



Perfecting Your Practice podcast
EPISODE 31: Patient Lending: The State of the Industry

- Chris P: Welcome to Perfecting Your Practice, where we believe in a 360-degree approach to your success as a healthcare professional. I'm your host, Chris Panebianco, Chief Marketing Officer at Bankers Healthcare Group.
- Chris P: Welcome to the episode. Today we're talking about patient lending and the state of the industry. The healthcare payment market is rapidly changing as patients' out-of-pocket healthcare costs continue to rise. Ambulatory surgery centers as well as hospitals are faced with mounting receivables, and increased procedure abandonment, as well as patient frustration in the process to get enrolled or admitted for a procedure, and then finding out how much they may or may not owe, any shortfalls with high deductible plans. So today I've got the honor of having Tyler Crawford, the CEO of BHG's Patient Lending division, and Mike Horning, who is the co-founder and EVP of Simple Admit, a patient relationship management platform. These guys are out in the industry. They're experts. And we're really fortunate to have them on the episode today and talk about what's going on. Tyler, Mike, you want to introduce yourselves to the audience?
- Tyler Crawford: Sure. Thanks Chris. Glad to be here today. I'm the CEO of BHG's Patient Lending department. And our focus is really to bring affordable payments to the patient lending market by really partnering hospitals and ASCs with our community bank partners nationwide.
- Chris P: Great, Mike?
- Mike Horning: Thanks for having me, Chris. As you mentioned, I'm the co-founder of Simple Admit. We designed Simple Admit to help streamline the way healthcare facilities interact and communicate with your patients.
- Chris P: You guys have both hit on two important things. You're solving a need for the consumer out in the healthcare space. There are a lot of options. Some more advantageous than others. So, we've crafted that program. But also, with Simple Admit, you notice that within the centers and for the patient, you're solving a problem. We'll get into the specifics in a little bit, but right now I want to kind of switch gears and talk about the problem the industry's facing. What's really brought us to this point?
- Tyler Crawford: I think Chris, if I can jump in on that one, there's been a huge shift in the industry over the last 5–10 years. Where a lot of these healthcare providers really relied on insurance to pay for most of the procedure costs, when they were really looking at their bottom line, and really running their business. And



today with more elective procedures and higher deductible plans, the out-of-pocket for patients has grown. I think if you look at the numbers, it's grown over 30% to about 30% in the last 10 years. So today, both on the patient side, when they're trying to understand what they're going to owe, they really have to figure out a way that they can make that payment if all the sudden the out of pocket cost comes out to \$1,500 or \$2,000. And from the center side they have a big challenge that they can no longer just rely on the insurance company to pay them, but instead have to go directly to the patients and try to collect that of pocket bill.

Chris P: And Mike, from your point of view, you guys see it from both sides. You're really getting in with the CFO's, with the operation staff to understand the challenges that they have. So not just covering procedures and payments, you're seeing a lot more. Can you talk us through that?

Mike Horning: Correct. We're in every state in the United States. And we see it across the country, across the board. It's a problem, as Tyler mentioned, it's continuing to grow. And it creates some real challenges for the facilities and how they are educating the patients ahead of time. And also it's difficult for the patient. The patient, in the very near future, I think the patient is going to be the number one payer. As surgery centers view their patients today that landscape is definitely changing.

Chris P: Let me ask you a question on that, because I think some people, again, our audience consists of mainly healthcare providers, but what you guys are bringing, I've seen it as a consumer. When my wife has had a procedure, someone calls, we're mailed a thick stack of paperwork that you have to fill out in ink and then send in and wait for them to input that data. And then they call you and do a pre-call to verify everything. I mean, you guys saw a need in the market that is easier, it solves a burden on both the patient and the center. Walk me through kind of what your thinking was, and how your system works within Simple Admit.

Mike Horning: Yeah, you nailed it there. That's the problem that we set out to solve seven or eight years ago. When you look at how healthcare facilities, especially ambulatory surgery centers gather data from the patients. It's tedious and laborious for the facility, and it's inconvenient for the patient. Historically, nurses are staffed to make phone calls to patients and you're spending half hour, 45 minutes on a phone call asking them questions about their meds, and their allergies, and their surgeries. We like to say, "no nurse goes to nursing school to be a telemarketer." And that's ultimately what that job ends up being. It's very difficult. And it's inconvenient for the patient. So, originally the goal, the problem we wanted to solve is to allow nurses to get back to clinical responsibilities, make this easier for them, make it much more convenient for the patient by allowing the patient to go online and fill out all of that



information and submit it to the nursing staff. So, the nurses can then review it, and do a clinical review, and move that information forward. Now, over time, that connection to the patient has continued to grow.

