

Merchant Payment Trends

>> Card Industry Looks to Seal A Health Care Payments Gap

Over the past several years, administrators at the St. Charles Medical Center in Bend, Ore., have seen a growing number of patients struggle to pay their bills. More patients are showing up who do not qualify for Medicaid or other government assistance and who also do not have private health insurance.

The hospital has experimented with arranging low monthly payments for uninsured patients who owe large sums, but historically it has collected only 13 cents on every dollar, a near total loss, says Diana Mahnke, the hospital's director of revenue cycle operations. St. Charles is a 216-bed rural facility that did not have the expertise or wherewithal to run a collection department.

Even patients with employer-based insurance are struggling, since those plans "pay a smaller portion of their bill than in the past," Mahnke says.

So more consumers are using a variety of sources, such as government insurance, high-deductible health plans and their own money, to pay for health care. More health providers turn to health care cards to facilitate payments and eliminate burdensome paperwork.

St. Charles in December began distributing CarePayment credit cards to patients who need to pay out-of-pocket medical expenses. The card allows patients to pay off bills, interest free, spread out over as many as 25 monthly payments.

Aequitas Capital Management Inc., a Portland-based investment firm, issues the CarePayment card, which carries the logos of its partner institutions. Aequitas keeps a small percentage of the money owed. Also, if a CarePayment patient has a credit score over 600, Aequitas automatically reimburses the provider for the full amount owed and assumes the debt.

Lake Mary, Fla.-based Fiserv Credit Processing Services processes the card transactions.

"It really has been helpful," Mahnke says, adding that the hospital can put more resources into providing care because it has boosted payment receipts and no longer has to spend as much money chasing down unpaid bills. Also, "it's been good PR for us," Mahnke adds, since the residents of eastern Oregon, especially the uninsured, now know they can get treatment at St. Charles and spread their payments out over 25 months.

Large hospitals also have benefited from the CarePayment card service. Palomar Pomerado Health, a San Diego-based public-health district that covers 850 square miles and

features two main hospital campuses that see 85,000 patients per year in their emergency departments alone, began distributing Aequitas' CarePayment cards.

"We're trying to take away the financial worries of our patients so they can focus on their health," the spokesperson says.