



Attitudes and Trends Toward Credit and Debit Card Use for Healthcare Services



Table of Contents

Introduction	0.1
Key Findings	0.2
Detailed Results: The Practice	
<hr/>	
Payment Card Acceptance	1.1
Payment Timing and Method	1.5
Computer and Internet Usage	1.8
Detailed Results: The Patient	
<hr/>	
Card Use	2.1
Payment and Insurance	2.4
Keeping Appointments	2.8
Smart Cards	2.10
Internet Usage	2.12
Appendix	A.1
<hr/>	

Payment cards (credit/charge or debit) have become a key part of American commerce, and consumers are incorporating their use into more and more aspects of daily life. One of the areas experiencing this strong growth is healthcare and its related services.

This report reveals the usage habits, preferences and opinions of both patients and healthcare providers regarding the use of various payment card types as payment options for office visits and treatments.

The information was obtained from two market research studies, commissioned by MasterCard and referenced in this report, from an independent research organization in the spring of 2003. The studies entailed interviews of 1,025 American adults 18 years of age and older and 857 healthcare providers in private practice across a variety of practice areas, including Primary Care Physicians, Specialists, Plastic Surgeons, Dentists, Optometrists and Chiropractors. A sampling error of plus or minus 3% and plus or minus 4%, respectively, apply to these two studies.

From this research MasterCard sought a further understanding of:

- The extent to which consumers now use or would like to use general payment cards (credit or debit) to pay for medical care, with the findings compared to those of a comparable study conducted in 1998.*
- What payment methods are currently accepted at healthcare provider offices and some reasons for practitioners accepting or not accepting credit/charge or debit cards for payment.*

The primary findings and implications from these studies are:

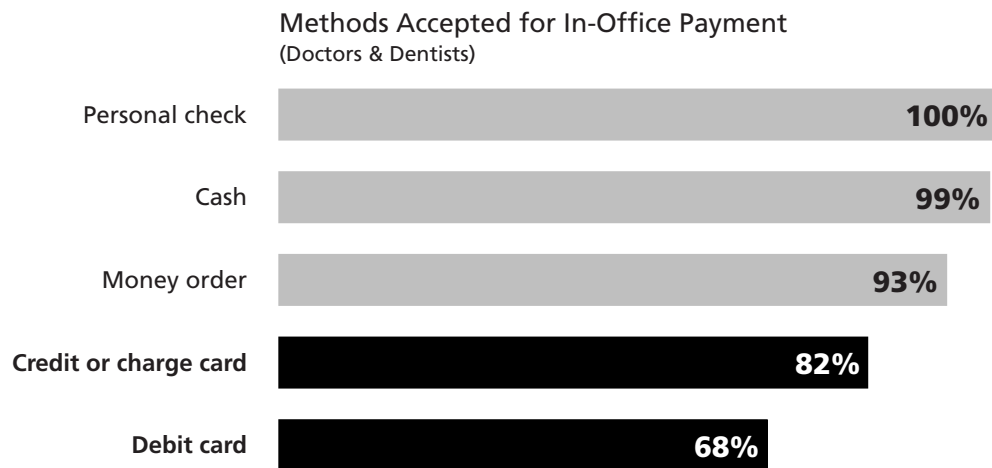
- *Most office decision makers recognize the benefits to both the office and their patients of payment card acceptance, and its use among practitioners is expected to continue growing.*
- *While most offices accept credit/charge cards for payment, it is interesting to note that the types of practices that report use of credit/charge cards most frequently (Dentists, Optometrists and Chiropractors) also report the highest satisfaction levels with their payment systems.*
- *Patients are increasingly using credit cards to pay for in-office healthcare services, with an increase of 50% over the last five years.*
- *Patients' stated interest in using payment cards suggests a desire to have a variety of, and flexibility in, payment options.*
- *Although patients may have a high desire for the flexibility that card payments provide, and the card payment option is widely available among practices, usage rates for card payments are notably lower compared to other methods. This points to an opportunity to educate patients that the payment alternatives they desire are in fact available.*

Payment Card Acceptance

The first area of investigation for the study was credit/charge card acceptance. **82% of surveyed healthcare providers in private practice indicated they accept credit or charge cards at the office**, and **68% say they accept debit cards**.

Optometrists, Dentists and Chiropractors are more “card-friendly” than Primary Care Physicians and Specialists.

Larger practices, with five or more practitioners, are more card-oriented—with 93% accepting credit/charge—than smaller ones, of which only 79% of those surveyed indicated they accept them. The exception to this pattern is Dentists, who apparently have a high incidence of acceptance no matter the size of the office (97% credit/charge, 86% debit).



Base: Total (857)

Methods Accepted for In-Office Payment

	Total Sample of Practitioners				
	Number of Practitioners in Office				
	Total (857)	1 (224)	2 (139)	3-4 (281)	5 or More (211)
	%	%	%	%	%
Personal check	100	100	100	100	99
Cash	99	100	99	99	100
Money order	93	93	94	91	95
Credit or charge card	82	79	79	79	93
Debit card	68	65	69	66	76

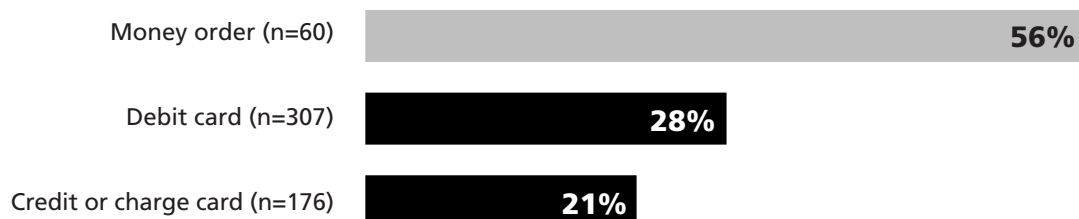
Payment Card Acceptance (continued)

Card use among medical practices is expected to grow over the next year.

21% percent of surveyed practices that do not now accept credit/charge cards definitely or probably will in the next year, and 28% percent of practices that do not now accept debit cards definitely or probably will in the next year.

The statistics suggest that a majority of office managers and policy decision makers within medical practices clearly understand the advantages of adopting debit and credit/charge cards as a payment method. The benefits are recognized not only for both patient and office convenience but also for security, efficiency, record keeping and cash flow.

Future Likelihood of Accepting Various Methods for In-Office Payment
Definitely/Probably Will Accept in the Next Year



Future Likelihood of Accepting Various Methods for In-Office Payments

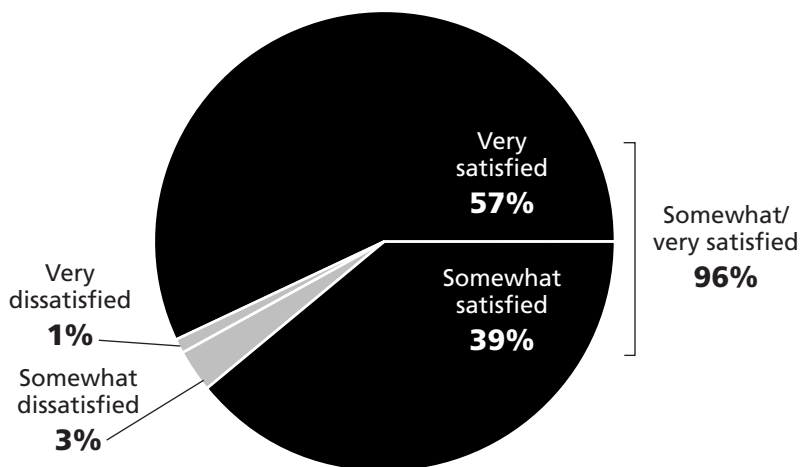
Total Sample of Practitioners					
Number of Practitioners in Office					
	Total %	1 %	2 %	3-4 %	5 or More %
Debit Cards					
Base	(307)	(88)*	(50)*	(116)	(52)*
Definitely /probably will	28	20	28	28	44
Definitely/probably will not	69	77	72	69	54
Credit or charge cards					
Base	(176)	(52)*	(32)**	(73)*	(18)**
Definitely/probably will	21	12	22	20	54
Definitely/probably will not	77	85	78	77	46

