



WIDENING HEALTH INEQUITIES:

# **Paying for Healthcare Makes Americans Sicker**

43% of Americans who have commercial insurance have avoided care, worried about their ability to pay the portion they will owe.

## Executive Summary:

Unaffordable medical bills, higher deductible health plans, and confusing billing statements have caused an increase in physical and mental health issues for a majority of insured Americans. The 2023 PayMedix “Healthcare Payments and Financial Disparities Study” polled Americans and benefits managers to gain insights into the affordability and impact of the current healthcare billing market.



## Key Findings:

- The affordability of medical bills is shifting for credit-challenged Americans, with 44% of Americans who have a credit score of 669 or lower claiming their deductible is not affordable
- The impact of high medical bills is forcing employees to make tough financial decisions, with 30% of Americans saying they have had to dip into their savings after an unexpected medical bill and 17% having to delay payments
- Paying for healthcare increases physical, mental, and financial stress for employees, with 52% of them feeling stressed about paying for medical bills and 92% stating that the stress has impacted their physical and mental health
- Consumer confusion is a compounding factor that weighs on Americans, with employees reporting they receive more than 70 bills or statements annually and more than a quarter unable to decipher what they owe
- Employees are looking for help from their employers to address the stress and confusion and a majority (60%) say their employers have a responsibility to provide financial strategies

### What is health equity?

*The CDC defines health equity as “when every person has the opportunity to attain his or her full health potential,” when no one is “disadvantaged from achieving this potential because of social position or other socially determined circumstances.”*

Healthcare billing and payment worries are making Americans sick according to our latest research—the 2023 PayMedix “Healthcare Payments and Financial Disparities Study.” Among other findings, the survey revealed that unaffordable medical bills, higher deductible health plans, and confusing billing statements are causing an increase in physical and mental health issues for many Americans.

*These affordability challenges are causing many Americans to avoid care or disengage with the healthcare system entirely. This worsens their health and drives up overall health costs.*

A surprising finding from this research is that most American workers with employer-provided health insurance face daunting healthcare billing and payment problems. Much of it stems from higher out-of-pocket (OOP) costs as more employers have had to transition workers into higher deductible plans to share in increased cost burden of health coverage.

These affordability challenges are not only exacerbating a medical debt crisis, but they are also causing many Americans to avoid care or disengage with the healthcare system entirely.

The PayMedix survey shows that billing complexities add to the health equity crisis. People receive endless bills, statements, and notices, but the information rarely adds up. They don’t know what they owe nor to whom, nor do they understand what’s been covered by health insurance and what hasn’t. Achieving health equity in the U.S. means, in part, addressing our flawed medical billing: simplifying healthcare invoicing, offering flexible payment options, and eliminating disparities in access to financial credit.

## STRESS

### **Paying for healthcare increases physical, mental, and financial stress for employees**

We conducted the 2023 PayMedix Healthcare Payments and Financial Disparities Study to gain insight into how Americans with employer-provided health insurance and Human Resources Benefit Managers perceive the existing healthcare payments market. The study polled more than 1,000 Americans with employer-provided health insurance, along with 210 HR benefits managers, revealing serious challenges into the affordability and equity of the current healthcare market.

#### **As medical bills rise, overall health declines**



**52%**

of insured Americans feel stressed by medical bills



**92%**

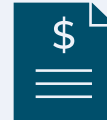
of those who are stressed, say stress has impacted their physical and mental health

Receiving an unexpected medical bill hits employees hard. When asked about different stressful scenarios, respondents say they are more stressed about the cost of an unexpected medical bill and making financial sacrifices to pay it than they are about the cost of a sick family member. Nearly one-third of respondents said the cost of an unexpected medical bill is the most stressful health-related scenario (29%). While only 13% said the same about the cost of having a sick family member.