Mike Horning:

And facilities are now asking us to leverage that connection to the patient, to help them in other ways. And that's how we found ourselves in the financial component of this. Was that a number of individuals that own or operate dozens of surgery centers had approached us and said, look, we've got an issue. The procedure that used to cost a patient \$200, 5–10 years ago is now costing that same patient \$2,500 or \$3,000 out of pocket. And that's a difficult thing for us to make them aware of. And then also a process for them. So Simple Admit had a nice connection to the patient ahead of time, wouldn't it be nice if we could also make them aware of what they're going to owe and provide them with options to make the process easier for everyone involved. The business office staff and patient.

Chris P:

So touching on the options and the limited ... Or I think there's limited information on what your options are. Because now you're getting a bill from the facility, and if you don't pay it on time, they're not calling you to set up a plan, they're just sending you a different colored envelope the next time when you haven't paid the full balance. Tyler, you've been a student of the game. What options are out there currently, and how did that shape the creation of BHG Patient Lending? And what are some of the options that come along with that?

Tyler Crawford:

Sure, definitely. I think when you look at the finance space around patient lending, there's been a number of large institutions that have come in and moved out of the market. And then there's some consistent players out there. But one of the biggest problems that we saw with some of the current options is, we felt that they were a little bit short term. They were actually providing the patient maybe a 0% period or an initial promotion, but it really didn't allow the patient to make affordable payments over time. It gave them a short term solution, but then put them in a sticky situation when that 0% period came up, maybe in six or 12 months, and all of a sudden they were paying a pretty ridiculous interest rate. And also in a worse situation than they had been previously. We also wanted to come in and provide a product that could approve all of the patients that were coming through the door, because most of the programs today really focus on your top 25% in terms of credit worthiness customers.

Tyler Crawford:

Whereas BHG Patient Lending, through our partnership with the community banks, and in partnerships with the ASC's and hospitals we're working with, is able to actually approve 100% of the patients that walk through the door, that are looking for financing. So, we felt that no one else was really providing that solution in the market. And that's really how we created what we offer today.



Chris P: Mike, back to you. As far as the centers that you've worked with and the need, what's happening when they're not having the option, the payment option? What are some of the challenges that the surgery centers are facing, and how are they dealing with it?

Mike Horning: It's a difficult process all around, Chris. I mean, what most centers try to do is when a patient is scheduled for a procedure, they attempted to create an estimate for that patient's financial responsibilities. And that's a laborious process. As you may know, they may be contacting the payer directly and being on hold for 20 minutes before they can find out how much that patient's going to be responsible for. In other situations, there are portals out there where you can run an estimate online, and it's more of an art than it is a science, frankly. And then once they have the estimate, being able to communicate that to the patient. Remember, these are surgeries that patients are typically working right up until the date of surgery. So, they're difficult to connect with. Today, the business office does the best that they can to reach out to the patient, to make them aware of what they're going to owe. And many times, they have to wear a few hats. They're an educator, one. And then number two, they're someone who has to kind of explain the patient's insurance benefits to them as to why they owe as much as they owe. Many patients are saying, wait, I thought I had really good insurance. How come I still owe \$3,000 for this procedure? It's a difficult thing for the business office to kind of negotiate. And then they have to have that sticky conversation about, now that you know how much you owe, and it's more than you thought, how do you plan to pay? So transitioning from being an educator to actually a loan officer, in some cases, it's a difficult transition to make. And that's a tough job. And you're kind of blindsiding the patient many times.

Chris P: I've felt that. And as someone who has three small children, you have procedures that they tell you your kids needs and you're willing to do anything for your child, and they don't talk about, well, it's going to cost this. Your insurance is going to cover 5%, or 50% or even 100%. You don't find out until you get the bill, the mystery bill.

Mike Horning: Correct.

Chris P: Six months later, three months later. And it's just a shock. So that was one of the things I picked up on very early in learning about Simple Admit, was that estimator, the insurance that you guys do, can you walk us through how that works?

Mike Horning: Sure. Our goal there was to try to make that process that I just described easier for the business office. They do a fantastic job at what they do, and we've always tried to create tools historically to be to make the process more efficient for the clinical staff. And when we looked at this issue, and as you mentioned,



it's a growing issue, we set out to try to apply those same types of tools and strategy for the business office. So, the way our system works on the business office side, we call it Simple Pay or PFM, patient financial manager. All the information from their scheduling system is incorporated into this queue that the business office can use to keep themselves organized. With one click of a button, it will call out and create an estimate based on the contracts that that facility has with their payers. We do that through a partnership with Clarity Health. And then that patient now has information in their file about their demographics, their insurance information, their procedure codes, and an estimate is already populated for them before the business office even opens the file.