*Caution: small base **Caution: extremely small base
Base: Those who do not currently accept method

Payment Card Acceptance (continued)

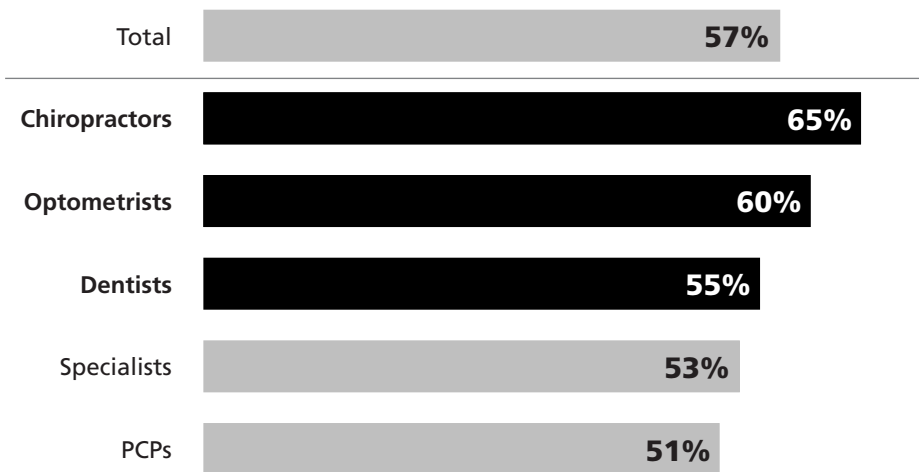
In regards to satisfaction, almost all surveyed decision makers at offices (**96%**) **are at least somewhat satisfied** with their current systems for handling payment from patients. The types of practices that utilize payment cards the most frequently in the office (Dentists, Optometrists and Chiropractors) report the proportionally greatest degree of satisfaction with their current payment systems and seem to recognize the benefits to the patient and the office most clearly.

Satisfaction with Current System for Handling Payments from Patient



Base: Total (857)

Satisfaction with Current System for Handling Payments from Patients (Percent Very Satisfied)



Base: Total (857)

Payment Card Acceptance (continued)

Surveyed office managers have a tendency to believe that accepting cards as a payment option is more expensive to the practice than their current systems. In fact, when asked what holds them back from accepting credit/charge and debit cards, the primary stated barrier to use is the perceived cost. However, **the perception of a high cost to utilizing payment cards is often erroneous when compared against the costs of collection, repeat invoicing and costs incurred as a result of returned check fees.** Dentists and Optometrists, more than other practitioner types, report that acceptance of credit/charge cards meets the needs of the practice in a multi-dimensional way.

Evaluation of Credit or Charge Cards on Meeting Needs

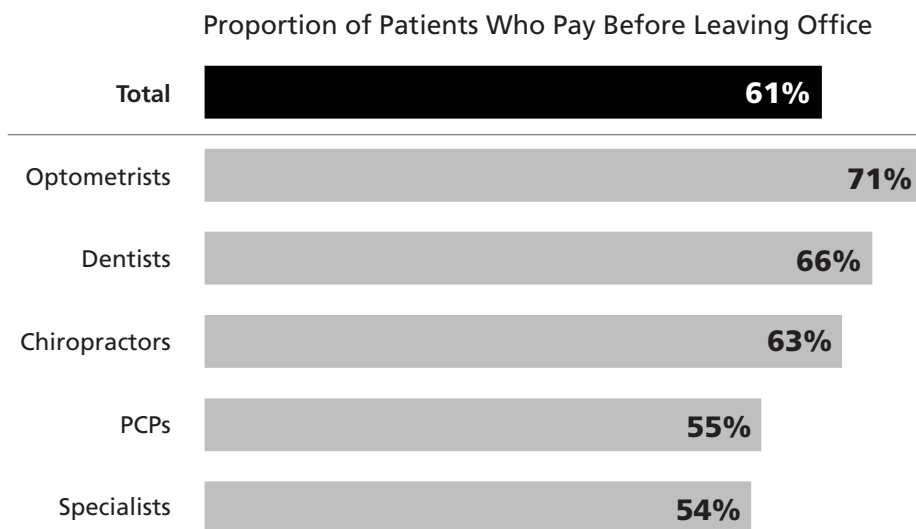
	Total	PCPs	Specialists	Dentists	Optometrists	Chiropractors
	(857)	(202)	(255)	(200)	(100)	(100)
Among total rated excellent	%	%	%	%	%	%
Convenience for patient	64	47	62	73	76	56
Safety and security	53	33	49	62	61	49
Efficiency	52	37	47	59	64	52
Convenience for the practice	51	37	46	60	61	45
Ease of record keeping	50	37	44	58	62	49
Cash flow for your office	47	35	44	50	61	48
Cost	24	21	24	25	25	28

Evaluation of Debit Cards on Meeting Needs

	Total	PCPs	Specialists	Dentists	Optometrists	Chiropractors
	(857)	(202)	(255)	(200)	(100)	(100)
Among total rated excellent	%	%	%	%	%	%
Convenience for patient	50	36	48	55	58	49
Safety and security	39	26	35	44	48	40
Efficiency	41	29	38	45	52	42
Convenience for the practice	40	27	38	44	49	43
Ease of record keeping	39	25	35	46	46	38
Cash flow for your office	40	28	37	45	46	41
Cost	24	20	20	26	26	30

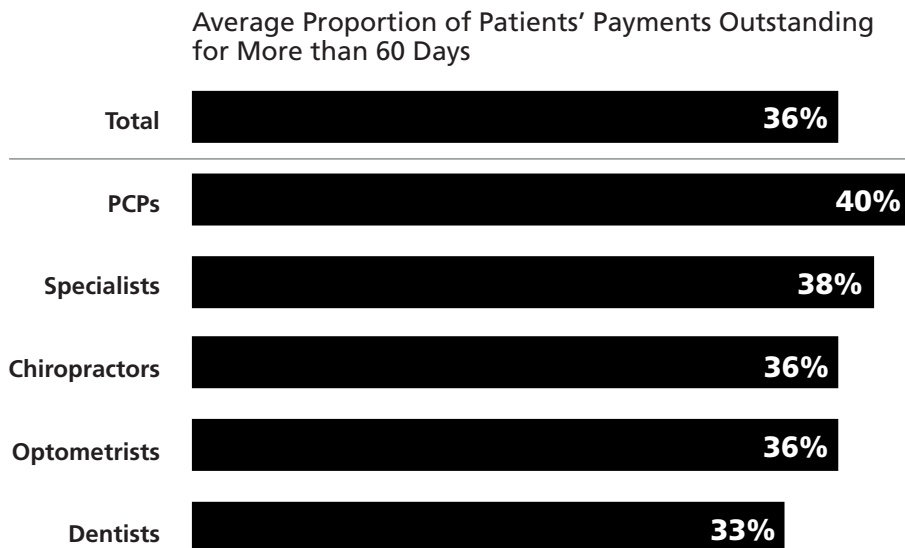
Payment Timing and Method

Another area in which noteworthy statistics are revealed is the discussion with practitioners regarding payment method and timing. **Respondents reported that approximately 61% of patient payments are made at the office at the time of the visit.** Of those, just over 3 in 4 (77%) are from check, cash and money order, while only about 1 in 4 payments is by payment card.



Payment Timing and Method (continued)

Respondents reported that, on average, **36% of their patient payments are 60 days past due**. This rate is consistent across size of practice and practice types. Respondents also reported that it is not uncommon for them to receive out-of-pocket payments from consumers 80 days late and after an average of 2.5 billings.