## Top health-related scenarios that caused respondent's stress:



The cost of an unexpected medical bill



Paying for medical bills instead of essential living costs

*This financial stress is felt most by younger generations, people of color, and those facing higher deductibles and OOPs.*

### AFFORDABILITY

## The affordability limit of medical bills shifts for credit-challenged Americans

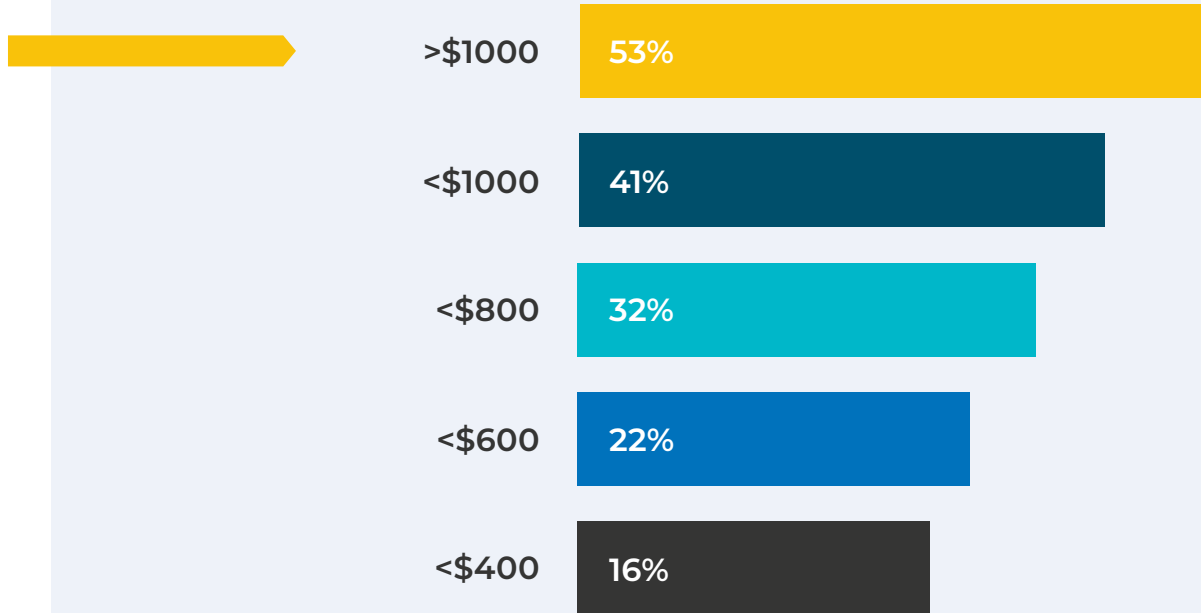
Despite most Americans having some sort of health insurance, those families with limited assets can't afford even relatively small unexpected medical bills. Our survey found that affordability limit is \$1,000, with more than half of respondents (53%) saying they are challenged to pay an unexpected medical bill above that amount.

For those who are young, have lower credit, and have single coverage, the affordability limit is much lower. Nearly two-thirds (61%) with a credit score of 669 or less would not be able to pay an unexpected medical bill over \$600. This financial stress is felt most by younger generations, people of color, and those facing higher deductibles and OOPs. About one-third of respondents said that out-of-pocket costs (33%) and deductibles (31%) are unaffordable.

That increases to four in ten Americans with a credit score of 669 or less who find their deductibles (44%) unaffordable. According to [Kaiser Family Foundation](#), Americans' Challenges with Healthcare Costs survey, 60% of black adults and 65% of Hispanic adults report having difficulties affording healthcare costs compared to about 39% of white adults.

