



BURNOUT + COMPETITION + LOW MARGINS:

# 2023 Trends in healthcare payments



# Healthcare Challenges of 2023

**New challenges are creating barriers to financial stability and taxing the scarce resources healthcare providers need to dedicate to patient care. A smart payments platform can play a critical role in helping you stay ahead.**

As the healthcare industry grapples with the lasting effects of the pandemic, the industry is facing additional hurdles: worsening labor shortages, inflation, and an economic slowdown. Yet even in this environment, many healthcare providers are finding ways to do more with less, improve patient outcomes, drive innovation, and respond to shifting competitive and regulatory landscapes.

A smart technology platform for managing healthcare payments (known as revenue cycle management, or RCM) is an invaluable tool to help providers navigate this turbulent market, increase patient loyalty and achieve financial success. We've highlighted a few industry trends to keep an eye on this year and how a smart payment approach can ensure greater success.



# The industry's financial health is in critical condition

If there's one stat that illustrates the industry's dire financial situation, it's Kaufman Hall's view that more than 50% of hospitals were likely operating in the red at the end of 2022.

There's no single culprit. Inflation is making everything more expensive while reimbursements are flat. Labor costs are soaring, driven by staff shortages and sky-high turnover. In addition, insurers continue to structure benefit plans to shift more of the cost burden to patients—making consumers among the largest payer group. In fact, insured patients now account for nearly 58% of hospital debt, according to Crowe.

Providers need an RCM platform that gives them data, insights, and predictive analytic tools to reduce claims denials, receive fair, full payments, and increase revenue. Just as crucial: Patients need a smooth payment experience that offers price transparency and clarity, accurate estimates, and convenient ways to pay, including payment plans.

Nearly

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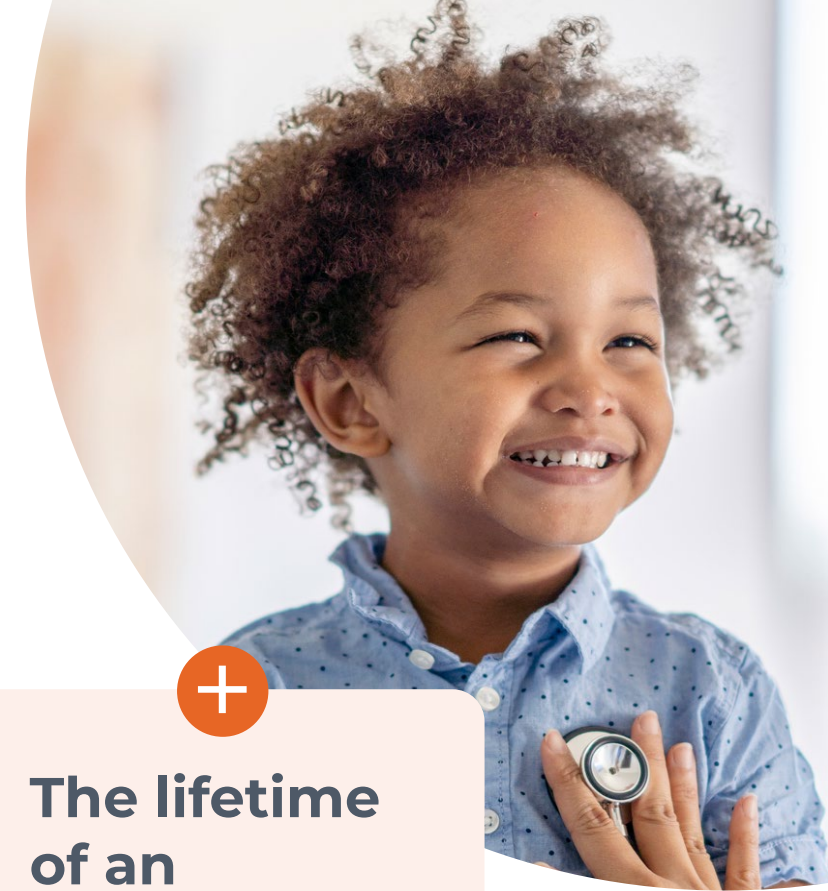
# Healthcare consumerism is here to stay

**The rise of retail healthcare and competition from Amazon, CVS, Walgreens, and others is giving patients more choice than ever.**

The built-in advantage many of these players have is a direct relationship with the consumer. They have built massive, sophisticated systems to mine customer data for insights into their needs and behaviors.

Traditional providers must balance the need to increase today's patient revenue with a focus on the lifetime value a patient brings. According to some industry estimates, that lifetime value can reach \$1.4 million per patient—meaning patient loyalty is critical for long-term success and financial performance. What's more, it's no secret that patients are consumers and, as such, they demand an elevated financial care experience; one that is compassionate, transparent, and accurate.

Providers who cannot accommodate these expectations risk losing their business. That's where smart payment technology can make a difference because it enables providers to better address patients' financial experience, which leads to increased patient collections and heightened trust in the healthcare system.



**The lifetime of an individual patient is estimated at**

**\$1.4 million**



# Burnout is bad, and it's going to get worse

The unprecedented stresses and trauma of the pandemic are still impacting caregivers and staff throughout the healthcare system.

Burnout among healthcare professionals is more pervasive than ever. The consequences are dire: Frontline clinicians and nurses are exhausted and so are administrative professionals who have had to manage inefficient and manual processes for too long. Healthcare has one of **highest turnover rates** of any industry. That's exacerbating a labor shortage that is expected to reach **3.2 million** healthcare workers by 2026. Despite the desperate need for more staff, intense financial pressures on providers are making it hard to fund new hires.

In 2023, it's even more important to empower your employees to be as efficient and effective as possible. With intelligent automation, redundant and error-prone tasks are eliminated so the staff can prioritize high-value initiatives that matter most.

Labor shortage is expected to reach

**3.2**

million healthcare workers by 2026



# The coming compliance crunch

## Staying on top of regulatory changes is always a challenge.

New price and billing regulations—from the Transparency in Coverage rule to the No Surprises Act—are just the beginning of upcoming shifts that will impact healthcare providers' ability to maintain compliance. Those still operating with aging technology will struggle even more.

Tucked into the latest **government spending bill** is a measure to end the COVID-19 Public Health Emergency in April, causing up to **14 million people** to lose Medicaid coverage. The result will be a scramble for people to reestablish eligibility or find other sources of coverage.

Additional regulatory changes in areas such as health data privacy, telehealth, and price transparency are also expected over the next few years. Healthcare already faces inherent structural challenges, from institutional inertia to legacy technology, that inhibit compliance. Providers need to make sure their technological transformation, especially their healthcare payments platform, is keeping pace with the regulatory one. As compliance hurdles mount, the consequences of sticking with antiquated technology are high, and waiting to upgrade could have a compounding, hidden impact.

Up to

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# No margin, no mission

**Being a mission-driven organization matters, especially amid a war for talent in which employees want meaningful work that aligns with their values.**

However, achieving your mission—and attracting and retaining employees—is much easier when you have a healthy business that allows you to invest in new facilities, treatments, and technology. Your payment platform partner should deliver ongoing, measurable value, not just provide a transactional relationship. A trusted partner that shares your values can help you successfully implement solutions, drive strong business outcomes, and achieve your higher purpose.

Today's challenges are complicated. There are no easy fixes. Demand creative thinking and bold measures to fully address your needs, and enlist an RCM partner that brings powerful, proven results.

To turn market obstacles into opportunities for financial growth in 2023, providers must elevate expectations about their technology and the value it delivers to their overall mission.





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