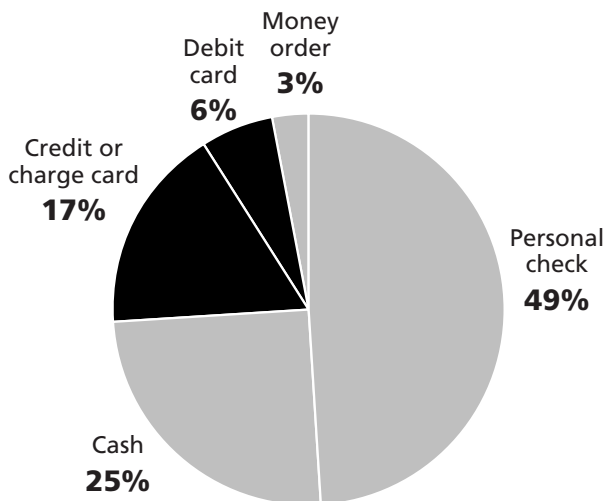
Base: Total (857)

Payment Timing and Method (continued)

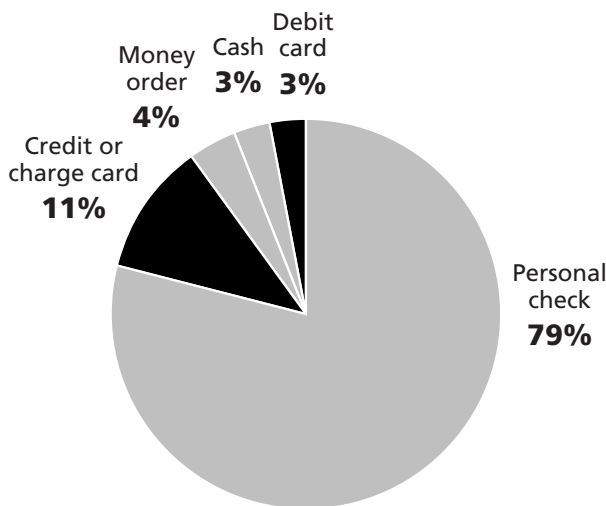
While 82% of offices accept credit or charge cards for in-office payment (62% debit) and 77% accept credit or charge cards for after-visit payment (68% debit), the majority of transactions are not processed in this way. For in-office receipts, 17% are credit or charge and only 6% are debit. For after-visit receipts, 11% are credit or charge and only 3% are debit.

When this is considered with the fact that 47% of surveyed patients reported that they have or would like to use a credit/debit card and that there has been a 50% increase in usage over the last 5 years (see page 2.1), there is a possible opportunity for practices to educate their patients that they do have the payment options that patients desire.

Proportion of Total In-Office Receipts Made by Payment Method



Proportion of Total After-Visit Receipts Made by Payment Method



Computer and Internet Usage

31% of the practices contacted have web sites. This figure is higher for Optometrists (64%) and larger practices with five or more practitioners (43%). The sites are used, among other purposes, to disseminate office information (91%), provide staff qualifications (79%) and give health tips (56%).

As patients continue to adopt the Internet as a resource for accessing medical information, online services will become more important to the success of a practice. But patients not having web access should not be seen as a barrier to providing them with many of the benefits the web provides. For example, there are a number of third-party vendors who offer complete online payment management and reporting services without the need for a practice to manage any type of infrastructure or even to have direct access to the Internet.

Primary Uses of Web Site Among Those Practices That Have a Web Site

	Total	PCPs	Specialists	Dentists	Optometrists	Chiropractors
	(295)	(51)*	(95)*	(54)*	(64)*	(31)*
	%	%	%	%	%	%
Posting information about Your office such as office hours or directions	91	77	90	93	98	94
Posting information about Your office staff and qualifications	79	64	74	83	87	85
Posting health tips	56	46	64	52	45	73
Making Appointments	16	18	16	20	24	-
Personal patient information	15	15	17	18	15	4
Bill payment	10	5	10	13	13	4
Other uses	28	28	36	26	23	25

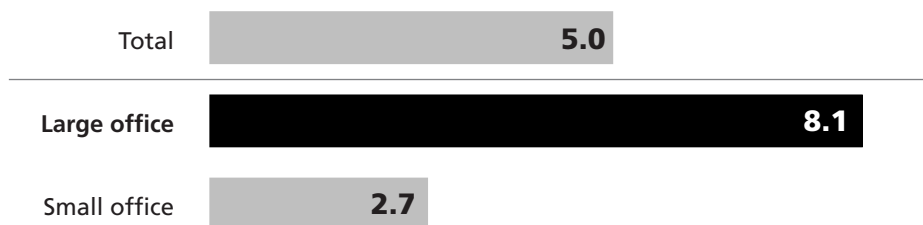
*Caution: small base

Computer and Internet Usage (continued)

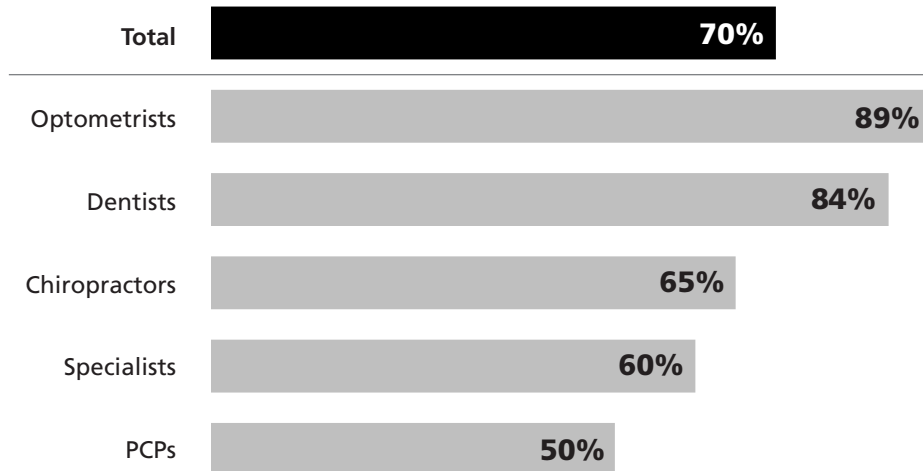
Finally, healthcare practitioners were asked about their use of computers and the Internet. **Almost all the offices surveyed (95%) are computerized**, with an average of five PCs per office. 70% of respondents stated that they have an in-office POS (point-of-sale) terminal for processing transactions, and 69% of these have a keypad to enter a PIN.

It should be noted that for those practitioners that accept payment cards there is significant cost benefit to utilizing a POS processing device vs. paper-based card processing.

Average Number of PCs in Use at Practice Location
(By Size of Office)



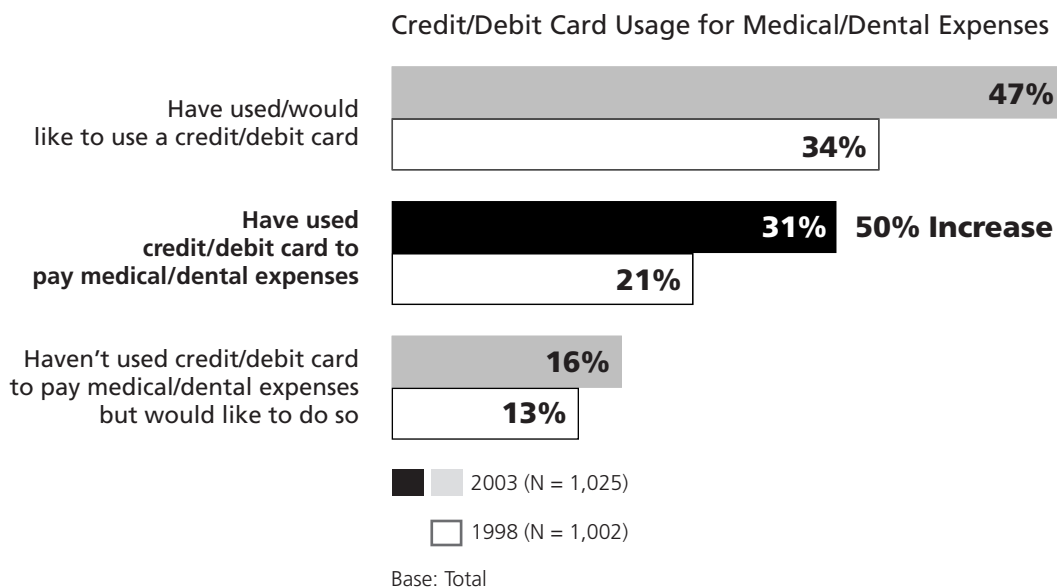
Currently Have Point-of-Sale (POS) Terminals in Office



The findings from the patient sample appear to reinforce many of the benefits of payment card acceptance in medical practices. Research results depict a notable trend toward usage in general, as well as a desire by the patient to have payment flexibility as uncertainty about both insurance and out-of-pocket costs has increased in recent years.