## At what amount does a medical bill become unaffordable?

*The limit for affordability is \$1000.*



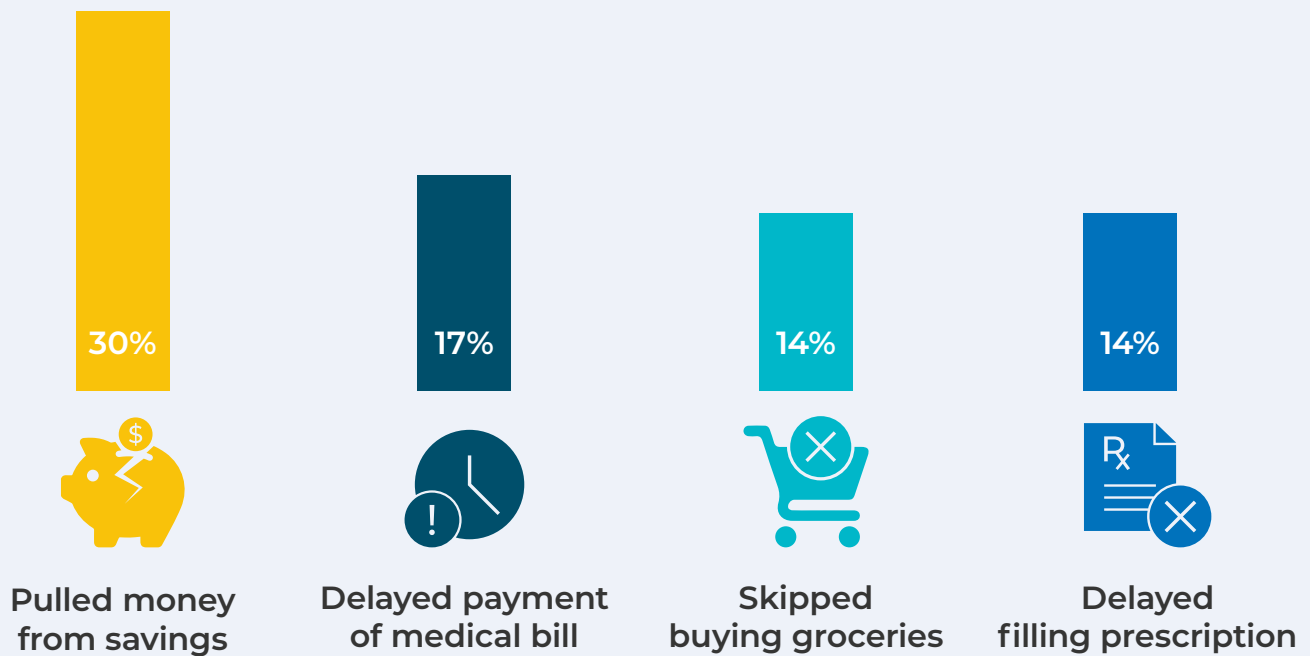
### TOUGH DECISIONS

## Medical bills are forcing employees to make tough financial decisions

Unaffordable medical bills leave no good choices for American families trying to make ends meet. In the past six months, nearly one-third of survey respondents (30%) have had to dip into hard-earned savings to pay for unexpected medical bills. Nearly one-in-five (17%) have had to delay payment, adding to the pressures of managing monthly expenses.

For some, this means skipping groceries or foregoing a prescription. For others, it means delaying payments for utility bills, car loans, or even mortgage payments. And others take the financial hit to their credit scores by skipping credit card or medical bill payments. These sacrifices are significantly more challenging among those with lower credit scores, which adds to their never-ending cycle of poor credit.

## Steps taken to pay for unpaid medical bill



*In the past 6 months, 1/3 of survey respondents have had to dip into personal savings to pay an unexpected medical bill.*

This added financial burden, in turn, has had a chilling effect on who have been sent to collections by their medical provider. Nearly two-thirds of employees (62%) who struggled to pay their bills feel more negatively toward their provider, and nearly half 46% are very or extremely unlikely to return to the provider.

## Change in feelings towards provider after being sent to collections



**62%**  
More negative

*Nearly two-thirds of employees whose bills were sent to collections feel more negatively toward their provider.*

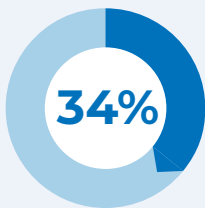
## So many papers and bills, so much confusion

The financial and mental stress of medical bills is compounded by the volume and confusion of billing statements. Employees report receiving more than 70 bills and statements throughout the past year, mostly in the form of Explanation of Benefits (EOBs). As employees share more costs due to high deductible plans, they are receiving more invoices from different providers for payment.

The fragmented nature of healthcare payments, combined with a lack of coordination between employer plans and providers, has added to employee confusion around what they owe. About a quarter of respondents said that their EOBs (29%), medical bills (25%), and what they owe (24%) are difficult to understand. The problem of understanding EOBs is heightened for younger generations (34%), those with lower credit scores (36%), and those who have pulled money from savings or delayed payment (45%).

