

# Implementing Successful Card on File & Digital Payment Solutions

*To maximize collections and meet patient preferences for a streamlined digital payments process, healthcare providers will benefit from implementing card on file and online medical bill payment solutions. The most comprehensive of these solutions will enable patients to receive a preservice estimate of their bill amount, store a tokenized card on file securely with your payment processor, set up payments in installments, and manage payments through an online portal. Text and email notifications are easy and secure options to pay the final amount due with your card on file. These solutions not only improve the patient experience, shorten providers' revenue cycle, and redirect staff time from collections to other higher priority administrative activities, but can also **reduce a provider's bad debt by as much as 35%.**<sup>1</sup>*



## Digital Payment Solutions

**Online medical bill payment** - A solution that enables patients to use an online portal to pay for medical bills. Patients input their card data into a secure payments platform to pay for outstanding balances.

**Card on File (COF)** – A card on file solution securely stores patients' personal credit, debit, flexible spending account (FSA), and/or health savings account (HSA) cards, with patient consent. This may be enabled when a medical practice uses a payment solution (e.g., revenue cycle management/health information system (HIS)/electronic medical record (EMR)/practice management software, payment processor, etc.) for medical billing. Card on file solutions simplify and accelerate healthcare payments for both the provider and patient, and can happen in two ways:

- **Prior consent for automatic payment** – This option best serves providers who are able to utilize a payment solution to offer patients with a pre-service estimate of their bill. Patients can give advance consent to have their card automatically charged post-adjudication, for up to the estimated bill amount.
- **Consent at time of billing** – This option will best serve providers who are unable to give an estimate of patient responsibility, and patients who want to see the final payment amount before consenting. Patients put a card on file with their provider, but approve the charge amount only after claim adjudication. This consent can be provided through digital channels, such as text or email, expediting the payment process following service.

<sup>1</sup> Instamed & Sierra Orthopedics case study – <https://www.instamed.com/case-studies/sierra-pacific-orthopedics/>

## The Benefits of Digital Payment Solutions

Interviews conducted with providers reveal that the growth of digital payments and card on file acceptance have resulted in a variety of benefits. These interviews were conducted with providers of differing patient visit cadences, costs of service, and sizes, and the findings indicate that the benefits of digital and card on file acceptance are not limited to a certain type of provider.

### Benefits of Online Bill Pay and Card on File Solutions

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#### Improved Collections

As patient payment responsibility continues to rise, ensuring efficient and full payment from patients is increasingly important. By implementing card on file solutions, healthcare providers could potentially reduce their bad debt by up to 35%, as evidenced by an orthopedics practice overseeing 500 patients in Fresno, California.<sup>1</sup>

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#### Reduced Overhead Costs

Card on file and online payments enable providers to collect more upfront, reducing the number of mailed invoices, staff time spent tracking down patient payments, and other costly collection strategies. Providers who implement digital payment solutions can expect to significantly reduce overhead, as did a Michigan-based healthcare system that experienced a \$1M reduction in financing costs in one year.<sup>2</sup>

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#### Shortened Revenue Cycle

Card on file solutions simplify and accelerate payment from patients, allowing providers to collect sooner. Implementing card on file can significantly reduce A/R for providers – one provider experienced a 16% decrease in A/R days and a 44% decrease in A/R over 90 days.<sup>1</sup>

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#### Increased Patient Satisfaction

Card on file and online portals make paying easy and convenient for patients. 94% of surveyed card on file users were satisfied with their healthcare payment experience.<sup>3</sup>

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#### Access to funds stored in Health Savings Accounts (HSAs)

\$61.7 billion dollars were held in HSAs in 2019, representing a 20% increase over the previous year.<sup>4</sup> Providers can increase their access to these funds, as well as those stored in FSAs and HRAs, through acceptance of card and digital payments.

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### Best Practices – Implementing Successful Card on File & Digital Payment Solutions

The following best practices aim to equip you with the tools and knowledge you need to successfully introduce online payment and card on file solutions to your practice. In addition, they outline patient-provider interactions that address patient concerns by building in touchpoints that help to instill trust.

1. Use a secure and fully integrated payment system
2. Collect patient card information and consent as early as possible
3. Give patients the ability to pay over time
4. Collaborate with staff throughout implementation
5. Develop strong lines of communication with patients
6. Track progress and key metrics

<sup>1</sup> Instamed & Sierra Orthopedics case study – <https://www.instamed.com/case-studies/sierra-pacific-orthopedics/>

<sup>2</sup> Flywire, Munson Healthcare Case Study – <https://www.flywire.com/resources/munson-healthcare-case-study>

<sup>3</sup> Visa-Commissioned Ipsos Study for Card on File, May 2019

<sup>4</sup> Devenir Research: 2019 Midyear HSA Market Statistics & Trends Executive Summary – <https://www.devenir.com/wp-content/uploads/2019-Midyear-Devenir-HSA-Research-Report-Executive-Summary.pdf>

# Healthcare Provider COF Prior Consent Process Flow



At the time of new patient scheduling, register patient (via phone or electronically) for card on file and explain the policy and benefits, highlighting zero-fraud liability policy and installment plan, if offered

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2 Check patient in for appointment and register patient for card on file, if not done so earlier

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Provide estimate of patient responsibility for services (using payment solution or past patient payment data)

3

4 Receive patient authorization for estimated payment amount and opt-in for installment plan

4

Enter customer credit or debit card information through payment terminal, capturing and storing card data

5

6 Provide service to patient

6

Following service, submit claim to payer on behalf of patient

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8 Payer determines patient payment responsibility and adjudicates the claim

8

Charge patient card on file up to approved amount, sending email/text receipt for service

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10 Payment is automatically reconciled and posted in the practice management system

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