Card Use

Card usage was the first area of inquiry. **There is a growth trend toward credit and debit card usage for medical/dental expenses** and a strong desire by consumers to have a variety of payment options. Our research indicates that credit/debit card use for payment of medical and dental expenses has increased roughly 50% in the last five years, and almost half the U.S. adult population uses or would like to use cards for these expenses.



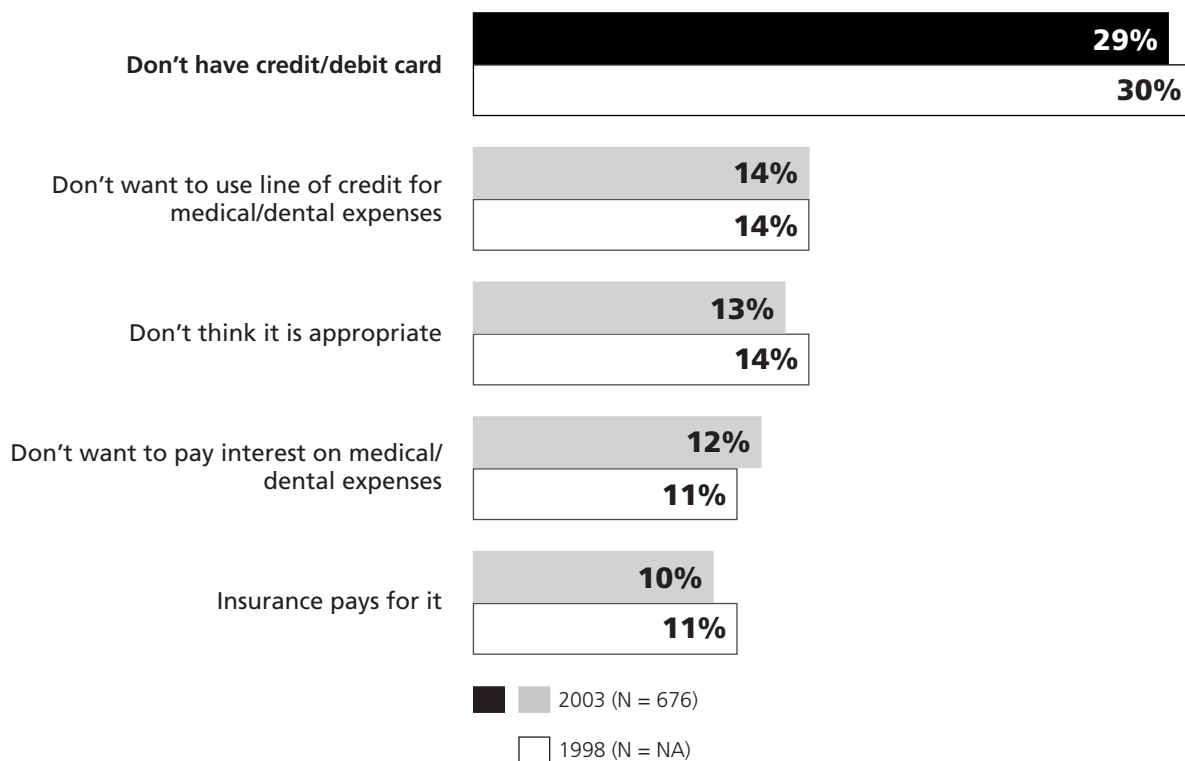
Card Use (continued)

As might be expected, the rate of card usage increases with cardholder income. In fact, the **only distinguishable reason among patients who have not used a credit or debit card for medical or dental payments is that they don't have a credit or debit card.**

Credit/Debit Card Usage for Medical/Dental Expenses
(by Household Income)

	Total	<\$20K	\$20- <\$30K	\$30- <\$40K	\$40- <\$50K	\$50K+	\$75K+
Unweighted base	(1,025)	(186)	(162)	(101)	(101)	(324)	(184)
	%	%	%	%	%	%	%
Have used/would like to use a credit/debit card	47	32	42	52	51	62	69
Have used credit/debit card to pay medical/dental expenses	31	16	28	39	32	46	54
Haven't done it but would like to	16	16	14	13	19	16	15

Reasons for Not Using Credit/Debit Cards to Pay Medical or Dental Expenses (Major Mentions)

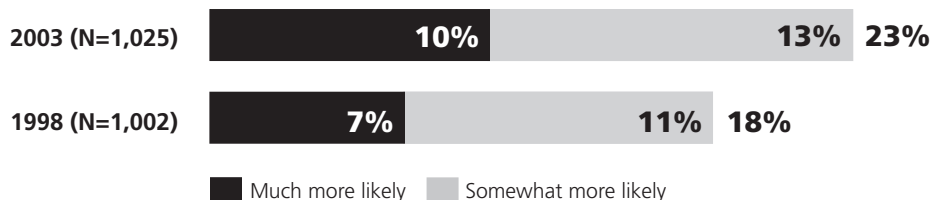


Base: Have never paid for Medical/Dental services by credit or debit card

Card Use (continued)

23% of respondents said that the impact of a healthcare provider accepting a credit or debit card is such that it would make them much or somewhat more likely to go to a provider that accepts those payment options. This is an increase of almost 28% over five years ago, and the statistics are even more striking for those polled under the age of 50. The key reasons people would like to use credit/debit cards are for various aspects of convenience.

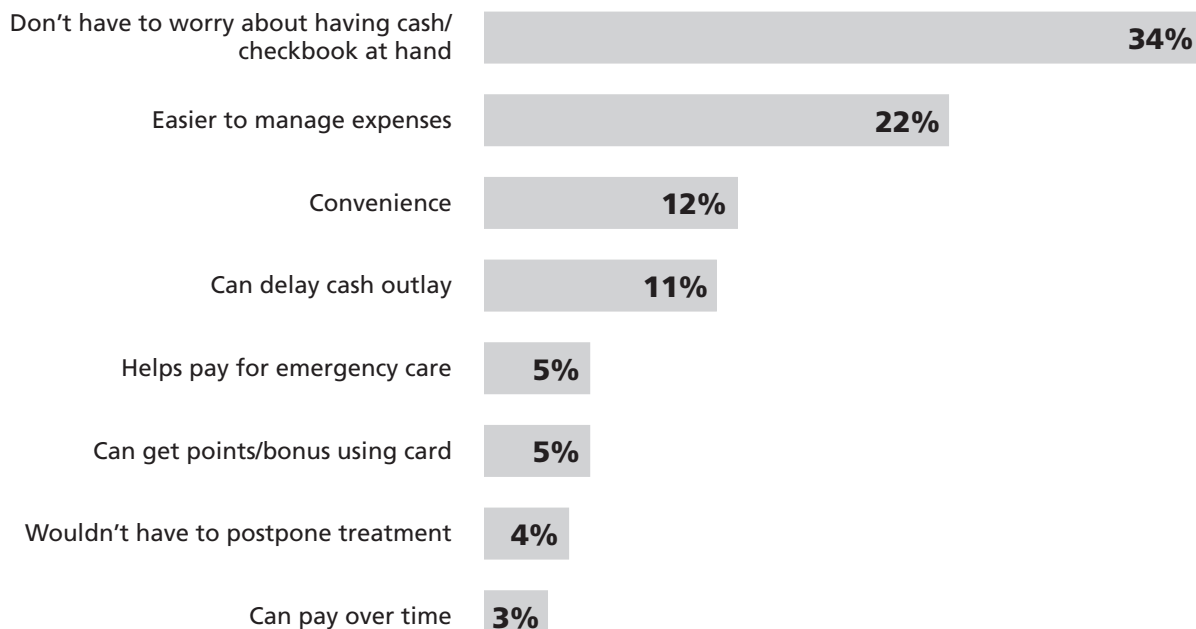
Likelihood of Using a Doctor/Dentist That Accepts Credit/Debit Cards



