

HealthPASS hma first Illinois chapter
healthcare financial management association

10 Best Practices to Assure & Accelerate Patient Payments

Impact of growing patient bad debt ...

	Year Ended June 30,	
	2015	2014
Operating revenue	\$ 14,811,018	\$ 13,287,119
Net patient service revenue	3,471,863	2,713,179
Less provision for doubtful accounts	15,798,247	14,573,940
Net patient service revenue - net of provision for doubtful accounts	3,257,462	2,621,239
Other revenue	17,097,219	15,352,640
Total operating revenue	20,354,681	17,973,879
Operating expenses:		
Salaries and wages	7,547,481	6,544,713
Employee benefits	3,861,887	4,428,722
Purchased services	2,828,874	2,714,366
Professional fees	1,128,889	1,021,282
Supplies	2,427,714	2,288,000
Leases	11,621	100,814
Depreciation and amortization	108,877	111,319
Other	786,385	681,342
Total operating expenses before impairment, restructuring, and reengineering (losses) gains, net	14,823,314	14,861,017
Impairment expense, restructuring and reengineering (losses) gains, net	474,894	627,800

Nearly \$100M drop in Operating income related to increased provision for doubtful accounts. Increase as a % disproportionate to increase in NPSR. Excludes charity care

HealthLeaders Media December, 2013

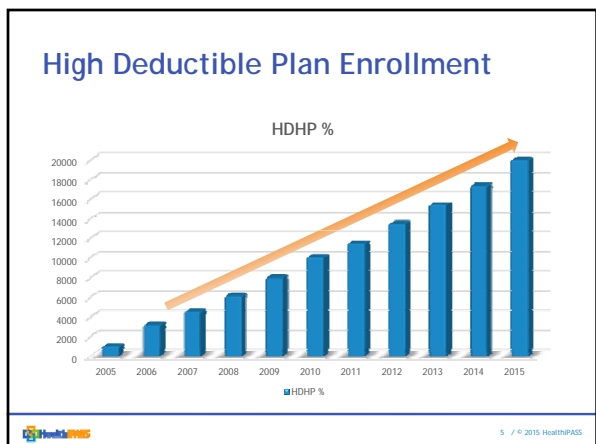
The 5 Biggest Healthcare Finance Trouble Spots

“Then we’ve got consumer-driven health plans and high-deductible policies. Now, it’s not just fighting to be paid for every claim. You’ve got to fight with the payer for the claim, and then you’ve got to fight for the scraps that the patient is responsible for, and that’s a whole different game. The tactics have changed, so we’ve got to change with it.”

Dennis Dahlen, SVP and CFO at Banner Health

Recent headlines ...

- BECKER'S Hospital CFO** How to make the hospital revenue cycle more like that of Starbucks and the Ritz
- H&HN** PwC: Health Care Needs Modern Billing, Payment Practices
- HIMSS** Improving the Healthcare Patient Payment Experience
- pwc Health Research Institute (HRI)** Money matters: Billing and payment for a New Health Economy



