

EBOOK

Driving Financial Assistance in Uncertain Times

How Health Systems Can **Reduce Bad Debt**
and **Improve the Patient Experience** With
a Reimagined Approach to Affordability

TAILORMED

Background

Now more than ever, patients are feeling the pain of financial distress. Given rising healthcare costs coupled with inflation, many patients are facing medical bills they cannot pay. For hospitals and health systems, these bills will inevitably translate to bad debt at a time when they can least afford it.

Implementing a centralized financial assistance capability can provide a much-needed boost to health systems' finances while reducing the burden on patients. However, many systems have struggled to successfully do so given gaps in technology and necessary skill sets.

In this ebook, we explore practical tips on financial assistance from leaders in the space like Moffitt Cancer Center and Advocate Aurora Health—as well as the impressive results that these organizations have been able to achieve.

Key Takeaways

Financial toxicity is on the rise, as the pandemic exacerbated existing challenges.

Rising inflation now creates an additional strain.

Most hospitals and health systems are not taking full advantage of financial assistance programs that are available to help patients on high-cost medication.

Centralizing and standardizing a patient financial assistance capability can rapidly yield results. Moffitt Cancer Center collected approximately \$1M in copay assistance in the first year they used Vivor, which was later acquired by TailorMed.

Beyond the bad debt reduction, financial assistance forms a key component of “whole-person care.” Advocate Aurora Health made addressing financial burdens a top priority and worked with Vivor to implement standardized workflows across the system.

THE PROBLEM

The Financial Toxicity Crisis

At no other point in recent history have so many stressors collided than during the COVID-19 pandemic. Economic burdens and public health concerns have tested the care continuum—devastating patients, providers, and health systems alike. While the pandemic has now reached a more controlled state, patient financial distress is more of a concern than ever. Providers should be taking immediate steps to address this issue by finding solutions to reduce out-of-pocket costs and keep patients on treatment. Here, we've identified three main reasons why a public health crisis has turned into a financial toxicity crisis.

1. Financial Hardship Threatens Equity and Access

From February to April 2020, unemployment soared to near-record highs, disrupting the lives of millions of Americans.¹

During this period, lower- and middle-income families experienced the greatest financial hardship. In 2020, 28.2% of lower-income adults were unemployed at some point during the year, compared to 13.8% of middle-income and 7.8% of upper-income adults.

These trends exacerbated health inequities. Those who reported that they or someone in their household had been laid off or taken a pay cut because of the pandemic were more likely to have lost their health insurance. Women, adults under 30, Black and Hispanic adults, and those without a college degree were most likely to say they had trouble affording medical care.²

The federal government, providers, and insurers introduced key changes to address access and affordability, but some of these initiatives, such as cost-sharing waivers, have been phased out.³ And while employment rates have recovered significantly since 2020, rising inflation poses new concerns.

2. Screening and Diagnosis Delays Drive Up Healthcare Costs

Early in the pandemic, chronic care took a hit. Hospitals faced staffing shortages and temporarily halted elective procedures, while patients became more afraid of entering healthcare facilities.

Cancer screenings, for example, dropped by more than 80%, while cancer diagnoses were reduced by nearly half.⁴ Early detection slowed as chronic diseases progressed.

¹Kochhar R, Sechopoulos S. Covid-19 Pandemic Pinches Finances of America's Lower- and Middle-income Families. Pew Research Center. Available at <https://www.pewresearch.org/social-trends/2022/04/20/covid-19-pandemic-pinches-finances-of-americas-lower-and-middle-income-families>. Accessed 10.28.22.

²Parke K, Minkin R, Bennett J. Economic Fallout from Covid-19 Continues to Hit Lower-income Americans the Hardest. Pew Research Center. Available at <https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>. Accessed 10.28.22.

³Tracking the Pandemic's Effects on Health Outcomes, Costs, and Access to Care. Health Affairs Forefront, February 3, 2022. DOI: 10.1377/forefront.20220201.857067.