Likelihood of Using a Doctor/Dentist That Accepts Credit/Debit Cards, by Age

	Total	18-24	25-34	35-49	50-64	65+
(Unweighted base)	(1,025)	(114)	(161)	(287)	(242)	(194)
	%	%	%	%	%	%
Much/somewhat more likely	23	30	29	25	17	11

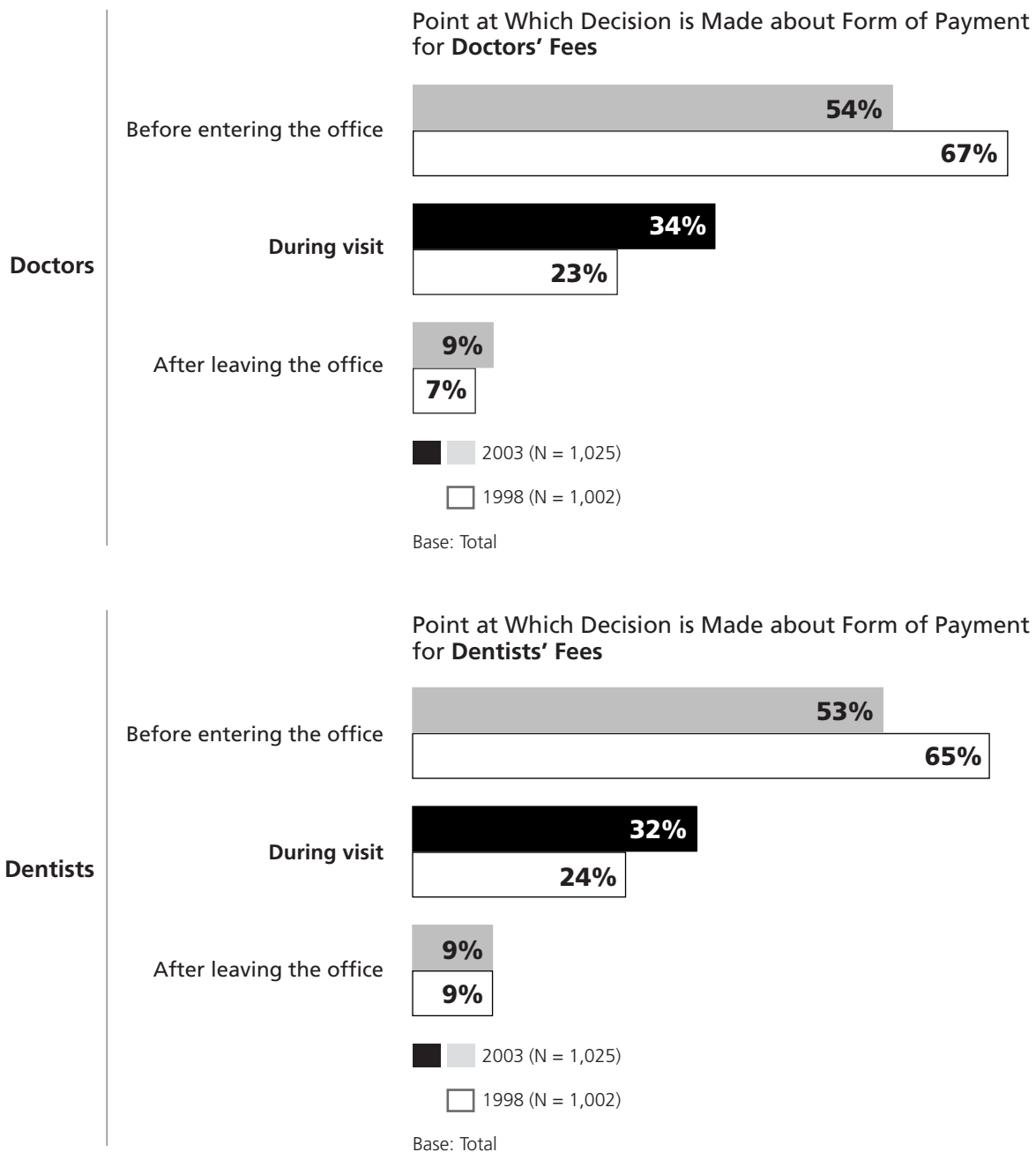
Reasons for Using or Desiring to Use Credit/Debit Cards to Pay for Medical/Dental Expenses



Base: Have paid Doctor/Dentist with credit or debit card/would like option to (N = 504)

Payment and Insurance

The next area discussed was insurance coverage and related charges and payments. Patients have become less certain prior to going to the doctor or dentist as to which payment method they will use. **About one in three patients make up their mind during the visit.**



Payment and Insurance (continued)

Respondents with health insurance indicated they are just as likely to pay out-of-pocket bills after the visit as when they are in the office.

Timing of Payment for Physician Out-of-Pocket Charges



Base: have medical insurance (N = 850)

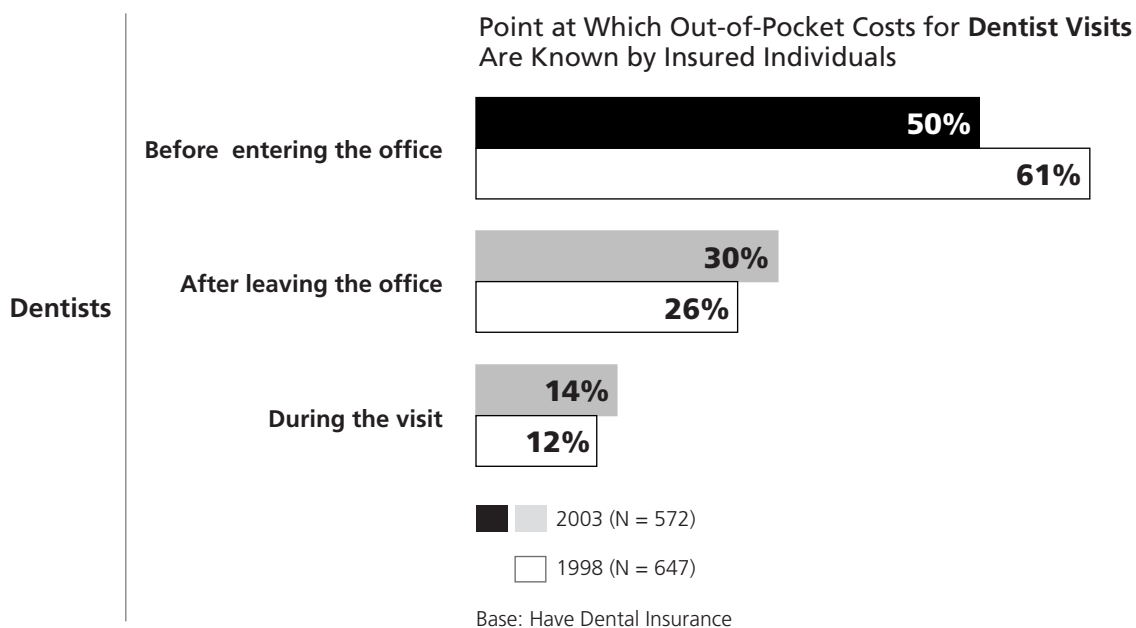
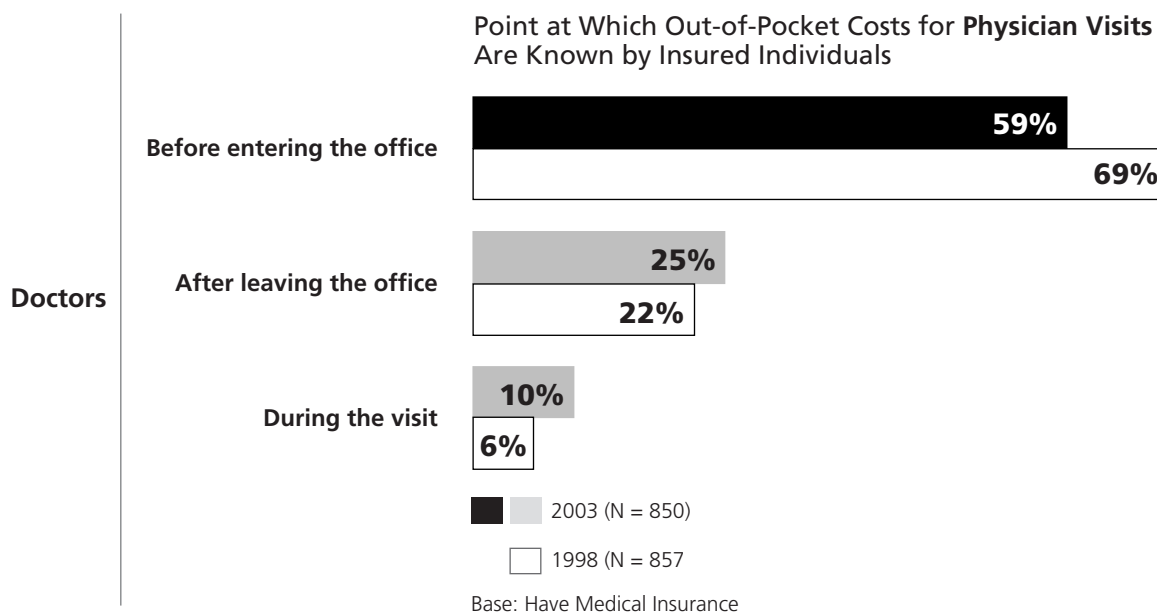
Timing of Payment for Dentist Out-of-Pocket Charges



