



**Validation**Institute

# 2024 Validation Report

**Review for: PayMedix**  
**Validation Achieved: Metrics**  
**Valid through: March 2025**



# Company Profile



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<b>Category:</b>	<b>Audit, Transparent marketplace</b>
<b>Website:</b>	<a href="https://paymedix.com/">https://paymedix.com/</a>
<b>Public or Private:</b>	Private
<b>Year Established:</b>	2021
<b>CEO:</b>	Tom Policelli
<b>Company Contact:</b>	info@paymedix.com

## **Description Provided by the Company:**

**PayMedix** is an innovative payment solution designed to solve the problem of soaring out-of-pocket costs for providers, patients, employers and TPAs. PayMedix guarantees payments to providers by collecting on behalf of the patient, therefore eliminating bad debt, collection costs, and cost of capital. This drives increased net yield for the provider, and evaluating that assertion is the goal of this validation exercise.

Patients are guaranteed credit up to their out-of-pocket maximums, with 0% interest payment plan options. **PayMedix** is providing non-recourse financing to cover the patient responsibility portion of care. In so doing, the provider's financial risk is mitigated by **PayMedix**. Whether or not the Patient can pay for their care, the Provider has been paid and remains whole.





# Company Profile

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**PayMedix** is a division of Wisconsin-based HPS, and has processed more than \$5 billion in medical payments for hospital systems and physician practices.

**PayMedix** can be easily implemented in conjunction with any PPO or HMO network.



# Claim Assertion of Validation

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PayMedix's calculator produces a reasonable estimate of a healthcare provider's savings (increased net revenue) from using PayMedix services for commercially insured payments.



# Method / Calculation / Examples

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The calculator takes into account the total allowed commercial amount owed to the provider. The estimated cost for collecting the amounts owed came from a published source; 3.3% ([Advisory Board Examining 2019 Revenue Cycle Benchmarks](#)). The user can override this estimate with actual collection cost. The user provides actual amounts for uncollectable debts.

The advantage of collecting in one sum from PayMedix, rather than collecting over a year or more, is estimated by calculating the time value of money. The market prime rate is applied to the monthly amounts collected for the PayMedix and Non-PayMedix scenarios. The difference in (potential) interest earnings is calculated. Assumptions about month-to-month collections for the non-PayMedix scenario are based upon PayMedix's own collection rates; users can adjust these numbers. The interest rate can also be revised by the user.

The calculator estimates the net amount collected for two scenarios – one with the provider using its own staff and one using PayMedix's services.





# Findings & Validation

Tables 1 and 2 summarize the components of the calculator for two case examples. Since PayMedix takes responsibility for the total commercial allowed amount – including bad debt – these are not subtracted from the provider’s final net revenue in the PayMedix scenario.

PayMedix Net Cash Yield - Hospital System Example #1				
	Non PayMedix		PayMedix	
Sample Total Commercial Allowed Amount (Gross Patient Receivable less Contractual Discounts)	\$	1,209,919,006	\$	1,209,919,006
Charity Care is budget neutral	\$	35,012,315	\$	35,012,315
Reduction for bad debt (\$\$)	\$	(75,854,019)	\$	-
Reduction for bad debt (% of Allowed)		-6.3%	\$	-
Estimated Cost to Collect (\$\$)	\$	(39,927,327)	\$	-
Estimated Cost to Collect (% of Allowed)		-3.3%	\$	-
Estimated Cost of Capital	\$	(740,237)	\$	-
Estimated Total Direct Costs \$\$ vs PayMedix Costs \$\$	\$	(116,521,583)	\$	(72,595,140)
Total Direct Costs Today vs PayMedix Costs (% of Allowed)		9.6%		6.0%
Net Yield \$\$	\$	1,093,397,423	\$	1,137,323,866
Net Yield (% of Allowed)		90.4%		94.0%
Provider's Gain \$\$			\$	43,926,443

Table 1 – Summary of Calculator Components and Estimates Case Example #1





# Findings & Validation

PayMedix Net Cash Yield - Hospital System Example #2		
	Non PayMedix	PayMedix
Sample Total Commercial Allowed Amount (Gross Patient	\$ 200,892,735	\$ 200,892,735
<b>Charity Care is budget neutral</b>	<b>\$ (7,043,803)</b>	<b>\$ (7,043,803)</b>
Reduction for bad debt (\$\$)	\$ (25,495,490)	\$ -
Reduction for bad debt (% of Allowed)	-12.7%	
Estimated Cost to Collect (\$\$)	\$ (6,629,460)	\$ -
Estimated Cost to Collect (% of Allowed)	-3.3%	
Estimated Cost of Capital	\$ (870,219)	\$ -
Estimated Total Direct Costs \$\$/PayMedix \$\$	\$ (32,995,169)	\$ (17,075,882)
<b>Total Direct Costs (% of Allowed)</b>	<b>16.4%</b>	<b>8.5%</b>
Net Yield (\$\$)	\$ 167,897,566	\$ 183,816,853
Net Yield (% of Allowed)	83.6%	91.5%
Provider's Gain \$\$		<b>\$ 15,919,287</b>

Table 2 – Summary of Calculator Components and Estimates Case Example #2



# Limitations

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The model also does not address the potential of higher demand for services. PayMedix works with patients on financing their share of the service bills, guaranteeing credit for up to 100% of out-of-pocket maximums with 0% interest. This may encourage patients to seek care who might have delayed or avoided care because they could not afford it.





# Validation and Credibility Guarantee

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**PayMedix's ROI Calculator** achieved validation for **Metrics**. Validation Institute is willing to provide up to a \$10,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit

<https://validationinstitute.com/credibility-guarantee/>

## Savings

Can reduce health care spending per case/participant or for the plan/purchaser overall.

## Outcomes

Product/solution has measurably improved an outcome (risk, hba1c, events, employee retention, etc.) of importance.

## Metrics

Credible sources and valid assumptions create a reasonable estimate of a program's impact.

## Contractual Integrity

Vendor is willing to put a part of their fees "at risk" as a guarantee.





# CERTIFICATE OF VALIDATION

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**Applicant:** PayMedix  
1000 N Water St, 1100, Milwaukee, Wisconsin 53202,  
US

**Product:** ROI calculator

**Claim:** PayMedix's calculator creates a reasonable estimate of a healthcare provider's savings (increased net revenue) from using PayMedix services for commercially insured payments.

**Validation Achieved:** Validated for Metrics

**Award Date:** February 2023

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**Linda K. Riddell, MS**  
**Chief Data Scientist**  
**Validation Institute**

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**Vidar Jorgensen**  
**Chief Executive Officer**  
**Validation Institute**



# About Validation Institute

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**Validation Institute** is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of health care.

## Validation Review Process

Validation Institute has a team of epidemiologists and statisticians who review each program. The team focuses on three components:

- Evidence from published literature that a similar intervention had similar results.
- The reliability and credibility of the data sources.
- The rigor of the approach to calculating results.

To achieve validation, the program has to satisfy each of these components. VI's team then summarizes the review into a report which is publicly available. Details of VI's review are available with the program's permission.