### Those who find EOBs the most difficult to understand:

#### Younger Generations



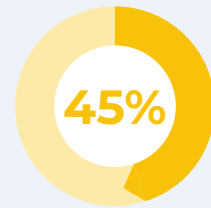
of Gen Z and Millennials reported difficulty understanding EOBs

#### Low Credit Scores



of respondents had low credit scores (under 669)

#### Delayed Payments



of respondents pulled money from savings or delayed payment

*Of all the bills and statements respondents received, fewer than one-in-five say understanding what they owe in a medical bill is the easiest to understand among other expenses.*

This billing confusion has negatively affected patients' care as well. For example, a study by [Bend Financial](#) found that nearly 60% of consumers have put off scheduling an appointment with their caregivers, and 53% have put off getting a prescription filled due to billing uncertainty. As patients delay making necessary and preventive appointments, as well as not taking their medications, it inevitably leads to more expensive, emergent needs for care later.



## EMPLOYER RESPONSIBILITY

### Employees feel their employers should help them address the stress and confusion of healthcare billing

Employees and employers agree that healthcare is a crucial benefit. Yet it's the one benefit that causes the most stress, confusion, and dissatisfaction among patients, employers, and providers alike. Most respondents in our study believe employers are responsible for providing employees with financial strategies to better manage their health insurance. However, fewer than one-in-five say their employer currently provides credit for all employees or a simplified billing solution.

Half of the respondents want a simplified billing solution, with most finding flexible payment options the most desirable, followed by guaranteed credit for OOP maximums.

**One challenge in improving health equity is that many underprivileged populations still struggle to gain access to financial credit—even when insured. While more people may be able to afford insurance, not all can truly use that insurance.**



## Employees are looking to employers to provide financial strategies



60%  
of employers are responsible for providing financial strategies

<1 in 5

say their employer currently provides credit or a simplified billing solution

1/2

of respondents want a simplified billing solution

## Few employers provide employees the right tools to manage healthcare costs



16%

offer a healthcare payment solution that provides credit for all employees



15%

offer a consolidated healthcare payment solution that simplifies the billing experience

