



ValidationInstitute

2025 - 2026 Validation Report

Review for: PayMedix

Validation Achieved: Metrics

Valid through: October 2026

Company Profile



Category:	Audit, Transparent marketplace
Website:	https://paymedix.com/
Public or Private:	Private
Year Established:	2021
CEO:	Tom Policelli
Company Contact:	info@paymedix.com

Description Provided by the Company:

PayMedix is a division of Wisconsin-based HPS. **PayMedix** is dedicated to solving the problem of high out-of-pocket costs for everyone: providers, patients, employers and TPAs. By guaranteeing payments to providers and offering understandable statements and flexible payments for all patients, **PayMedix** is changing the way people access, use, and pay for healthcare. **PayMedix** has processed more than \$5 billion in medical payments for hospital systems and physician practices and can be implemented in conjunction with any PPO or HMO network.



Claim Assertion of Validation - For Healthcare Providers

PayMedix's calculator produces a reasonable estimate of a healthcare provider's savings (increased net revenue) from using PayMedix services for commercially insured payments.



Method / Calculation / Examples

- For Healthcare Providers

The calculator takes into account the total allowed commercial amount owed to the provider. The estimated cost for collecting the amounts owed came from a published source; 3.3% ([Advisory Board Examining 2019 Revenue Cycle Benchmarks](#)). The user can override this estimate with actual collection cost. The user provides actual amounts for uncollectable debts.

The advantage of collecting in one sum from PayMedix, rather than collecting over a year or more, is estimated by calculating the time value of money. The market prime rate is applied to the monthly amounts collected for the PayMedix and Non-PayMedix scenarios. The difference in (potential) interest earnings is calculated. Assumptions about month-to-month collections for the non-PayMedix scenario are based upon PayMedix's own collection rates; users can adjust these numbers. The interest rate can also be revised by the user.

The calculator estimates the net amount collected for two scenarios – one with the provider using its own staff and one using PayMedix's services.



Findings & Validation

- For Healthcare Providers

Tables 1 and 2 summarize the components of the calculator for two case examples. Since PayMedix takes responsibility for the total commercial allowed amount – including bad debt – these are not subtracted from the provider's final net revenue in the PayMedix scenario.

Case Example #1

		Non PayMedix	PayMedix
1	Sample Total Allowed Amount (net of contract discounts)	\$200,892,735	\$200,892,735
2	Est collection cost / PayMedix Cost	(\$6,629,460)	(\$17,075,882)
	Cost as % of Total Allowed	3.3%	8.5%
3	Reduction for charity care (budget neutral)	(\$7,043,803)	(\$7,043,803)
4	Reduction for bad debt	(\$25,495,490)	0
5	Added interest earnings/ faster collection / 17 months		\$870,219
	Interest rate assumption (monthly)		0.46%
6	Final dollars to provider	\$ 161,723,982	\$ 177,643,269
	Line 1 - sum of lines 2 - 6		
	Provider's gain	\$ 15,919,287	

Table 1 – Summary of Calculator Components and Estimates Case Example #1





Findings & Validation

- For Healthcare Providers

Case Example #2

		Non PayMedix	PayMedix
1	Sample Total Allowed Amount (net of contract discounts)	\$1,209,919,006	\$1,209,919,006
2	Est collection cost / PayMedix Cost	(\$39,927,327)	(\$72,595,140)
	Cost as % of Total Allowed	3.3%	6.0%
3	Reduction for charity care (budget neutral)	(\$35,012,315)	(\$35,012,315)
4	Reduction for bad debt	(\$75,854,019)	0
5	Added interest earnings/ faster collection / 17 months		\$3,253,248
	Interest rate assumption (monthly)		0.46%
6	Final dollars to provider	\$ 1,059,125,345	\$ 1,105,564,799
	Line 1 - sum of lines 2, 3, 4, 5		
	Provider's gain	\$ 46,439,454	

Table 2 – Summary of Calculator Components and Estimates Case Example #2





Limitations

- For Healthcare Providers

The model also does not address the potential of higher demand for services. PayMedix works with patients on financing their share of the service bills; this may encourage patients to seek care who might have delayed or avoided care because they could not afford it.





Claim Assertion of Validation

- For Employers / Group Plans

Groups using PayMedix have a lower share of their spending on inpatient services. In addition, plan spending becomes more evenly spread across the plan year; fourth quarter spending is a lesser share of total annual spending.



