

WHITE PAPER

AI, Patient Financing, and the Expanding Scope of Regulation B





Executive Summary

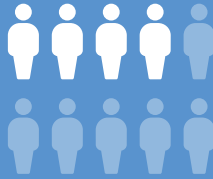
As patient financial engagement becomes more automated and more personalized, Healthcare revenue cycle leaders face a new compliance challenge: **When automation influences how patients see and access payment options after care.**

Tools support operations, but they also create fair lending risk when they affect the availability of financing, repayment terms, or collection pathways. The CFPB's 2026 Regulation B [amendment](#) requires hospitals and their vendors to evaluate whether financial engagement workflows function as credit decisioning, even within ordinary billing operations.

This whitepaper examines how patient financial engagement has changed, where fair lending risk emerges, and why vendor governance requires closer attention. It also outlines a defensible path for healthcare providers going forward.

Why Regulation B Now Matters to Healthcare Revenue Cycle

Healthcare has entered a regulatory phase that many providers have not fully prepared for. Medical bills affect a significant number of households in the U.S.; a KFF report indicates that nearly four in ten adults carry debt related to medical or dental expenses.



The key question is whether the hospital or a vendor managing its revenue cycle is involved in decisions that affect access to payment options. Factors such as how a patient pays, the duration of the payment plan, or whether a down payment is required all fall within the fair lending risk profile.



How Patient Financial Engagement Changed

The older patient billing model was simpler and easier to understand. Although it created some variation, the decision points were more transparent. In contrast, modern patient financial engagement operates differently. Payment pathways have advanced not only to optimize revenue recovery and enhance patient affordability, but also to require consumer financial protections.

According to KFF, more than one-third of adults postponed or skipped necessary healthcare in the past year due to cost concerns. Almost 20% of adults reported that their health deteriorated because of it. Patient financial engagement is more than just a collections function.

How a provider presents payment options significantly influences trust, access to care, and patients' willingness to seek future treatment.

Current tools enhance efficiency, but fall short when the technology affects financial access. A platform that sends uniform reminders to all patients about available payment plans creates a different risk profile compared to one that anticipates payment behavior and customizes the payment options displayed. The challenge for those involved is that while they may understand that a particular tool improves collections, they don't grasp how it does so. This lack of visibility leads to compliance issues.

When Engagement Becomes Credit Decisioning

Consider this scenario.

Two patients leave the hospital with similar balances. One patient sees an offer for a long-term payment plan. Another sees only a short-term arrangement with a higher monthly payment. Those differences may be appropriate if they are based on a clear, consistently applied policy. The issue is that communication tools are increasingly making or influencing financial decisions, and the differences stem from scoring logic, behavioral analytics, or AI-enabled recommendations. That is credit decisioning. Many platforms are evaluated primarily on their operational outcomes, but they don't address the core compliance question: whether the organization can explain how patients were assigned to different payment pathways.

The Fair Lending Risk Landscape

The fair lending risk landscape involves more than just legal compliance; it focuses on how organizations justify financial options to patients. When patients are denied financing, receive unfavorable terms, or are steered toward different payment plans based on predictive analytics, it is essential for providers to assess whether fair lending laws apply in these adverse [actions](#).

Inconsistent treatment undermines a fair financial policy. For instance, while payment plans may be available to all, marketing may target specific patients, and some accounts might be assigned shorter repayment terms based on predicted behavior, despite policy allowances for extended plans. The use of AI and predictive analytics can inadvertently incorporate factors related to protected [characteristics](#).

Federal agencies make it clear that reliance on automated systems doesn't shield organizations from the repercussions of biased [decisions](#). Moreover, there are reputational risks when patients perceive unequal access to financial options.

Why Vendor Governance Needs More Attention

While technology can be outsourced, leadership must understand the data used, how scoring affects patient options, and whether patients with similar balances receive equitable pathways.

The disconnect between policy and execution arises when a hospital's broad financing policy conflicts with vendor workflows that prioritize certain patients. This understanding must evolve, as platforms continually update and new automation features are introduced.

A governance structure is essential. Integrating revenue cycle management, compliance, legal affairs, patient financial services, and vendor management into a unified review process clarifies where financial decisions are made, who is responsible, how decisions are documented, and how consistency is monitored. Without it, providers may only recognize risks through audits or vendor failures.