Base: have dental insurance (N = 572)

Payment and Insurance (continued)

The results indicated that patients with insurance are increasingly unsure of what out-of-pocket expenses to expect prior to visiting their practitioners. Seniors are least likely to know what their charges will be prior to seeing their physicians.

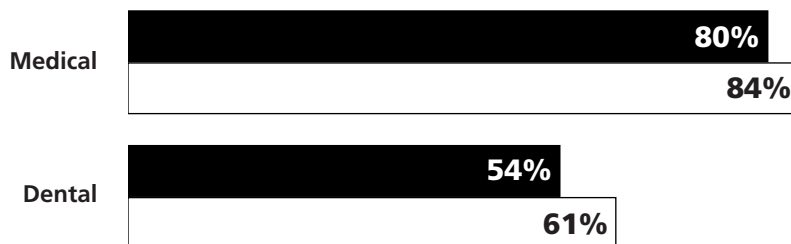


Payment and Insurance (continued)

80% of adults reported that they have medical insurance coverage, 54% reported that they have dental insurance coverage, and 53% reported that they have both types of insurance coverage. The proportions having medical and/or dental insurance appear to have slightly declined since 1998.

When looking at types of medical insurance carried by the sample, there appears to be a trend away from HMOs, compared with 1998.

Whether Have Medical/Dental Insurance

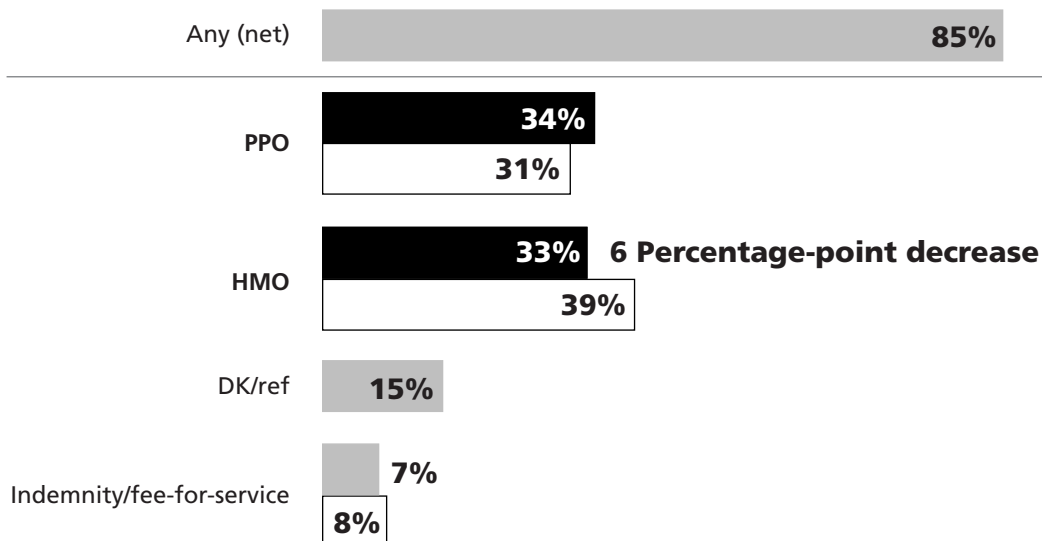


2003 (N = 1,025)

1998 (N = 1,002)

Base: Total

Types of Medical Insurance



6 Percentage-point decrease

2003 (N = 850)

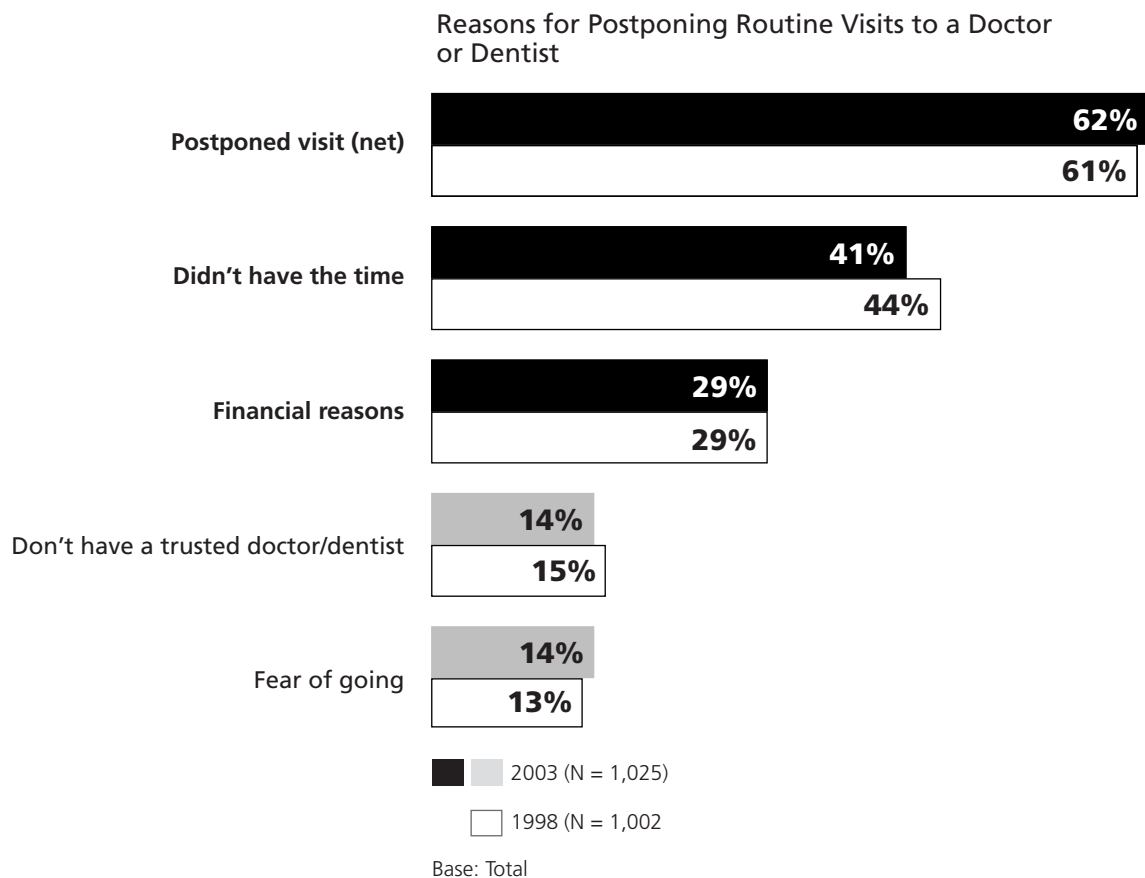
1998 (N = 857)