### INTEREST IN HELPING

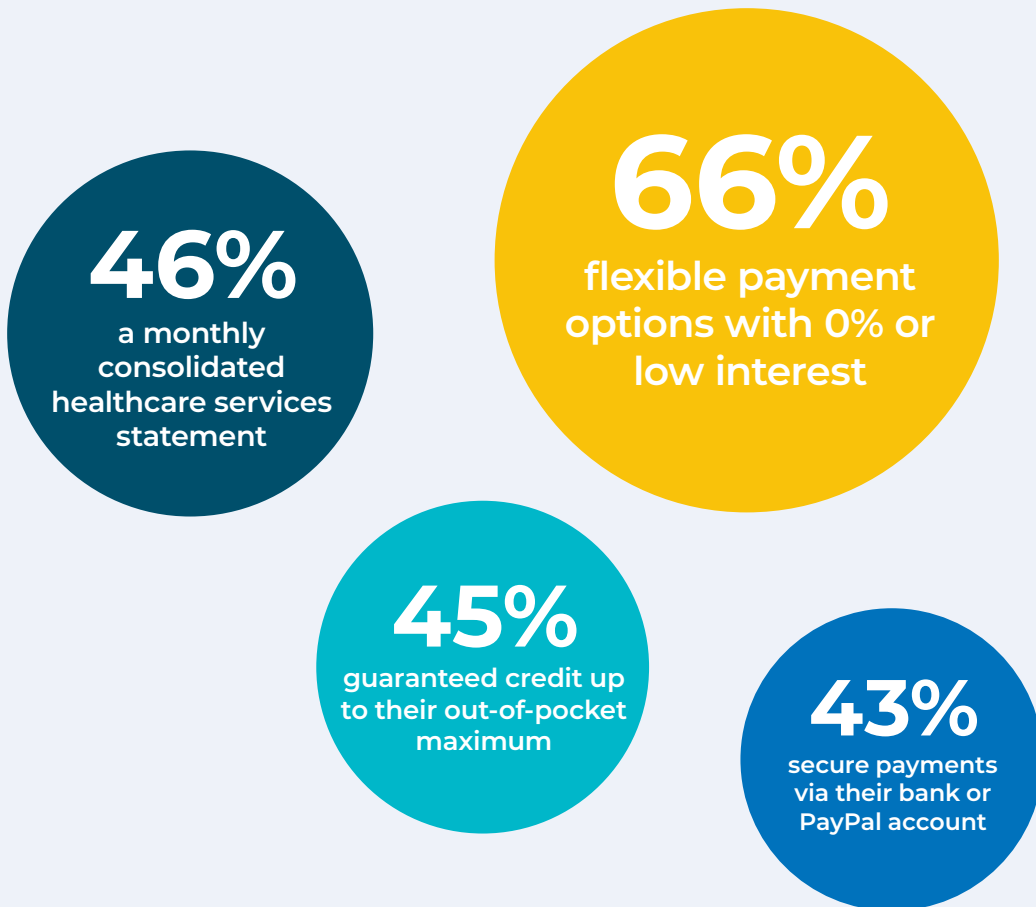
## Benefits Managers want to help

Employees' health payment troubles are not lost on the Benefits Managers who help provide healthcare coverage. Benefits Managers deliver enormous value to employers by helping their employees become smarter healthcare consumers. But that value could be threatened by growing dissatisfaction with an overly complicated healthcare billing system.

Benefits managers surveyed said they are interested in providing solutions to employees that help improve their financial wellness, regarding paying for healthcare costs. About three-fourths (72%) are extremely or very likely to consider a simplified financial solution to offer employees. Two-thirds (66%) said that they are most interested in flexible payment options with zero-to-no interest.

*While many employers offer solutions meant to better manage employee healthcare costs, only a third provide their employees with a simplified billing solution or a payment solution that offers financial security.*

## What Benefits Managers say are the most important advantages of a simplified billing solution



## Recommendations for fixing the system

As companies push more of their workforce into high-deductible health plans, employees feel their employers have a responsibility to do more to help with the volume, confusion, and stress of healthcare billing. **The study reveals three pillars on which to build a solution:**



### Guaranteed Payments for Providers

As OOP healthcare costs for insured and uninsured have steadily increased, many medical providers are forcing patients to pay up front prior to getting care or are taking on the financial burden. They are teaming with financial institutions to offer alternative financing products such as medical credit cards and medical installment loans.

Medical financing companies market their products to healthcare providers by touting their products' cost-saving features. But when these products are offered by medical providers, patients appear not to fully understand the terms of the products and sometimes end up with credit they are unable to afford.

Some medical credit cards offer people deferred interest for a limited time period. But if someone has a remaining balance after the designated promotional period, they are charged all the interest that would have accrued since their original purchase date. These products are typically more expensive than other forms of payment due to the higher interest payments. The nefarious nature of these alternative billing practices has attracted the scrutiny of the Consumer Financial Protection Bureau (CFPB), whose research found that financially struggling Americans are paying significantly more than they would otherwise pay.

*The best way to close this payment gap is to get providers out of the consumer financing business.*

Solutions like PayMedix use a financial model addressing consumer payment gaps by ensuring providers get paid upfront while easing the billing experience for patients.

These models work by guaranteeing prompt payments to healthcare providers in exchange for giving consumers more affordable repayment plans. They shift the financial relationship away from providers to consumer engagement specialists who remove the system's inefficiencies, organize payments around employee needs, and streamline the payment process for all. They pay the patient invoice to the provider upfront and then assume the extended payment relationship with the patient.

# \$745B

provided by hospitals for uncompensated patient care since 2000



## Guaranteed Credit for All Patients

Health equity requires giving everyone the financial options they need to access care, including financial credit. As the study confirmed, most employees are interested in flexible payment options with zero-to-low interest credit (72%), as well as providing guaranteed credit up to their OOP maximum (54%).

New platforms like PayMedix provide credit for OOP costs at low-to-no interest and construct a payment schedule that fits the person's needs, regardless of their credit history. Employees can be offered manageable repayment plans for all allowed in-network charges up to their maximum OOP amount.

While PayMedix guarantees payment to providers, it also guarantees credit to all employees, regardless of their credit record. By covering employees' medical bills up to their full OOP maximum, employees can be redirected to a flexible payment plan that fits their budget in a simple, and stress-free manner. They are no longer chased by collectors or forced to make pre-payment for care when finances are tight.

*While PayMedix guarantees payment to providers, it also guarantees credit to all employees, regardless of their credit record.*

# 72%

of employees were interested in flexible payment options with low interest and no fees.