Mike Horning: Once they do that, they're able to click a few buttons and communicate that estimate to the patient ahead of time. So something that used to take 20 minutes on the phone with a payer, or searching through a portal now is literally one click away. The estimate is created in that patient's file. And then with the next click they're making the patient aware of what they're going to owe via text message and email. So the patient now is presented with, hopefully no surprises, as you mentioned a few minutes ago. Now the patient receives the text message. They open up the email in their inbox, they see exactly clearly spelled out what they're going to owe for the upcoming procedure. But then on top of that, there are links to be able to make payment arrangements.

Mike Horning: So, we're not going to blindside the patient. We're going to educate them in an easy way for them to be able to digest and then give them an option to pay with a credit card, or apply for a loan with BHG, which ultimately will be approved. So it's a real service that the center is now offering their patients, that they've really struggled to do in the past.

Chris P: What's the reach now for Simple Admit? How many surgery centers are you in?

Mike Horning: We're in approximately 350 centers. We're in all 50 states. So, and as I mentioned earlier, it's a problem that we see pretty much across the board. It's probably the hottest topic in the industry. Everyone is equally trying to deal with this in ways to make it easier for their patients. So the reason why we're so excited about this partnership with BHG Patient Lending is our platform does a great job of streamlining the processes for the business office, and helping them to stay organized and be as efficient as possible. And then also to communicate those balances to the patient. But that's where our platform stops. And if it stops there, it's strictly educational for the patient. That's why we're so excited about this partnership with BHG Patient Lending, and then it takes it that next step further so that the patient actually has an option to be able to make a payment.



Mike Horning: And it increases and it impacts in a big way the facility's ability to collect those balances from the patient. So it becomes a lot more organized in the business office, and it becomes a lot easier to communicate to the patient. The patient is a lot more educated prior to the procedure, and now we're giving them options that are easy for them to be able to digest. And it affects the collections for the facility.

Tyler Crawford: And I completely agree, Mike. I think the partnership itself has so much synergy, because you're providing an unbelievable platform for the patients to be educated, to have options. And honestly, in the industry today, so many of the ASC's and hospitals that we're dealing with are really forced to become the bank. And after communicating with them across the industry, and working with Simple Admit, we've realized that they don't want to be. And our solution allows them to work with a community bank, to be able to provide that affordable payment to the patient, and to take a lot of stress off of their back in terms of creating lines for those patients. Creating policy around their payment plans that they're setting up. And even more so it creates a large amount of AR that a lot of these centers have to deal with, and live with while they're trying to really provide care for the patients, and be able to give the patients an option to make that payment over time.

Tyler Crawford: And we really believe that they shouldn't have to do that. And they should really be able to focus on what they're supposed to be doing, which is providing medical care for the communities that they're in. And allow BHG Patient Lending and the Simple Admit relationship come in and be able to provide a solution that can help out the patients, but also can increase revenue drastically and decrease that AR for these hospitals and ASC's around the country.

Chris P: How have you guys seen the effects of the Affordable Care Act and all of the turmoil in the government right now with full healthcare coverage for everyone? Private insurance. What are you guys seeing in the market as it relates to how patients or treating procedures that they need, or how they're approaching them?

Tyler Crawford: I think that it's still a factor of education for our patients. I don't think there is a lot of education out there right now on the consumer level. To be completely honest, I don't think people completely understand it. I think it's still a matter of you show up for what you need and you get that bill in the mail 30 days later, and you don't expect what the cost is going to be. A lot of consumers today still don't realize what their high deductible plans are. And like, I think we talked about earlier in the podcast, people are surprised when they see that \$2,000 bill in January because they haven't hit their deductible. So, I don't know if people are fully up to speed on it. And I think that there's still a huge issue in the market right now where patients don't know and providers are forced to try to provide a solution that they are not experts in.



Mike Horning: I totally agree. I totally agree. I think people are typically uneducated, and the costs of their care is a surprise nine times out of 10. But I do think, Chris, it's changing to some degree, and that patients are becoming better consumers because of it. As you mentioned, having children and going through that a few times with your kids, you get surprised a few times, and then you learn to kind of get ahead of it. You understand fully what your deductible is, and when it's going to reset, and you become better at shopping for your care. And I think that's a good thing for everyone. And I think it's trending in that direction.