Base: Have medical insurance

Keeping Appointments

The study also examined the reasons patients keep or break appointments. Of the many adult patients (62%) who have postponed a routine medical appointment, the most common reasons given were:

- **Lack of time (41%)**—cited most often by higher-income consumers
- **Financial (29%)**

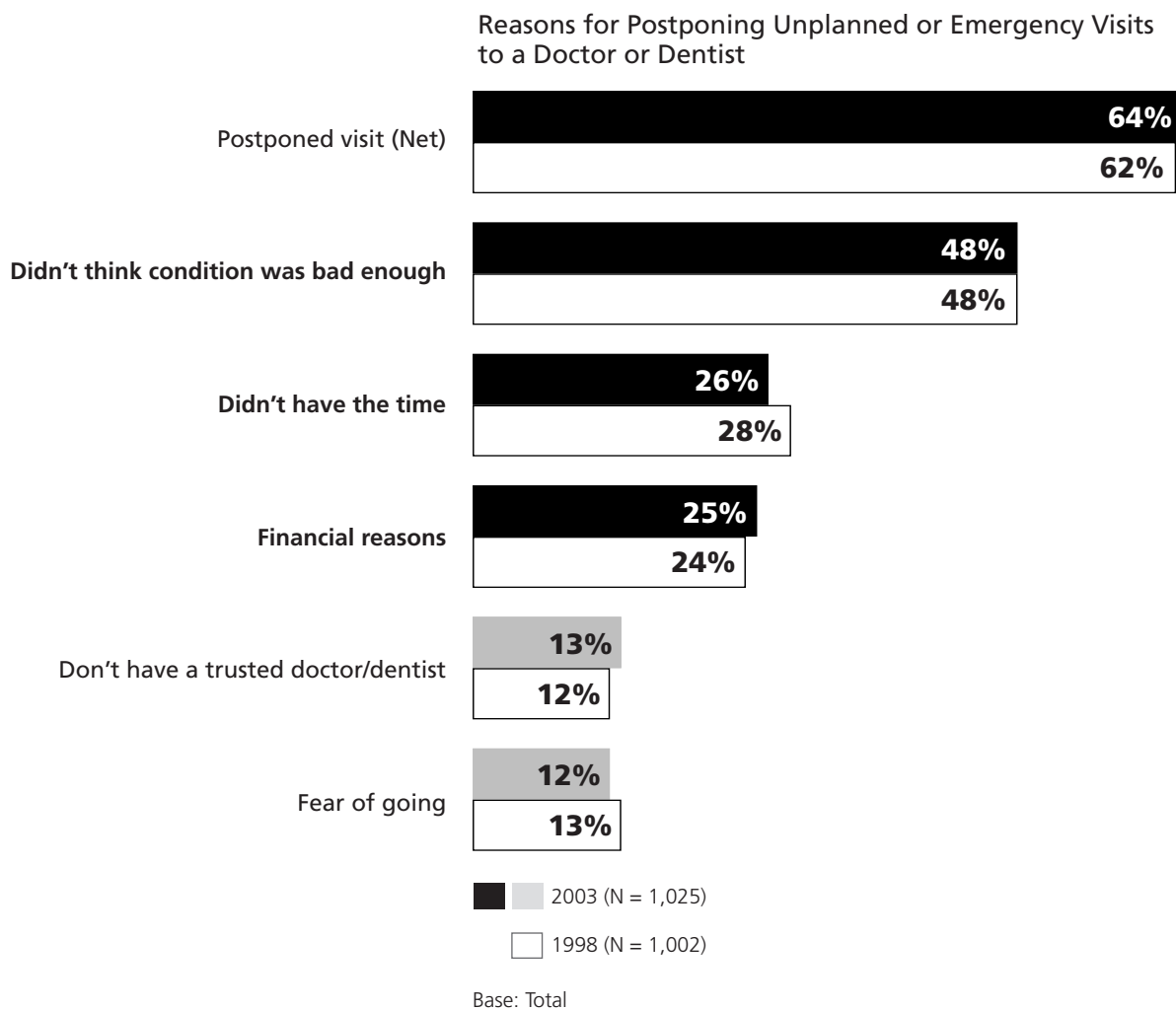


Keeping Appointments (continued)

The reasons given for postponing an emergency visit were:

- **Not thinking the condition was severe enough (48%)**—Cited most often by higher-income consumers
- **Lack of time (26%)**
- **Financial (25%)**

The convenience and payment flexibility that credit and debit cards provide may have an impact on the tendency for patients to postpone appointments for financial reasons.



Smart Cards

Consumer interest in Smart Cards was also probed. 1 in 4 of the respondents said they would be interested in having a payment card that also contained information regarding their insurance. This represents an increase from 1998. Women are more interested in this concept than men, while seniors seem to be less interested than younger adults.

Level of Interest in a Credit/Debit Card That Provides Key Health Insurance Information by Gender and Age

Gender			
	Total	Men	Women
Unweighted base	(861)	(411)	(450)
	%	%	%
Any interest	42	38	45
Definitely/probably interested	25	23	26
Might or might not be interested	17	15	19
Not interested	58	62	55

Age						
	Total	18-24	25-34	35-49	50-64	65+
Unweighted Base	(861)	(82)*	(134)	(237)	(208)	(174)
	%	%	%	%	%	%
Any interest	42	68	54	42	39	15
Definitely/probably interested	25	46	33	24	22	8
Might or might not be interested	17	22	21	18	17	7
Not interested	58	32	46	58	61	85

*Caution: small base

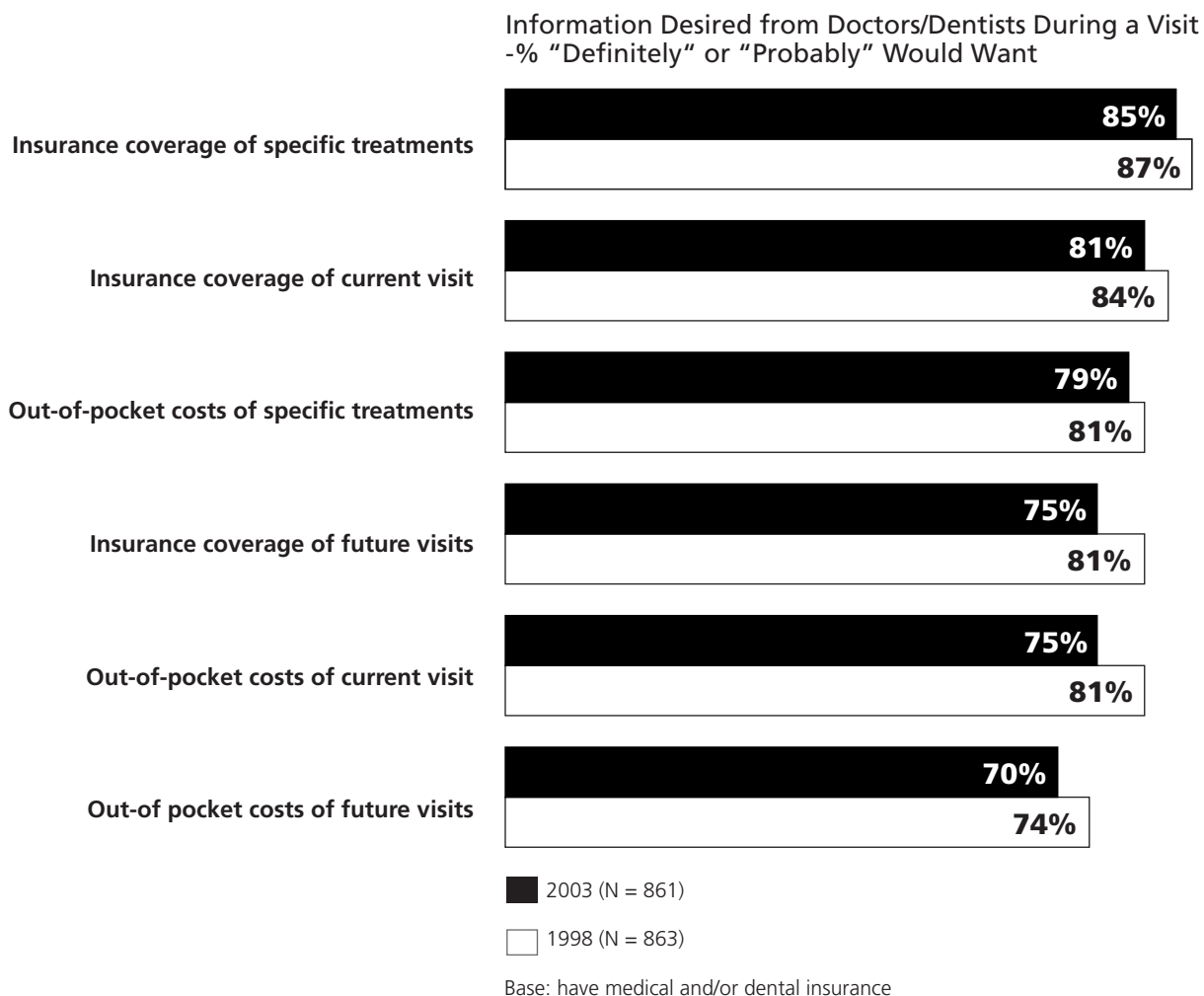
Smart Cards (continued)