A Defensible Path for Patient Financing

Patient financing can't be evaluated only through collections performance. The more patient financial engagement relies on automation and AI-supported workflows, the more leaders need a governance model that clarifies how patients are treated across similar circumstances.

This starts with a simple operating principle: Knowing where financial decisioning occurs.

That requires a step-by-step review of the full patient financial [pathway](#).

- Step 1: Map the Patient Financial Pathway
- Step 2: Review the Logic Behind Financing Decisions
- Step 3: Test for Consistency Across Patient Populations
- Step 4: Strengthen Vendor Oversight
- Step 5: Choose Financing Structures That Reduce Avoidable Decisioning Risk

STEP 1

Map the Patient Financial Pathway

The first step is a workflow inventory that documents every point at which a patient gains, loses, or otherwise changes access to a financial option, including internal workflows and vendor-supported tools. This inventory must capture how payment plans are presented, whether patients receive the same options across channels, and what happens when patients don't engage. It should also identify whether automated tools influence the terms of payment plans.

While many organizations have formal financial policies that look consistent, operational workflows behave differently. The defensibility question starts with understanding that difference.



Patient Financing Workflow Review

Workflow Area	Question to Answer	Risk Signal
● Payment plan presentation	Do patients with similar balances see comparable options?	Different options appear without a documented policy reason.
● Financing eligibility	Who decides whether financing appears?	Vendor scoring logic influences availability.
● Repayment terms	How are term length and monthly payments determined?	Predictive models adjust terms without compliance review.
● Collections routing	When does an account move from engagement to collections?	Some patients bypass affordability pathways.
● Vendor configuration	Does the platform match provider policy?	Contract language and workflow behavior don't align.

STEP 2

Review the Logic Behind Financing Decisions

Next, evaluate the logic, including business rules, vendor scoring models, AI recommendations, propensity-to-pay inputs, and any segmentation that impacts the patient's financial experience. The key question is whether the technology presents options or alters access to them. Revenue cycle teams can't rely solely on performance dashboards, as they may mask the underlying decision-making structure behind improved collections.



STEP 3

Test for Consistency Across Patient Populations

Once the organization understands the workflow and decision-making logic, ensure that all patients have consistent access to financing options. Differences in communication should be based on documented policy reasons. The review should compare patients with similar account balances and statuses to see if some are offered different terms and assess whether patients are sent to collections before being presented with affordable options.



Key Governance Question

Be able to answer one question at any point in the patient financial pathway:

Why did this patient receive this financial option, and would a similarly situated patient receive a comparable pathway?

If the organization can't answer that question, the workflow needs closer review.

STEP 4

Strengthen Vendor Oversight

Vendor oversight should extend beyond procurement and compliance to ensure tools support patient financial policies. This includes reviewing data inputs, model behavior, configuration settings, and monitoring reports. Providers must clarify decision ownership when vendor technology impacts patient financing. Additionally, providers need to be notified of changes to scoring logic, AI functions, and eligibility rules as revenue cycle platforms evolve rapidly. Without proper oversight, workflows may behave differently after implementation.



STEP 5

Choose Financing Structures That Reduce Avoidable Decisioning Risk

Assess patient financing models for unnecessary complexities, as each eligibility screen or predictive offer adds decision points that need justification. A broad-access financing model simplifies this by allowing all patients to qualify under a consistent framework, eliminating hidden scoring or predictive judgments.

ClearBalance Healthcare exemplifies this approach, offering broad eligibility, keeping the focus on addressing patients' financing needs. This results in fewer underwriting variables and a straightforward financing pathway.



Applied Example: Payment Portal Configuration Review

A health system offers payment plans through a digital portal and call center, stating that patients can access extended options. However, the portal uses vendor scoring to prioritize plans based on predicted likelihood of payment, resulting in unequal financial pathways for patients with similar balances.

By mapping the workflow, reviewing the scoring logic, and evaluating patient experiences, providers ensure that access to financing is not tied to predictive collection strategies. This maintains digital tools while implementing a consistent structure that supports access, aligns with policy, and meets compliance standards.

The healthcare revenue cycle is increasingly intertwined with the broader consumer financial protection [landscape](#). As payment portals and AI-driven workflows become integral to RCM, the question is how they affect access to payments. To mitigate risks, healthcare leaders must structure the patient financial pathway effectively. Simplifying the financing model by broadening access, establishing consistent eligibility criteria, and reducing underwriting variables supports a more defensible strategy.