Chris P: So we've talked a lot about the benefits on both sides, the burden and the benefit. Educating patients, easing the burden on the staff. Taking nurses and healthcare professionals and putting them back into their role to focus on what they do best. One thing we haven't touched on that I'd like to spend a little time on is the collection side. We've talked about the education of the patient and easing the burden for the healthcare staff and the surgery center staff. But when it comes to collecting the debt that they're owed, or the money that they're owed, walk me through what the industry looks like. What are the industry averages, and what are some of the pain points there?

Tyler Crawford: Sure. I think we were surprised as we got into the space with the numbers that are out there. But I think it's really because the industry wasn't set up for this years ago. And it's taken everyone by surprise. Today, what we see from industry averages in the hospital in the ASC space, that only about 45% of the patient responsible balance gets collected. So, last year alone, we looked at around 250 billion that went uncollected as a patient responsible balance across the entire industry. And those are numbers that are scary numbers.

Tyler Crawford: And if solutions like what we're trying to do with Simple Admit aren't adopted in the industry, then I think that it could be a serious problem that we run into over the next couple of years. Because today we see more and more employers and individuals switching to high deductible plans, looking at more elective procedures. And that patient cost for healthcare continues to go up. So there needs to be a solution to be able to collect that patient responsible balance, and to be able to give that patient an affordable way to pay that over time. I really feel that as we continue to move forward, it'll be something that patients deal with on a monthly basis. Similar to maybe a car payment that they're making, or their con-ed bill coming from their electric monthly. So it's something that we definitely need to talk about. It's something that the industry is definitely paying attention to. And it's also why we're so excited about what we're doing right now, and really feel like we can get out there and make a difference.

Mike Horning: I totally agree. Those numbers are alarming. Incredible numbers. And they're growing. The problem is getting bigger, as you mentioned. More and more people have high deductible plans every year. Everyone's being forced pretty much into that direction. So that's why we're so excited about this partnership,



and that we're very good at being able to communicate with patients on behalf of the facilities. And streamline the way they communicate, and make things easier for them, and easier to digest for the patient. And to be able to partner with BHG so that they can also provide those patients with the needed plans, that currently prior to the BHG entrance into this market just didn't exist in the ASC market space. So to have this partnership to really offer a solution for this growing problem that everyone is doing their best to tackle, we're very proud of that solution.

Chris P: That's great. And Mike and Tyler, you guys are out on the road a lot. You're at the industry shows for the ambulatory surgery center, and hospital, Tyler's group. What are the things you're hearing as you're out there interacting with CFO's, administration, what are they saying?

Tyler Crawford: I think people are very open that there is a problem in the industry and they want to find a solution. Whether you're reading articles on ASC Review, whether you're talking to individual CFO's, or CFO's or the rev cycle managers, people are very aware, and they want a solution and they want to work together. So I think there's a positive light in the industry that people are open to creative solutions like what we've worked out with Simple Admit here. And they want to really help out the patients. At their core value as medical professionals, they're looking to provide care for the consumers around the country. And this might not be a medical need, but it's definitely a need that the patients have when they have large bills coming their way.

Chris P: Mike, for more information on Simple Admit, how can we get ahold of you? How can we learn more about Simple Admit?

Mike Horning: Sure, you can go to our website at simpleadmit.com. And it will go through all of our services and highlight everything that we do between text messaging patients, and gathering their health history data upfront, all the way to our patient financial management tools that we've focused on today.

Chris P: And it's really, it's an impressive platform. It goes beyond just even text messaging. I've seen ride shares, I've seen a lot that nobody else is offering. So it's a very exciting platform. I encourage you all to check in. Mike, what's your email address?

Mike Horning: It's mhorning@simpleadmit.com. So, M-H-O-R-N-I-N-G@simpleadmit.com

Chris P: Mike and Tyler, can't thank you guys enough for coming on. BHG Patient Lending is exciting. We're really putting the full throttle on that program. Great partnership with Mike, Dan Coholan and the group over at Simple Admit, and really getting out to the surgery center market and hospital market. We're very excited to bring something new. There's obviously a need, and hopefully we'll



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be able to take care of that. And do it in a fashion that benefits both sides. Thank you all so much for joining us today. That wraps up our show. Appreciate you tuning in. If you have any thoughts, comments, or opinions, shoot me an email at podcast@bhg-inc.com. To catch any of our previous podcasts, please go to perfectingyourpracticetoday.com. That's all for today. Have a great one.