70-85% of patients said they would like the practitioner to provide some type of information about their insurance and the out-of-pocket expenses

they must pay for both the current as well as future visits and treatments. Women and lower-income respondents feel the strongest about this, although it is less important to those over age 65.

When asked whether they would be willing to have their credit or debit card charged automatically after the office visit if out-of-pocket costs are not initially known, respondents indicated low interest. Only 19% indicated an interest, and only one third as many seniors showed interest.

Existing Smart Card technology could make accessing insurance information and such medical information as blood type, medications and allergies a reality in the near future for the next generation of credit and debit card users.



Accessing Healthcare Information on the Web among the Insured

Consumers in both studies were also asked about their Internet usage. **Half of insured consumers with Internet access go online, 44% go online to access general healthcare information and 22% to access their providers.**

Those consumers interviewed indicated that they have little interest in an online consultation service for a modest fee.



Base: Insured Consumers that have internet access at home/work (N = 621)

Appendix: Details of Practitioner Sample

- 857 interviews with the individual in each practitioner's office responsible for making patient payment policy decisions
- Data have been weighted to reflect relative real-world proportions of practices by office type and size

Healthcare Provider Universe

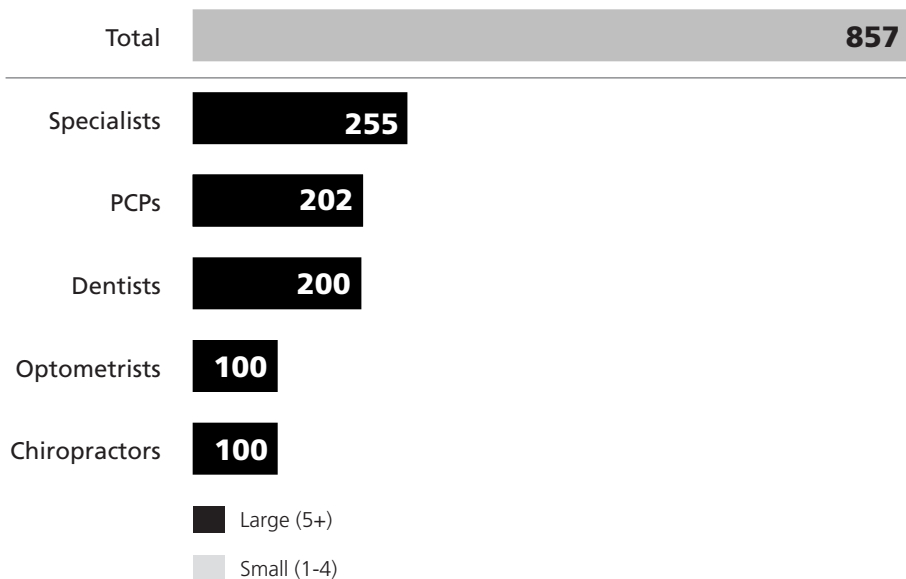
	Universe as Defined by Dun & Bradstreet			Number of Completed Interviews (unweighted)*		
	Staff Size			Staff Size		
	Total	1-4	5+	Total	1-4	5+
Types of practice	%	%	%	%	%	%
Dentists	41	21	20	200	100	100
PCPs	16	10	6	202	100	102
Chiropractors	14	12	2	100	74	26
Specialists	21	9	12	205	100	105
Optometrists	6	4	2	100	44	56
Plastic Surgeons	2	1	1	50	30	20

*Final data were weighted to reflect universe proportions

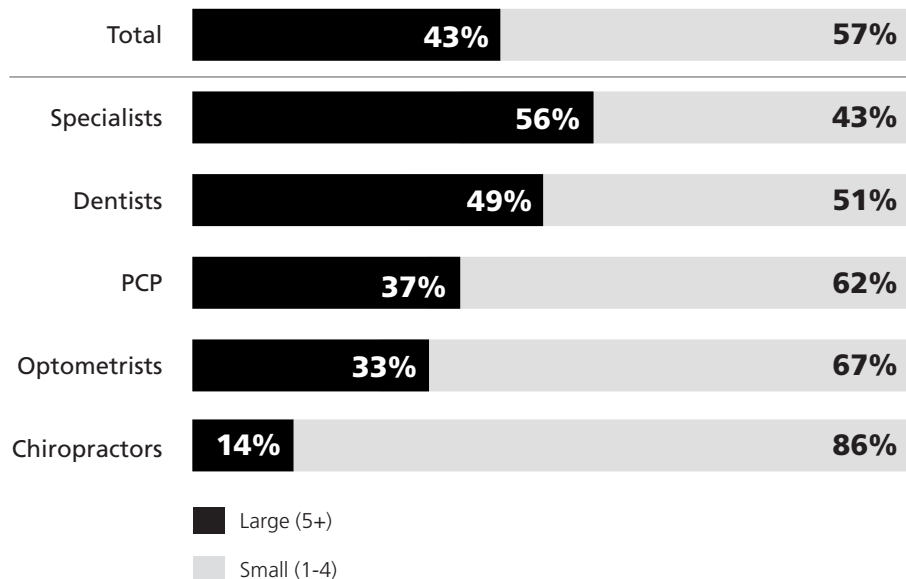
Respondent Position and Responsibility

	Total	1-4	5+	Total	1-4	5+
	(857)	(202)	(255)	(200)	(100)	(100)
Position	%	%	%	%	%	%
Doctor	4	3	2	4	7	8
Office Manager	75	79	76	77	67	77
Other	21	19	23	21	23	16
Responsibility						
I make all final decisions regarding payment policies	32	39	31	30	36	26
I have significant input but make final decisions with others	68	61	69	70	64	74

Number of Respondents by Type of Practice



Size of Office by Type of Practice



Demography

Base: Americans 18+		
(Unweighted Base)	Total % (weighted)	Total N (unweighted)
Total	100%	1,025
Gender		
Male	48	516
Female	52	509
Age		
18-24	13	114
25-34	19	161
35-49	29	287
50-64	21	242
65+	16	194
Region		
Northeast	20	185
Midwest	23	307
South	36	332
West	22	201
Household Income		
<\$20K	23	186
\$20K-<\$30K	18	162
\$30K-<\$39K	10	101
\$40K-<\$49K	9	101
\$50K-<\$75K	27	324
\$75K+	15	184

MasterCard
International

