

Munson Healthcare

CHALLENGES

Munson was facing nagging challenges from the sharp rise in patient pay due to the growth in high deductible health plans. Credit card payments were at an all-time high, risking breach and fueling high PCI compliance costs. The resources available for pursuing outstanding payments—including traditional financing companies, early-out vendors, and collection agencies—charged the hospital high fees, drained staff time, and risked alienating patients.

In March 2015, Munson moved from relying on loan financing and day-60 early-out to Flywire's segmented payment plan program across the health system. Within seven months, Munson realized significant improvements in settling patient balances, patient engagement and securing credit card payments.

Munson realized that they needed to adjust their approach to address these challenges:

- Typically sent out three patient statements before turning accounts over to early-out at day 65.
- Paid up to 15% on payment plans financed through a loan financing company, and had full recourse on defaulted accounts.
- Average payment plan term was 24 months, with a default rate of about 18%.
- Unable to smoothly manage new balances, adjustments, pull-backs and late charges—resulting in tedious manual processes for Munson customer service reps (CSRs) and frustration for patients.
- Had launched new guidelines for payment plans, but had limited ability to manage them.
- CSRs entered patient payment data directly into a vendor web service, a process that increased their PCI compliance costs and put them at risk for costly data breaches.



Munson Healthcare operates nine hospitals across northern Michigan, including the nationally recognized Munson Medical Center in Traverse City.

SOLUTION AND RESULTS

Munson partnered with Flywire to implement a new strategy to offset the challenges.

SEGMENTED PAYMENT PLANS

Flywire's proprietary segmenting engine automatically analyzes a patient's payment history and relevant credit data to determine a monthly payment amount they can afford. The program delivers a range of tailored plan options to the patient with their first statement and patients self-activate their preferred offers through online, mobile, or paper. Any new services are automatically rolled up into their existing plan.

- 46%** average collection rate for qualified patients
- 65%** of payment plans are now patient-activated and require no CSR intervention—making Munson's call center more efficient and freeing patients from making potentially embarrassing calls to request a plan.
- 58%** reduction in average payment plan length (10 months—down from 24)
- 38%** decrease in default rate
- 26%** reduction in early-out placements
- 12%** improvement in patient pay
- \$1M** eliminated in annual spending

INTEGRATION WITH DAY 1 EARLY-OUT

To improve efficiency and reduce costs, Munson leveraged Flywire's program to implement a unique Day 1 outsourcing model at two of their hospitals. The early-out partner manages the inbound and outbound calls for accounts that do not qualify for a payment plan through Flywire or that need personal assistance. Patients are given 60 days to activate a payment plan. Any patient who calls to request a plan is set up through Flywire. In turn, Flywire uses its segmenting technology to triage the accounts to the right level of engagement (self-service vs personal assistance), which drives more efficient placement of accounts, resulting in 30% of patients self-activating their plans instead of being diverted to early-out.

65%
patient
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ENTERPRISE CREDIT CARD SECURITY

As part of the overall payment standardization strategy, Flywire's program also manages a critical component that many health systems are just now realizing the significance of: compliance with Payment Card Industry Data Security Standards (PCI-DSS). With more and more patients lacking the cash to afford their high deductibles, hospitals have seen a spike in credit card transactions. Flywire's payment processing engine is the backbone for all payments taken across the enterprise and includes safeguards that deliver the highest level of PCI security and compliance. Munson CSRs taking over-the-phone or in-person payments have moved from entering patient card data into a vendor web service to entering it into a PCI-validated point-to-point encryption (P2PE) device, provided via Flywire's partnership with Bluefin Payment Solutions. PCI-validated P2PE and tokenization secure card transactions by preventing cardholder data from transmitting across the merchant's network where it could be exposed to malware.

- ▶ Patient card data is fully protected, significantly reducing Munson's risk of breach.
- ▶ Saves more than \$300,000 annually in network segmentation maintenance costs.
- ▶ Eliminates the costs associated with the annual PCI SAQ Level D audit, replacing it with the simplified SAQ-P2PE audit.

“By automatically offering tailored payment plan terms, patients don't have to call and ask for a plan, which can be uncomfortable and time-consuming for them. This helps make our operations more efficient, while also giving our patients the convenience to roll multiple account balances into their current payment plan. And Flywire's P2PE solution is a critical component in securely capturing card data across our organization.”

Lori Weedon
Corporate Director, Revenue Cycle
Munson Healthcare