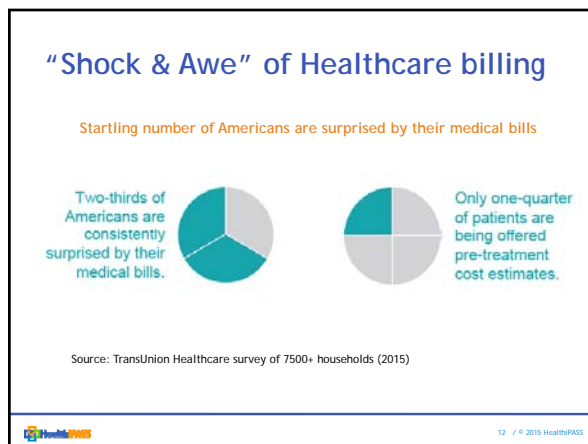
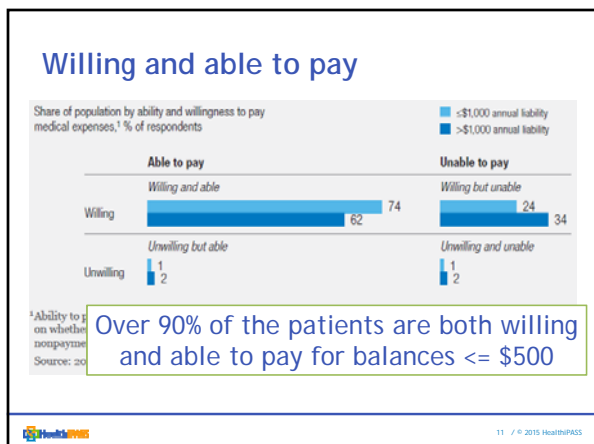
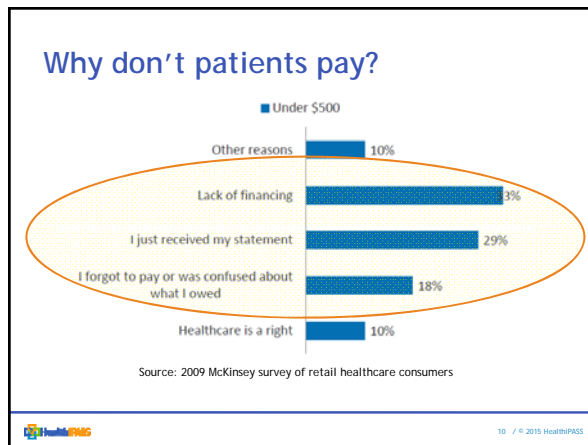
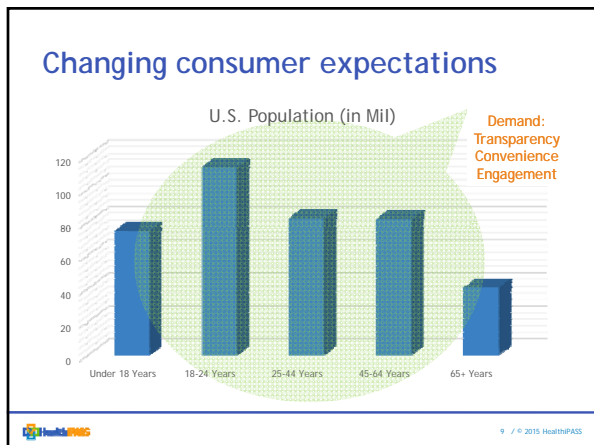
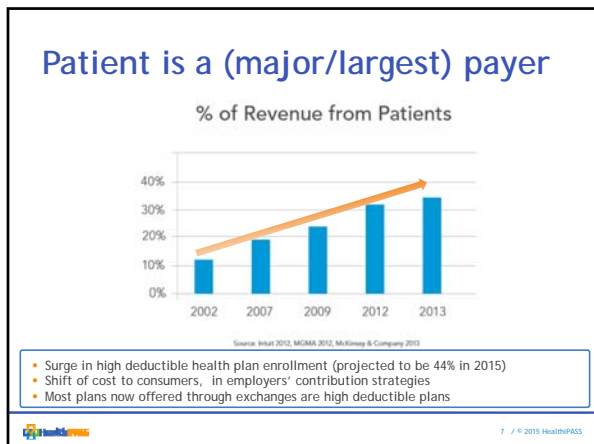
Affordable Care Act Enrollment

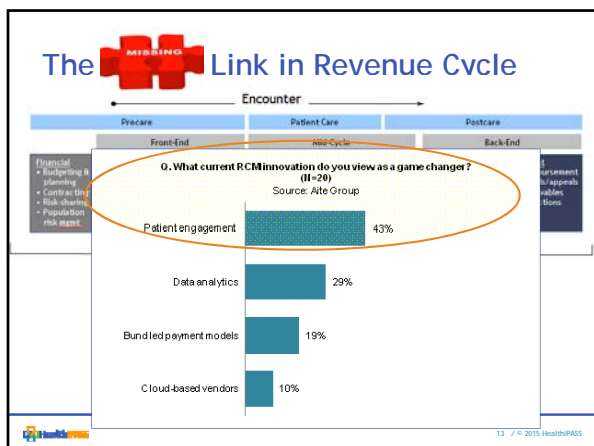
Marketplace Plans: The Metal Levels

Plan Type	Plan Pays % of Total Covered Expenses (in- and out-of-pocket)	Consumer Pays % of Qualifying Covered Expenses (out-of-pocket)
Platinum	90%	10%
Gold	80%	20%
Silver	70%	30%
Bronze	60%	40%

- ~11 million enrollees
- 96% of enrollees have 20%+ Co-Insurance
- 90% of enrollees have 30%+ Co-Insurance
- 70% have 40% Co-Insurance

Source: March 2015 ACA Enrollment Report Department of Health and Human Services ASPE





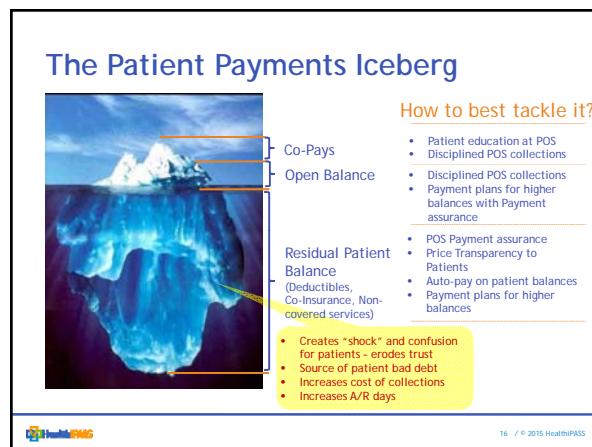
"We **CANNOT SOLVE** OUR PROBLEMS with the **SAME THINKING** we used when we **CREATED THEM**"

