

WHY FINANCIAL ENGAGEMENT IS THE LINCHPIN FOR CONSUMER ENGAGEMENT

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Agenda

- △ Overview
 - Industry Context: Consumerism
 - Challenges for All Stakeholders
- △ Technology Perspective
- △ Health Plan Perspective
 - Benefits of enhanced consumer engagement
 - What do consumers expect / need from health plans
- △ Wrap Up
 - Conceptual solution
 - Summary of lessons learned
 - Q&A

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Overview & Trends

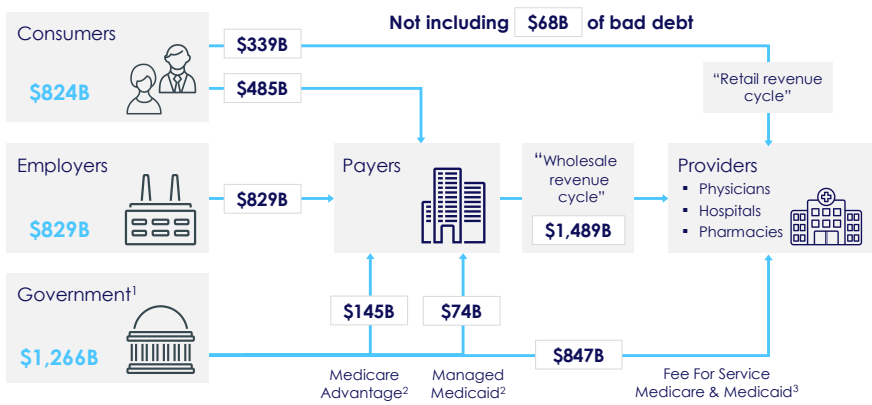
INDUSTRY CONTEXT: CONSUMERISM



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U.S. healthcare payments overview



U.S. Healthcare spending was estimated at \$3.2 trillion⁽⁴⁾ in 2015, or ~18% of GDP. The CBO expects spending to grow to \$5.4 trillion, or ~20% of GDP, by 2024

Sources: National Health Expenditure Data (2015), CMS, Office of the Actuary, Kaiser Family Foundation, US Census Bureau, Bureau of Labor Statistics.
 1. Approximately \$200 billion is spent on government public health and research.
 2. ~80% of the value from these payments flows to providers.
 3. Also includes other government insurance programs: Children's Health Insurance Program, Department of Defense, Department of Veterans Affairs.
 4. \$200 billion comes from foundations and other organizations.



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Consumerism is changing the game, driving an increasing volume of payments from consumers

Market factors

- Over 6x growth in HDHPs in past 10 years
- Estimated 16.3M future total marketplace enrollments
- 46% increase in individual plans
- Consumers demanding simple, retail experience



\$350 B

Total consumer payments in 2015

Impact

- Engagement and reimbursement models
- Payment and collections strategies
- Digitization of healthcare information
- Compliance and regulatory complexity

<http://www.usnews.com/news/articles/2016-07-13/health-care-spending-shifts-more-costs-to-consumers-government>



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What's happening?



- Consumer financial responsibility is skyrocketing
- Consumers are learning how to manage – shopping for care, services, but still struggling
- Less than 1 in 4 consumers are prepared for any financial surprise over \$1,000
- They expect it to be Amazon simple
- Who do they trust? Any for what?



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Growing individual market and increasing member cost share

46%
INDIVIDUAL MARKET GROWTH

The individual insurance market grew at 46%, according to the Kaiser Family Foundation (KFF) in the first full year of ACA marketplaces

15.5M
MEMBERS ON INDIVIDUAL PLANS

15.5 million members signed up for individual plans



\$800
AVERAGE INDIVIDUAL OUT-OF-POCKET COSTS

According to the latest Health Care Cost Institute report, out of pocket costs have risen 4% to an average of \$800/member



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Impact on consumer payment behavior & providers

Dynamics

Growth in high deductible health plans

Consequences

Increased stress on provider to collect directly from patients

600%
INCREASE
in high-deductible health plan adoption from 2005 to 2013

Consumerism drives increased focus on billing experience

Maximizing collections requires multiple payment channels and ...

... drives patient satisfaction through the last step of the healthcare episode, patient billing

Unsatisfied

33%
paid their bill in full

58%
would return for future service

Fully Satisfied

74%
paid their bill in full

95%
would return for future service



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Technology

Technology Perspective



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Powering engagement across the journey

“5 RIGHTS” of consumer engagement

- Right person
- Right message
- Right time
- Right channel
- Right reason



Source: HIMSS, mHealth Innovation



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Shifting to be consumer-centric

Research approach

- Used Human Centered Design to inform product and experience design—Projekt202
- 100's of interviews, 20 in-home intercepts
- Payer / Provider SMEs interviewed
- 800 quotes analyzed, 30 concepts ready for testing

Patient personas



"It's like...you really have to delve deep into the paperwork to understand how it works... it should be more self-explanatory!"

