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# PULSE



# Health Care Payment Plans Fall Short of Meeting Patient Affordability Needs

A recent survey reveals growing challenges in medical collections.

A new comprehensive survey by PayZen and the Healthcare Financial Management Association has uncovered significant challenges in health care payment collection strategies, particularly regarding patient payment plans. The study, which examined 213 health care systems with revenues ranging from $50 million to over $25 billion, reveals that current approaches may be inadequate for addressing health care affordability concerns.

The research shows that approximately 30% of annual patient collections are currently tied up in open payment plans, representing a substantial portion of outstanding patient financial responsibility. This situation has emerged largely due to the increasing prevalence of high-deductible health plans and rising coinsurance rates, coupled with a growing number of underinsured working-age adults.

## The Affordability Gap

A critical mismatch exists between payment plan structures and patients' financial capabilities. According to PayZen's "2024 Healthcare Affordability Patient Survey," the average American can only afford about $97 monthly for medical expenses. This limited capacity means that under typical 12-month payment plans, patients can only manage bills less than $1,200, or under $2,350 for 24-month plans.

The survey found that 28% of health care organizations limit their in-house payment plans to 12 months, while 58% cap them at 24 months. Perhaps more concerning, 7% of organizations offer no in-house payment plans whatsoever. This rigid structure creates significant challenges for patients facing larger medical bills.

The current system's limitations affect both patients and providers. For instance, a $1 billion health system offering 12-month in-house payment plans could have approximately $6 million in extended balances. Additionally, the risk of non-payment increases with longer payment periods, with default rates between 20% and 30% for plans extending beyond 12 months.

## What's Next?

Despite these issues, 62% of health care organizations do not partner with third-party financing companies, which could offer more flexible payment terms up to 60 months, often with interest-free promotional periods. However, these third-party solutions come with their own risks, as highlighted by a recent KFF report indicating that roughly 25% of patients using medical credit cards fail to clear their balances before promotional periods end.

Survey researchers suggest that improving pre-service collections could enhance overall collection rates. Organizations that implement pre-service payment requirements or maintain payment methods on file demonstrate a 20% higher collection rate. This approach, combined with more flexible payment options, could help address the current challenges facing the health care industry.

Read more here.

# CFPB Medical Debt Rule Effective Date Further Delayed in Court Proceedings

The delay follows an agreement between the CFPB and plaintiffs to vacate the rule.

Recent developments in ongoing litigation challenging the Consumer Financial Protection Bureau's final rule on medical debt credit reporting advanced in May.

ACA International, in *ACA International and Specialized Collection Systems Inc. v. Consumer Financial Protection Bureau and Russell Vought* (PDF), filed a motion to extend the stay of proceedings in the case in the U.S. District Court for the Southern District of Texas.

U.S. District Judge Sim Lake granted the motion, suspending proceedings until seven days after ruling on consent judgment motions in a similar case from the Consumer Data Industry Association (CDIA) and Cornerstone Credit Union.

ACA continues to work with all stakeholders and to evaluate the next steps in its case against the rule.

Overall, it seeks to prevent the rule from taking effect for not only its negative impact on health care providers' ability to collect legitimate debts and patients' future access to health care, but also for the CFPB's lack of statutory authority to implement such a rule and its overbroad approach that violates the First Amendment of the U.S. Constitution.

The court previously granted a stay to delay proceedings by 90 days and required the CFPB to submit a report every 30 days stating their position on the enforceability of the rule.

ACA's team continues to work with Congress, the courts, and the administration to seek a resolution to the CFPB's onerous rule and will provide members with updates on both cases as they become available.

## CDIA and Cornerstone Case Developments

Significant progress has been made in the parallel proceedings. Judge Sean D. Jordan of the Eastern District of Texas has approved the delay of rule implementation from June 15 to July 28, 2025. The court also approved new defendant interventions.

As a refresher, CDIA and Cornerstone are the plaintiffs in a case challenging the bureau's statutory authority to implement the rule. Earlier this month, the CFPB agreed to vacate the medical debt rule in a joint motion with the plaintiffs.

The parties agreed the Fair Credit Reporting Act and the Administrative Procedure Act "expressly [allow] consumer reporting agencies to include properly coded medical debt on consumer reports furnished to creditors."

The parties also agreed to a motion to intervene in the case from two individuals with medical debt and two organizations that assist individuals with medical debt, Tzedek DC and the New Mexico Center on Law and Poverty.

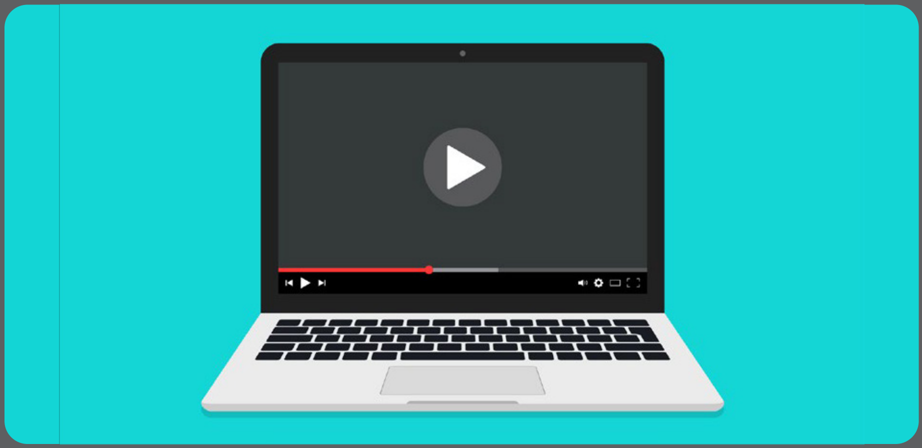
The intervenors, now defendants in the case, response to the joint motion to approve consent judgment vacating the medical debt rule (PDF) and the motion for preliminary injunction was due by May 22.