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Patient Revenue Cycle for the new era

	Old Paradigm	New Paradigm
Revenue Source	3 rd -party Payers	30+% is from Patients
Insurance Eligibility	Are they Insured?	Know \$\$ at risk to adjust approach & educate patients
Patient Billing	Provide Service, Bill Later	Systematic POS collections and Payment Assurance
Price Transparency	Between Provider & Payers only	Demanded by Patients - onus on provider to educate & empower patients
Patient Experience (Convenience)	Manual and Opaque	Patient Empowerment & Self-Service

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TOP 10 BEST PRACTICES

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- ### 1: Improve Accountability
- Review current state with broader team including Front Office staff, Business Office staff & Senior Management
 - Compare against external benchmarks (eg. MGMA, HFMA, etc.)
 - Set clear performance goals
 - Monitor regularly as a team (weekly, monthly, quarterly, annually)
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New metrics to track Patient RCM

1. Patient Net Collection Rate =
$$\frac{\text{Patient Collections}}{(\text{Patient Collections} + \text{Write-Offs} + \text{A/R} > 90 \text{ days})}$$
2. Patient Yield =
$$\frac{\text{Patient Collections} - \text{Cost of patient collections}}{(\text{Patient Collections} + \text{Write-Offs} + \text{A/R} > 90 \text{ days})}$$
3. Patient Average Days to Collect
(or Patient Days in A/R)



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2: Embrace Transparency



- Being expected, even demanded, by patients
- Operate on a “No Surprises” policy
- Never “Bait & Switch”
- Clear & concise estimates of applicable costs (not standard charges but based on contracted amounts)
- Pre-service estimates for high ticket services (eg. Diagnostics, surgeries, etc.)
- Avoid keeping the patients in the dark till after insurance adjudication (eg. preliminary estimates after coding)



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3: Reimagine the Patient Experience

- Competitive market
- Patient experience (besides clinical excellence) is the strongest differentiator
- Simplify the patient experience:



Example from Panera's new ordering kiosks to improve the consumer experience.



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4: Revise Financial Policy



- Review/update current Financial Policy
 - Co-Pays are due at the time of visit
 - Deductibles and Co-Insurance may be collected prior to service (OR) require payment assurance prior to service
 - Patient/Guarantor is ultimately responsible for payment regardless of insurance
 - Submitting claims to insurance is to provide greater convenience
 - Ensuring our practice is part of the network is patient responsibility
- Communicate the financial policy to patients - through website, during appointment setup, at check-in for visits as well as post-visit



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5: Improve Scheduling



- For all new patients, collect important data including Insurance Plan, Member ID
- Reiterate Financial Policy
- Reiterate what they need to bring for the appointment through all interactions before the visit (eg. Appointment reminders)
- Make the check-in experience quick & easy



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6: Time of Service Excellence




- Compassionate and friendly staff
- Make patients feel welcome
- Simplified & easy check-in process
- Educate patients on what their plan covers and doesn't cover (as much as known)
- Collect Co-Pays, Prior Balances and Deposits (towards deductibles/co-ins)




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7: Secure Payment Assurance Upfront




- Require deposit and/or payment assurance upfront for each visit
- Implement a credit card-on-file or ACH-on-file program towards residual balance
- Choose provider that is highly secure and compliant with all industry standards
- Establish an upper limit based on the appointment type




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8: Offer Payment Options



- Payment options for time of service collections - Credit card, debit cards, ACH (Electronic check), cash
- Electronic payment options reduce cost to collect - and enable assurance to settle residual
- Payment plans for high balances - internal or external (eg. CareCredit)



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9: Embrace the right Technology




- Most Practice Management systems can't support
- Need simplified check-in, disciplined collections both at point-of-service & for residual balances while supporting transparency & convenience for patients
- HIPAA, PCI, PA-DSS Compliance
- Does not interfere with patient flow



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10: Review Payer Contracts


- Leverage Industry groups to represent needs
- Flexibility to collect Co-pays, Deductibles, Co-insurance
- Enhanced eligibility data especially across different plans



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Results YOU can deliver

- Improve Revenue
 - Eliminate Patient bad debt
 - Increase Patient Satisfaction (through Transparency & Convenience)
 - Improve payer yield
- Increase Operating Income/Profit
 - Eliminated bad debt "drops through" to profit
 - Eliminate all Patient billing & collections expenses (statements, lockbox fees, internal staff, 3rd party collection agency fees, etc.)
- Accelerate Cashflow
 - Disciplined point-of-service collections
 - Faster residual balance collections



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QUESTIONS & ANSWERS



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