Confusing medical billing systems create financial stress for people who just want to know how much they owe for the care they were provided and find ways to finance the costs.

Most billing information people receive is disaggregated, episodic, repetitive, and not useful for understanding their payment situation. Long bills and complicated Explanation of Benefits (EOBs) do little to shed light on what a person owes or doesn't owe. People end up confused and frustrated when they try to get answers about what they owe to the providers trying to collect. Some just disengage rather than try to understand the billing process or risk the negative impact that medical debt can have on their lives. And as they delay making necessary and preventative appointments, as well as not taking their medications, it will inevitably lead to more expensive, emergent needs for care.

As the study revealed, half of all respondents and nearly two-thirds of Gen Z (64%) and Millennials (65%) strongly desire an employer-provided solution for simplified bills. Platforms like PayMedix address this need by creating a more patient-centric experience across the entire billing cycle.

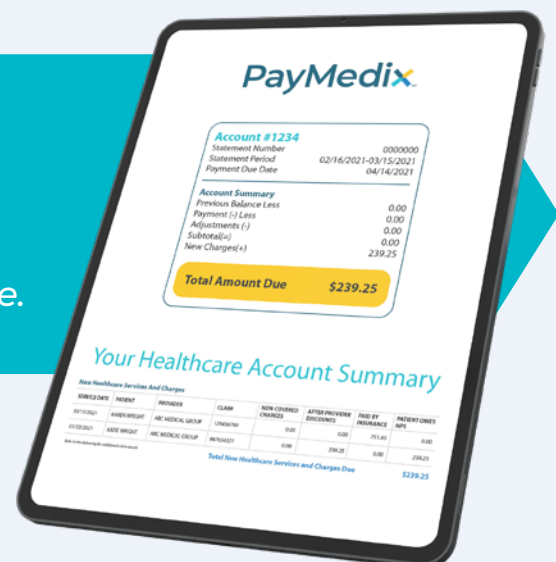
## *Half of all respondents and nearly two-thirds of Gen Z and Millennials strongly desire an employer-provided solution for simplified bills.*

Instead of experiencing a blizzard of statements and notices, employees get a single, simple, consolidated statement summarizing the totality of their care, regardless of where they received the care. The result is that they are better informed, more in control of their medical expenses, and, most importantly, re-engaged to seek the care they need.

Providers benefit as well. Being freed from the debt collection cycle, they are able to focus more resources on delivering quality patient care.

And employers can gain goodwill with their employees. They can play a much more significant role in helping employees get care at the right time and show them how to avoid costly treatment mistakes. By reducing confusion and providing a patient-friendly path for those who need it, employees can be better informed and more in control of their medical expenses.

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## Conclusion

Both uninsured and insured Americans face great difficulties paying for healthcare. The 2023 PayMedix Healthcare Payments and Financial Disparities Study confirmed that the stress these challenges cause is affecting consumers' physical and mental health.

The stress is most prominent among younger generations, people of color, and those with poor credit scores. High OOP costs and mounting medical bills are forcing employees to make choices about what they can pay for to make ends meet and causing too many to put off or skip needed medical care. This deepens the health equity chasm and contributes to this growing crisis in American healthcare.

*New approaches to medical billing can help these economically and socially vulnerable people in several ways.*

New approaches to medical billing can help these economically and socially vulnerable people in several ways. Billing platforms like PayMedix can pay for the cost of the patient invoice to the provider upfront and then assume the extended payment relationship with the patient. They can provide credit for out-of-pocket costs at low-to-no interest and construct a payment schedule that fits the person's needs, regardless of their credit history. This is important for employees who otherwise would rely on high-interest credit cards to pay their medical bills or generally have trouble getting credit.

The PayMedix model eliminates the financial stress and confusion surrounding billing. Patients gain simplicity and financial security. They are also more willing to reengage with their providers and stop avoiding care. Providers, in turn, help eliminate OOP billing costs and bad debt, returning to what matters most to them—delivering quality care. And employers gain healthier, less stressed employees.

**For more information on the 2023 PayMedix Healthcare Payments and Financial Disparities Study or to learn about how PayMedix can help you, email us at: [info@paymedix.com](mailto:info@paymedix.com).**

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