providers can pull to humanize the healthcare payment journey:

Proactively communicate and clarify payment obligations: Nearly two-thirds of patients have tried to get information around expected out-of-pocket costs ahead of receiving care—but find it hard to do so. Foster the inner planner archetype by giving patients this information as soon as possible in the clearest, most easily digestible form. If you can’t do it ahead of care, avoid surprising patients with unanticipated bills and indecipherable billing codes at all costs.

Personalize digital payment portals: Patients aged 18 to 54 are **at least four times as likely** to consider switching doctors if they don’t provide more digital experiences than those aged 55 or older. Make it as easy as possible—enticing, even—for patients to take mutually beneficial action (e.g. engage, setup payment, etc.).

Provide patients with flexible and tailored payment options: **64% of patients** would use creative payment plans or financing options for large bill amounts, if available. Our data shows that the size of monthly payments toward a plan doesn’t impact collection rates,



64%

of patients would use creative payment plans or financing options for large bill amounts, if available.

suggesting that patients choose amounts that fit their monthly budgets. If people can’t pay a full amount immediately, assure them it’s OK and that there are resolution options.

Having grown up with exceptional end-to-end digital experiences, millennial and Gen Z expectations are second to none. Fully engaging them requires a truly personalized approach, and no doubt the bar is set high.

But we at Cedar look forward to the challenge of meeting and exceeding those expectations—it motivates us to come to work and continually inspires us, day in and day out. We couldn’t be more excited to unlock more data to refine our patient-centered design approach and provide ever-improving, world-class digital experiences benefitting both our clients and their patients. We hope you join us on the journey.



Ready to get started?
Get in touch with one of
Cedar’s experts today.

About the authors



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