The plaintiffs' and defendants' supporting comments were due on May 30, with a motion hearing scheduled for June 11 at 1 p.m. CT.

# NEWS & NOTES

### Why Gathering Accurate Patient Information is Important

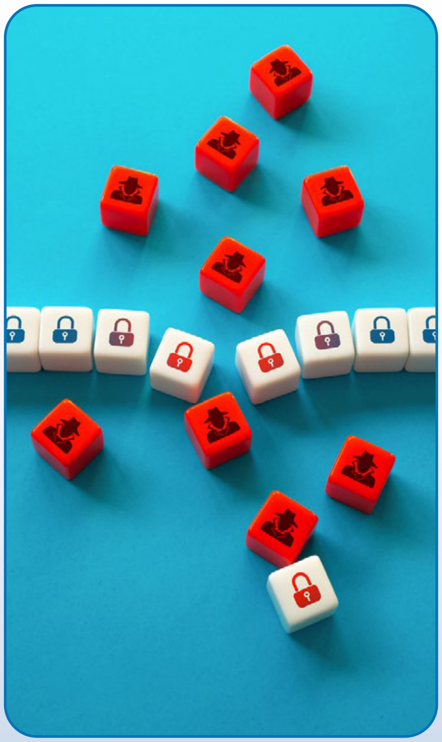
ACA International recently put together a series of training videos for health care providers. One of their videos, "Why Gathering Accurate Patient Information is Important," provides a valuable training resource for frontline staff in health care provider offices. This informative health care management video emphasizes the critical role of accurate patient information collection in maintaining a successful medical practice. It explains how proper information gathering directly impacts a facility's financial health, insurance processing, and overall operational efficiency. Through practical insights, it demonstrates that accurate patient data collection is not just an administrative task but a fundamental business necessity that affects everything from quality of care to staff satisfaction. This is valuable for health care administrators, front desk staff, and medical professionals who want to understand the broader impact of proper patient information management.



Access the video here.

# From the Web: Health Care Data Breaches Declined in Early 2025

*Healthcare Finance* reported that there were 58 health care data breaches in March, the lowest total for the month since 2022.



Health care data breaches trended downward in the first quarter of 2025, offering a bit of hope for an industry that has been plagued by cybersecurity challenges. According to a report in *Healthcare Finance*,
March saw only 58 breaches—the lowest since 2022 and a significant 46% reduction from the 98 breaches reported in March 2023.

The number of individuals impacted by health care data breaches also decreased for three consecutive months. Just over 1.7 million people were affected in March, representing a 23% reduction from February and a substantial 43.8% drop since January, according to the HIPAA Journal data cited in the article.

"The number of affected individuals in March was 76.2% lower than the monthly average last year," wrote Jeff Lagasse in *Healthcare Finance*. This positive trend becomes even more apparent when considering that "more people were affected each month in 2024 than were affected in January, February and March of this year combined."
Despite the overall decline, hacking incidents continue to dominate the landscape. Data from the Department of Health and Human Services' Office for Civil Rights shows that all 18 major breaches (those affecting at least 10,000 people) in March were classified as hacking/IT incidents.
In total, hacking accounted for 79% of all reported breaches.

Read the article here.

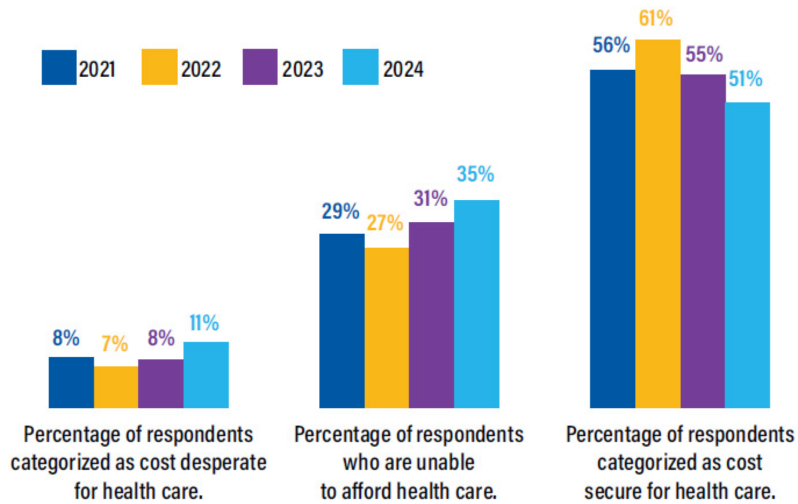
# DATAWATCH

## Health Care Cost Crisis Deepens, 29 Million Americans Unable to Access Care

A concerning surge in health care affordability challenges has emerged across the U.S., with approximately 29 million adults (11% of the population) now classified as "cost desperate," marking the highest level since 2021, according to the West Health-Gallup Healthcare Indices Study.

The study reveals this crisis disproportionately affects minority and low-income communities, with Hispanic adults experiencing an eight-percentage point increase to 18%, Black adults seeing a five-point rise to 14%, and households earning less than $24,000 annually facing a dramatic eleven-point surge to 25%. While these vulnerable populations struggle increasingly with health care access, White adults and middle- to high-income earners have remained relatively unaffected, leading to the widest health care accessibility gap based on race, ethnicity, and income since the study's inception.

### Survey Respondents' Ability to Afford Health Care, 2021-2024




***Source:*** Kaufman Hall Gist Graphic of the Week; https://tinyurl.com/2zbzs5ky.

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