

Medical digital billing M&A activity is heating up—here's why

Article

The news: Healthcare payments software company **Waystar** [plans](#) to acquire patient payments, communication, and engagement software developer **Patientco**. The duo aims to offer patients more consumer-friendly ways to pay their medical bills, per Waystar.

Why it's worth watching: Companies like Waystar already work with many US hospitals and will likely work with many more as consumers get used to digital billing and contactless

payment options.

- **Waystar helps over 1,000 hospitals and health system clients navigate reimbursement and seamless patient payments.** These include health systems like **Geisinger** and **Atrium Health**, and its partnerships have likely paid off: For example, it recently assisted large health system **Atrium Health** with improving in-house payment collections by **\$4.6 million** annually.
- **Patients want innovative digital payment options that mirror their experiences in retail—and platforms like Waystar and Cedar’s can deliver them.** Over 37% of patients indicated they'd prefer paying their bill via portal, while 32% said they would prefer paying for their visit on a mobile app, **according to** a June US Bank survey of 1,113 US adults. That’s likely because of patients’ familiarity with digital billing on ecommerce platforms, and their preference to have their healthcare experience work in a similar way: **49%** of patients wish their digital healthcare payment experience was smoother and more intuitive, similar to **Amazon’s** or **Netflix’s**.

Trendspotting: As consumers look for more efficient ways of making healthcare payments, more medical digital billing companies seek to optimize hospital interest by consolidating their tech.

- **Multiple medical digital billing M&As have happened just within the past year.** In early May, revenue cycle management company **R1 RCM** **acquired** patient financial engagement company **VisitPay** in a **\$300 million** deal. And medical billing startup **Cedar** **scooped up** rival **Ooda Health** for **\$450 million** to create a unified platform that’ll help improve digital billing experiences for patients, providers, and insurers.
- **Heightened M&A activity among medical digital billing companies will boost their attractiveness to health system partners that don’t want to hire multiple vendors to meet their needs.** For example, this acquisition will likely enable Waystar to offer its hospital clients access to both its new personalized patient payment platform and its revenue cycle cycle management platform (which includes tools to speed up insurance claims monitoring).

Leading Likely Consumer Engagement Initiatives that Health Systems Will Accelerate as a Result of the Hospital Price Transparency Rules According to US Healthcare Finance Executives*, Fall 2020

% of respondents

Online and immediate patient scheduling option for "shoppable services"

70%

Apps and technologies that accurately estimate and communicate in a consumer-friendly way out-of-pocket payments for consumer "shoppable services"

53%

Innovative payment financing options

53%

Consumer education programs on pricing, quality and outcomes

50%

Market and competitor reference pricing

33%

Apps and technologies that make available consumer-friendly quality and outcomes data

30%

Customer loyalty programs

27%

Note: n=30; *of large health systems with revenues greater than \$500 million
Source: Deloitte, "Hospital Price Transparency and Interoperability Survey.", Jan 25, 2021

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