Method / Calculation / Examples

- For Employers / Group Plans

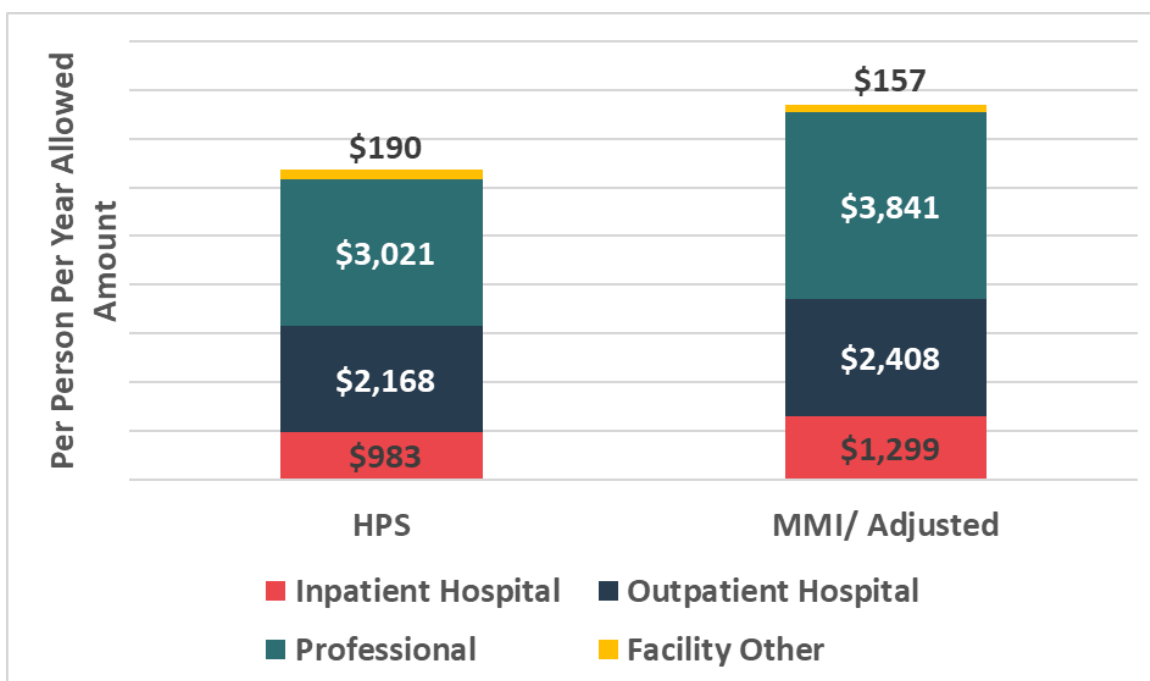
For 144 employers and 49,060 members, the 2023 health plan spending was segmented into components of service – inpatient, outpatient, professional, and other (note: pharmacy benefits were excluded.) The total annual plan Allowed Amount was calculated for each component, and then compared to the Milliman Medical Index 2023 average person spending. Milliman provided adjustments for each component to reflect state-specific data. Thus, a medical index could be calculated for the single state where the group members resided.

The quarterly plan spending for PayMedix groups' was calculated as a percentage of their annual spending. This analysis includes 29 groups with over 100 subscribers, each of which has been active with PayMedix for at least 5 years. Plan year 1 includes all of the groups' first year with PayMedix; plan years 2 through 5 show the groups' second through fifth year regardless of what calendar year they joined. Each quarter's portion of the year's spending is shown.

