KPMG

# A patient-centric approach to financial health in healthcare

kpmg.com/us

# Introduction:
# A new financial reality

Healthcare stands apart from nearly every other industry: Services are delivered first, and prices are settled later. This long-standing model, already a source of stress for patients, is becoming unsustainable. In an era of rising inflation and unprecedented cost-of-living pressures, patients are facing growing uncertainty about their ability to afford care. This concern is not only a patient issue but also a critical business challenge for health systems and provider practices.

A confluence of regulatory, economic, and social factors—including the No Surprises Act and heightened consumer cost-awareness—is driving a shift in the healthcare revenue cycle. The result is a dramatic increase in the volume of self-pay accounts receivable (A/R). Out-of-pocket patient payments are not a small fraction of revenue; they are a major and growing component, projected to surge from $471.5 billion in 2022 to a staggering **$781.9 billion by 2033**.[1]

Simultaneously, providers are grappling with their own escalating operational costs, from labor to supplies. With organizations operating on razor-thin margins, the effective management of this growing self-pay A/R is paramount. This portion of revenue has historically been the most challenging and costly to collect, creating a distinct and urgent challenge. This whitepaper will explore the industry trends driving this shift, outline innovative practices for improving the patient financial experience, and detail the key strategies for successfully collecting these essential funds while building patient trust.

[1] Sean P Keehan, et al., "National Health Expenditure Projections, 2024–33: Despite Insurance Coverage Declines, Health To Grow As Share Of GDP," Health Affairs, June 25, 2025

# The shifting landscape: Forces driving the self-pay surge

Today's financial environment is the product of several powerful, intersecting forces. Understanding them is the first step toward building a new strategy.

## Regulatory mandates for transparency

Legislation like the No Surprises Act and evolving Centers for Medicare and Medicaid Services (CMS) price transparency rules (which aim to make pricing estimates more exact) are empowering patients with more information than ever before. While the goal is to eliminate surprise bills and provide clarity, the effort required for hospitals to comply is immense, often hampered by legacy systems and disparate data files.[2] Patients now have a legally reinforced expectation of cost clarity, and providers are on the hook to deliver it.

## Economic headwinds

Consumers are contending with persistent inflation and economic uncertainty that directly impacts their disposable income. A routine medical bill can now represent a significant financial burden, forcing difficult choices between healthcare and other essential needs. This external pressure severely limits their ability to pay large, unexpected balances.

## The rise of the healthcare consumer

Modern patients are consumers, accustomed to the seamless, digital-first experiences offered by retail, banking, and travel industries. They bring these expectations to healthcare, demanding not only price transparency but also convenience, flexibility, and control over their financial interactions. A cumbersome, confusing, and impersonal payment process is no longer acceptable.

[2] CMS transparency rule aims to make pricing estimates more exact, Healthcare Financial Management Association (HFMA), (November 26, 2025).

# A modern framework for patient collections

To navigate this new reality, providers must evolve beyond traditional, reactive collection tactics. The path forward requires a proactive, patient-centric financial journey that balances a positive patient experience with robust financial practices. This modern approach is built on three foundational pillars: **transparency, flexibility, and communication**.

## Foundational transparency: building trust from the start

Trust is the cornerstone of the patient-provider relationship, and it must extend to financial interactions. Ambiguity and inconsistency are the primary drivers of patient frustration and nonpayment.

### Clear, accessible policies

Financial policies must be written in plain language, be readily available on the organization's website, and be provided in new patient materials. This includes defining key terms (e.g., "copay" versus "deductible"), clearly outlining where and how balances can be paid, and setting clear expectations for payment timelines.

### Good-faith estimates as standard practice

The most effective way to prevent downstream collection issues is to provide a reliable cost estimate before services are rendered. Leveraging estimation technology integrated with benefits verification allows providers to give patients a clear-eyed view of their financial responsibility at the point of scheduling, transforming an anxious unknown into a manageable expectation.

# Flexible technology and payment pathways

Rigid, one-size-fits-all payment systems create friction. It is crucial for organizations to be flexible in both the methods and terms of payment, recognizing the diverse needs of their patient population.

## Meet patients where they are

While there is a growing consumer preference for digital payment methods—such as EMR portal payments, text-to-pay, and online guest pay—a significant portion of the community still relies on traditional methods like cash, check, or phone payments. Supporting a diverse range of options is essential for a positive patient experience.

## Tailor options to drive reimbursement

A sophisticated financial strategy offers a menu of options designed to make payment achievable.

**Flexible payment plans**

Offer automated, self-service enrollment in payment plans with timelines and financing options tailored to the balance size.

**Low-interest financing**

For larger balances, partner with third-party financing firms to provide accessible, low-interest credit options that protect both the patient's financial health and the provider's cash flow.

**Incentivize up-front payments**

For estimated balances, establish a clear policy for minimum up-front payments (e.g., 10 percent to 50 percent of the expected balance) to secure a portion of the payment at the point of service.

# Proactive and secure communication

Communication about cost should be a thoughtfully managed journey, not a series of disjointed, stressful encounters. This requires a proactive strategy that respects the patient's time and attention.

## A multichannel, preference-driven approach

Communication should begin promptly after service and continue through the patient's preferred channels, whether such as that's a text notification, a detailed email statement, or traditional mail.

## Build trust through security

In an environment of rising technology scams, providers must be explicit about their communication methods. Inform patients exactly how they will be contacted (e.g., "We will text you from this number only") and what information will be requested. This transparency builds trust and empowers patients to pay their bills securely.

## Protect the clinical encounter

Most importantly, this reimagined journey must create a clear and intentional separation between clinical care and financial discussions. A patient's time with their physician is invaluable and should be maximized for discussing health needs. By creating designated moments for financial conversations—at scheduling, during registration, and via follow-up communications—providers protect that clinical time and keep the focus on care.

# Concluding thoughts: From friction to financial partnership

As health systems navigate the growing challenge of self-pay receivables, the reactive, often adversarial, collection methods of the past are no longer sufficient. The path to financial stability and patient loyalty requires a fundamental shift to a patient-centric financial model built on a foundation of **transparency, flexibility, and proactive communication**.

By implementing clear policies, offering a diverse array of modern payment options, and thoughtfully separating financial discussions from clinical care, providers can achieve much more than just improved cash flow. This modern approach demystifies a complex process, reduces patient anxiety, and transforms a common point of friction into an opportunity to build enduring trust. In doing so, health systems not only enhance their revenue cycle but also secure their long-term financial health and solidify their relationship with the communities they serve.

**Jason Wu**
**Advisory Managing Director,**
**Healthcare Operations,**
KPMG US

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

**Learn about us:** **kpmg.com**