⁴Kaufman HW, Chen Z, Niles J, Fesko Y. Changes in the Number of US Patients with Newly Identified Cancer Before and During the Coronavirus Disease 2019 (COVID-19) Pandemic. JAMA Network Open. 2020;3(8):e2017267. doi:10.1001/jamanetworkopen.2020.17267.

While screenings at many healthcare organizations have bounced back to their pre-pandemic levels, this is not the case universally, especially in underserved communities.⁵ The impact of missed screenings remains to be seen. Nationwide, health systems could see a surge of later-stage cancer and other patients from those missed diagnoses.

And when patients seek care only after their disease has progressed, the result is more extensive and higher-cost treatment. With patients on the hook for a higher portion of their treatment costs than ever before, this will inevitably lead to more bills at a time when patients can least afford them.

3. The Perfect Storm for Patients and Providers

In recent years, the rise of high-deductible health plans, soaring healthcare costs, and skyrocketing rates of medical debt have had a devastating effect on both patients' finances and hospitals' bottom line.

The pandemic compounded these challenges and the impact is unlikely to disappear any time soon. For patients, this has meant higher rates of financial toxicity and care nonadherence.⁶

For hospitals and health systems, the COVID-19 outbreak has led to critical labor shortages and supply chain issues—as well as increased levels of uncompensated care and bad debt. According to data from Kaufman Hall, over half of hospitals are slated to finish the year with negative margins, making 2022 one of the worst financial years in decades.⁷

Fortunately, there are practical solutions that can boost patients' and providers' financial health in these uneasy times. Leading health systems are rising to the challenge with a combination of the right team and the right technology.

⁵Working to Close the Cancer Screening Gap Caused by Covid. National Cancer Institute. Available at <https://www.cancer.gov/news-events/cancer-currents-blog/2022/covid-increasing-cancer-screening>. Accessed 10.28.22.

⁶Ismail H, Marshall V. D., Patel M, Tariq M, Mohammad R. A. The Impact of the Covid-19 Pandemic on Medical Conditions and Medication Adherence in People with Chronic Diseases. Journal of the American Pharmacists Association. 2022;3: 834–839. <https://doi.org/10.1016/j.japh.2021.11.013>.

⁷The Current State of Hospital Finances: Fall 2022 Update. American Hospital Association. Available at <https://www.aha.org/guidesreports/2022-09-15-current-state-hospital-finances-fall-2022-update>. Accessed 10.31.22.

Why Financial Assistance? Why Now?

Hospitals and health systems are under an unprecedented economic strain. The pandemic made it even clearer that these organizations cannot remain viable unless they ensure that patients have the capacity to pay their bills.

At the same time, since 2020, heightened demand for virtual, at-home diagnostics and care, medication deliveries, and convenient access to COVID testing and vaccination sites have accelerated healthcare's digital transformation. As hospitals and health systems step up their use of tech to unlock medicine's "digital front door," they should also consider how to create seamless patient financial experiences.

In addition, as health systems are forced to do more with less, technology can help empower staff to be more efficient with the resources they have. Digital solutions, particularly in the area of financial navigation, have the power to improve operations and increase revenue.

A centralized and digitized financial assistance capability will become even more critical as time goes on—and if you haven't made the investment to do so yet, it's time to start right now.

Inflation and Patient Affordability

Financial hardship makes it more difficult for patients to stick with their treatment plans. Today, the nation's problems with inflation—following nearly three years of the pandemic—are placing an even greater strain on healthcare affordability.

A recent survey found that in the past year:

1 in 10 Americans canceled or postponed plans to take prescribed medications or schedule their annual physical

1 in 5 Americans adjusted their family budget to pay for healthcare

3 out of 4 Americans said healthcare costs were one of their top concerns in retirement

Source: The Nationwide Retirement Institute 2022 Healthcare Cost in Retirement Survey

Centralizing Financial Assistance

Financial assistance programs offer a much-needed lifeline for many patients, but analog and disconnected processes can result in significant underutilization of these programs. Health systems that centralize and digitize their financial navigation programs will see the most success in broadening access to resources and improving financial outcomes.