Findings & Validation

- For Employers / Group Plans

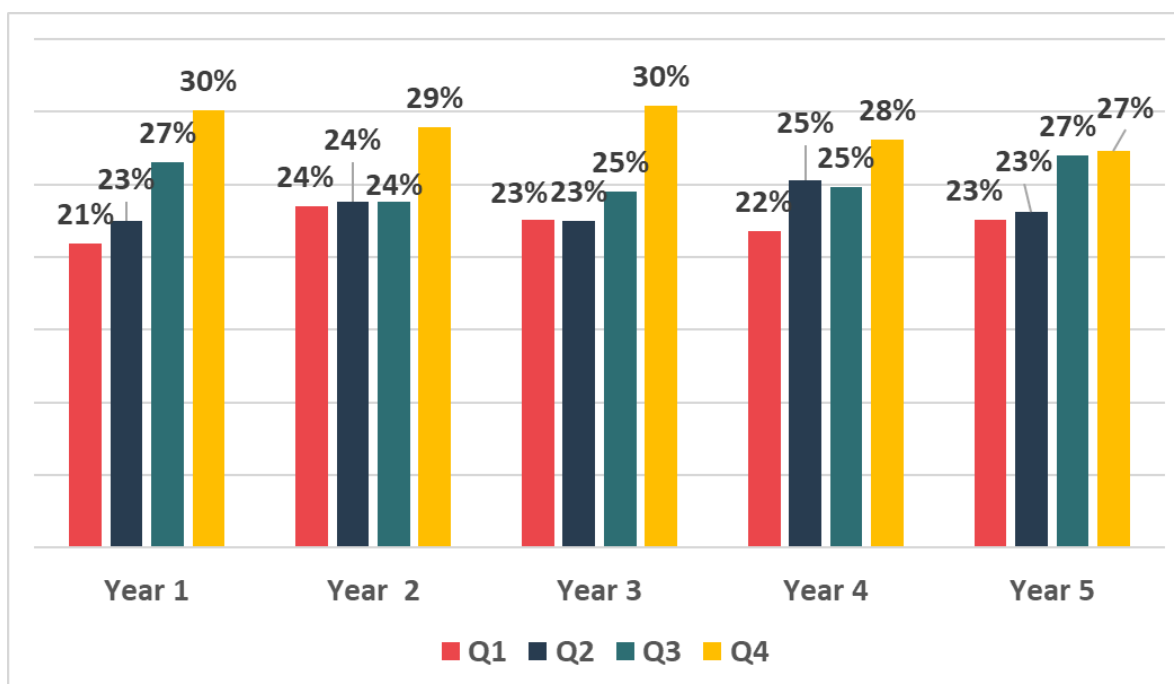
The graph below shows the PayMedix groups' and Milliman Medical Index's total annual allowed amount that was for inpatient, outpatient, professional, and other services. PayMedix groups' total Per Person Per Year Allowed Amount was 21% lower than the Milliman Medical Index (adjusted to the state). Lower spending on inpatient and outpatient hospital services made up almost 40% of PayMedix groups cost savings compared to the Milliman Medical Index; 60% came from lower spending on professional services.



Findings & Validation

- For Employers / Group Plans

The graph below shows the quarterly spending for PayMedix groups in their first five years of offering the PayMedix program. Over time, the year-end “benefit rush” decreases; this is a known phenomenon in plans that have a significant deductible. Members seek more care when the deductible has been met, leading to a surge in plan spending in the last quarter. The decrease in the year-end rush may reflect members’ seeking care earlier in the year. If this is the case, members may decrease their medical costs over time. (Note: PayMedix groups 2023 per member per year costs are 21% lower than the Milliman Medical Index adjusted to the state.)





Limitations

- For Employers / Group Plans

It is not possible to determine whether the groups' lower spending in total is statistically significantly lower than the Milliman Medical Index.

The Year 1 and Year 5 quarterly spending were not statistically significantly different from "perfect" (25% in each quarter). Nevertheless, the change in members behavior may have other impacts.



Validation and Credibility Guarantee

PayMedix's ROI Calculator achieved validation for **Metrics**. Validation Institute is willing to provide up to a \$10,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit <https://validationinstitute.com/credibility-guarantee/>

Program Validation

Program has strong evidence of significant impact on both patient outcomes and on medical costs. Evidence is assessed based upon the certainty it provides that the result is due to the program and not to other factors, such as recruiting people to participate in the program who are most likely to succeed.

Savings

Can reduce health care spending per case/participant or for the plan/purchaser overall.

Outcomes

Product/solution has measurably improved an outcome (risk, hba1c, events, employee retention, etc.) of importance.

Metrics

Credible sources and valid assumptions create a reasonable estimate of a program's impact.

Contractual Integrity

Vendor's model contract meets Validation Institute standards for transparency.

CERTIFICATE OF VALIDATION

Applicant: PayMedix
1000 N Water St, 1100, Milwaukee, Wisconsin 53202,
US

Product: ROI calculator

Claim: PayMedix's calculator creates a reasonable estimate of a healthcare provider's savings (increased net revenue) from using PayMedix services for commercially insured payments.

Validation Achieved: Validated for Metrics

Award Date: February 2023



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About Validation Institute

Validation Institute is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of health care.

Validation Review Process

Validation Institute has a team of epidemiologists and statisticians who review each program. The team focuses on three components:

- Evidence from published literature that a similar intervention had similar results.
- The reliability and credibility of the data sources.
- The rigor of the approach to calculating results.

To achieve validation, the program has to satisfy each of these components. VI's team then summarizes the review into a report which is publicly available. Details of VI's review are available with the program's permission.