Source: Projekt202, Change Healthcare



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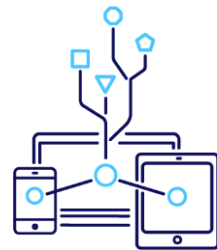
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Findings: keys to engaging healthcare financial communications

Consumers stick to habits & trust what they understand



- Simple and understandable – simple language and avoid information overload
- Discounts are nice, but consumers question the **"real" charge**
- Create a **consolidated view** of charges from all parties—by episode, not encounter
- **Frictionless payment** with easy access to accounts – HSA, FSA, bank, credit, or debit
- Let the consumer know **where to get help** – where to go and whom to call



Source: Projekt202, Change Healthcare



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Innovation

HEALTH PLAN PERSPECTIVE



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The #1 solution that consumers want and expect from Aetna is to help them achieve “stress-free payments”

PAPERLESS HEALTHCARE PAYMENT
Online “wallet” that collects all your health bills in one place and lets you pay instantly. Displays what is owed, why it is owed and when it is due, and groups your payments by care episode. Gives option to pay from either your healthy flexible savings, bank account, or credit card

FLEXIBLE PAYMENTS OVER TIME
Option to pay in a single lump sum or pay over 3-12 months in smaller amounts with interest. Pay when it works for you best

OUT-OF-POCKET ESTIMATOR
App or website function helps easily understand potential out-of-pocket expenses as you evaluate treatment options, with info on what treatment others like you pursued

HEALTH SPENDING TIMELINE
Displays visits and outstanding payments on a timeline to easily visualize care and budget impact

AUTO-PAYMENT UNDER A SPECIFIED AMOUNT
Automatic, “invisible” payments within limits you set (e.g. doctor copays under \$30). Seamlessly linked to your healthy flexible savings or credit card

\$350B
size of healthcare consumer payments market

- A ‘no surprises’ payment process
- Help understanding expected costs pre-care
- Digital, easy pay methods for billing
- Easy issue resolution post-care

Source: Innosight consumer research completed for Aetna (May 2014). Of the five concepts tested, the most universally appealing concept revolved around addressing a simplified healthcare payment process

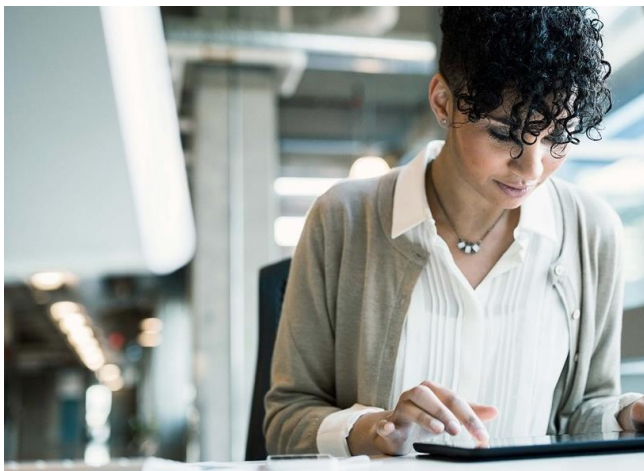


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Current consumer payment issues



- Have I gotten the bill yet for this claim?
- Paying health care bills is, quite frankly, at the bottom of my to-do list.
- What is this bill for? Does this match what Aetna shows?
- I am sick of calling or writing checks to so many providers.

Can someone please make this easier?!



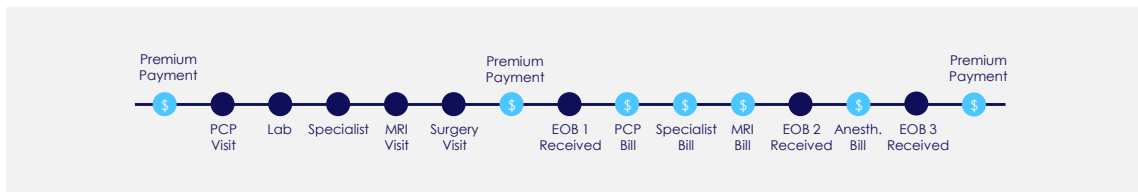
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Consumers face a quagmire that reduces likelihood of payments

Healthcare bills are confusing

- They all look different
- They often have confusing terminology, acronyms, and abbreviations
- They often have incomplete information
- They are processed at different times and received in a non-specific order



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Consumers to Providers to Employers – What do they really want?



Consumers

"Make paying for health care coverage and services faster, simpler and more convenient"

Providers

"Make it easy for patients to understand their payment responsibility and provide them with the tools they need to process their payments quickly and efficiently"

Employers

"Help my employees anticipate health care costs, understand their products, savings, and payment options to maximize health care dollars so they can access care they need, when they need it"

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What success with financial engagement looks like

Win for Providers: Reduce bad debt, increase collections

Win for Consumers: Simple, easy to understand bills and ways to pay

Win for Payers: Increase the strength of your relationship with your members and providers

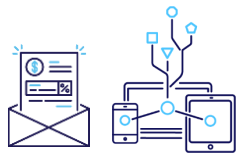
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Bringing it all together

A unified financial statement leverages financial touchpoints to drive member engagement



Print | Mail | Email | Text | Push



Unified financial and payment summary



Lockbox | Call Center | Voice | Pay



Q&A / speaker contact

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