Unfortunately, many health systems today are hindered by highly fragmented, site-specific, and manual processes for financial assistance. Navigators are asked to do too much with too little—especially now—to gather consent, identify programs, assess eligibility, and follow-up so that patients get matched with support.

These manual and disparate processes limit the efficacy of navigators and add delays that impact patient eligibility for support. When patients lose out on support, it can negatively affect adherence rates, outcomes, and the financial burden of medical debt.

Centralization—that is, bringing all financial assistance activities together under one initiative—can help make workflows more efficient, remove redundancies, and reduce costs while mitigating bad debt. It also gives health systems the scalable benefits of enterprise technologies, which automate and streamline the search for available assistance dollars.

Creating Champions

Getting Organizational Buy-In from Executive Leadership

1. Align with Peers First

Counterparts in different departments can help form alliances so that when you approach senior leadership, you already have common concerns and potential paths forward. With that collaboration, financial assistance isn't just an "oncology problem" or a "specialty drugs" problem—it's a systemwide issue ready for systemwide solutions.

"It was a win for every department. And a big driver of that was the communication we had with patients and providers. From creating patient flyers to educating the clinicians on our new process, collaboration was what made our implementation successful."

Andy Talford

Senior Director of Patient Financial Services
Moffitt Cancer Center

2. Present the Problem

Work with counterparts and colleagues to quantify the scale and impact of bad debt within your system:

- How much in unpaid bills does the system absorb annually?
- What are the sources of those charges?
- What's the lost revenue opportunity from patients who delay or skip care because they can't afford it?
- And what does all of that mean for the patient experience?

3. Demonstrate the Opportunity

Explore the potential from unused assistance.

- Are you taking advantage of all available programs from manufacturers and non-profit foundations?
- Are you confident that you're not missing any?
- How much money are you leaving on the table?

4. Customize the ROI

Centralized financial assistance teams deliver value in multiple ways: patient satisfaction, staff morale, better adherence, reduction in bad debt, improvements in care equity, operational efficiencies, and many more. What's the most meaningful to your system? Explore the ROI in a way that aligns with the organization's mission, vision, and overall goals. Leaders are much more likely to take an interest if it closely relates to current priorities.

When presenting the opportunity to senior leadership, Moffitt's Andy Talford said that they "were interested in two things: the financial impact and the patient experience. Automating our financial navigation program clearly demonstrated that it had the potential to make an impact in both areas. This was pretty much a no-brainer."

5. Explore Step-Up Solutions

If decision makers aren't willing to invest in a system-wide solution yet, deploy at individual sites to make the case. That's what encouraged leaders at Advocate Aurora Health to launch Vivor system-wide:

"We had two sites that were very successful with Vivor, so that made it easier to tell the story of how centralization could and would work within our organization," said Karen Gordon, Vice President, Medical Specialties Service Line at Advocate Aurora Health. "We could look at the wins that we were able to accomplish at those sites and develop a pro forma of what we could do on a larger scale."

Make Every Dollar Count

Financial toxicity is an ongoing problem that has created barriers to care and disparities in the healthcare system.

If there were ever a moment for a new approach to patient financial assistance, it's now.

Centralized programs paired with enterprise technology can narrow gaps so that patients get every dollar they deserve.

But you have to be ready and willing to advocate for centralization among your peers and leadership. **When you're ready to transform financial assistance at your organization, TailorMed would be honored to support you in making the business case.**

For more information, contact us at:

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About TailorMed

TailorMed offers the nation's largest network of patients, providers, pharmacies, partners, and life science companies focused on ensuring all patients across all medical conditions can afford treatment. Driven by TailorMed's best-in-class platform, network constituents can proactively identify, match, and enroll patients in financial assistance programs to deliver a world-class patient financial experience while reducing the cost of care delivery and increasing revenues. TailorMed's secure, web-based financial assistance solutions are deployed across more than 1,000 sites of care, including Providence Health, UnityPoint Health, Yale-New Haven Health, and Advocate Aurora Health.

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