TACKLING THE GROWING SELF-PAY REVENUE PROBLEM

Take These 5 Steps to Get Cash from Your Self-Pay Portfolio
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Introduction

Take These 5 Steps to Get Cash from Your Self-Pay Portfolio

According to Healthcare Finance News, more than half of provider bills don’t get paid. And for every dollar billed to patients, providers have historically failed to collect 65 cents. Providers are experts at managing insurance reimbursement, but collecting self-pay dollars is a different story. With the average annual deductible for covered workers increasing 255% since 2006 and projected to continue this growth trajectory, providers are faced with a daunting challenge to remain profitable.

It’s a trend that’s not reversing – and it’s causing distress for families and CEOs alike. As patients are billed for more, a new system balancing their responsibility with their ability to pay has yet to emerge. The current system to collect money is largely broken. There has to be a better way.

Healthcare providers could learn a good lesson from retail giants like Selfridge and Wanamaker who understood that new and loyal customers would fuel their businesses. Satisfaction leads to trust, trust leads to loyalty, loyalty leads to community and community leads to growth. While it may have taken us a hundred years or so, healthcare finance is finally beginning to see how important that message really is: Patient satisfaction is key to your health system’s success. And satisfaction relies not only on the physical care you provide, but financial consideration.

In 2016, it’s accurate to call patients “customers.” That’s a top-of-mind issue for healthcare finance leaders. Heck, it’s a top-of-mind issue for insurers, employers and families too. High-deductible health plans (HDHPs) and HSA accounts may be at the root of this shift – they’re certainly driving the patient’s need for convenience and an improved healthcare experience.

These factors have helped to create three important challenges for the healthcare market:

Growing, and more risky patient payment portfolios require new solutions for reimbursement. As a result, most hospital CFOs are contemplating more advanced technology and services, hoping to enhance their performance in a holistic fashion rather than incrementally. That’s obviously easier said than done: According to the Black Book research firm, about 2400 hospitals failed to initiate a sustainable RCM plan as of July 2015.

It’s a fact that many patients have trouble paying their bills. It’s a problem that can’t be ignored: As employers push their associates toward HDHPs, and as insurance policies pay less, patients are struggling to respond to the bulging and often unexpected debt. Historically, providers received about 90% of their reimbursement from insurers. But as more households find themselves under HDHPs, it isn’t out of line to assume the ratio could shift to nearly 30% from patients. The result? Self-pay portfolios today are larger and riskier than ever.
Dealing with the compliance requirements to tackle those two issues is a complicated matter. Many a healthcare provider has been taken to court over their contact methods and financial practices. Telephone Consumer Protection Act (TCPA) risk has grown as new technologies and modes of consumer communication have brought antiquated legal language to bear. And the Consumer Financial Protection Bureau (CFPB) has its sights set on the healthcare industry, applying many of the mandates it has typically reserved for the collection industry.

We’re left with a foreseeable future where patients will play an important role as healthcare service consumers or, ahem, customers. So what steps should be taken to help self-pay patients meet the shifting financial obligations imposed by their care, in a way that encourages their financial well-being and overall satisfaction?

Consider the following five steps.
#1

Understand and Leverage Your Patients’ Financial Profile
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Every day, more patients come through healthcare provider doors with a self-pay balance than the day before. That’s an undeniable truth, a trend that shows no sign of slowing. Managing your growing self-pay portfolio means continuously evaluating each account so you can talk with patients on mutually-agreeable terms and collect patient payment as quickly as possible.

For many years our industry treated every patient balance the same and worked payment accounts with a broad-brush strategy. Today, providers can use sophisticated technology to determine the patient’s ability to pay and define workflow that automatically and effectively connects with the patient where and when they choose.

How? Robust analytics enable providers to accurately score accounts so your entire portfolio can be segmented and paired with an efficient collection strategy and workflow. Patients prefer to pay in different ways: Some like dealing with a billing specialist directly over the phone, some remit payment with a check in the mail and others prefer self-service options via IVR (Interactive Voice Response) and online portal. The most effective operations make contact with the right patients, at the right time, in the right manner to maintain efficient use of resources, and maximize revenue. That reduces cost to collect, increases recovery and positively impacts patient satisfaction.
#2

Create More and Better Options to Connect With Your Patients
#2

Create More and Better Options to Connect With Your Patients

Giving your patients their choice of payment mode can be a real breakthrough as you promote a collection program that both improves recovery and impacts patient satisfaction. In today’s healthcare business environment, it’s imperative you understand the myriad ways people want to make a payment. Do your patients prefer IVR or a call center? A letter or a web portal? None, some or all of the above? Or, as we already discussed, perhaps different modes at different times? It’s likely you know a twenty-something who doesn’t answer a call from an unknown number on their smartphone. Moral of the story: We need to establish programs that conveniently engage patients.

Contact management involves not only knowing what type of contact your patients prefer but having the infrastructure in place to respond to all of them in an appropriate manner. When you dial a patient, for example, an agent should be available to speak with them immediately, without the delay or pause common among less-favored practices. Your web portal should be available for use 24/7. And your IVR should be clear, consistent and compliant with your policy, and certified to accept credit card transactions. Patients frustrated with your collection practices become less-than-satisfied patients, which has a negative two-fold result: You don’t collect the payments you’re owed because your system won’t allow patients to pay you efficiently and future reimbursements take on risk as patient satisfaction declines.
#3

Maintain a Holistic View of Your Patient’s Activity
A patient is likely to express frustration with your business office if they receive bills that don’t make sense or conflict with one another. After the dust has settled, most understand they have an obligation to pay for their care but dissatisfaction occurs when a patient doesn’t understand what that obligation is, exactly.

Reaching financial goals in a compassionate manner depends on a hospital’s ability to maintain consistency across payment arrangement and discounting policies. And maintaining consistency implies a certain degree of automation. Are you offering the right discount to the right patients, every time? Are you delivering the same compliant, compassionate message? Perhaps more importantly, are your policies compliant with new federal and state laws?

An operation’s ability to take a holistic view of its receivables is the real key. When you communicate with a patient – either over the phone or in writing – a system that gives you visibility to that patient’s entire relationship with your business can increase cash and reduce bad debt write-offs. Without that visibility, it’s easy for liabilities to “fall through the cracks” and sit on the books for several months or even years. You want to enable a representative to talk to a patient about all their bills at the same time, not just the most recent. That’s the difference between one phone call and three.
Communicate Early and Proactively
#4

Communicate Early and Proactively

Years ago, healthcare executives adopted patient-friendly statements as a first step toward teaching people about the cost of medical care. Similar measures can be adapted to clarify financial responsibility in light of available insurance and assistance. Many patients “wait for the insurance dust to settle” before considering their own portion. So it’s up to you to set clear expectations at first contact during the scheduling and registration process and inform patients how and when you will be in touch.

Remember, financial workflow in your health system begins as soon as the patient says ‘hello’ over the phone or at reception. Later discomfort can be avoided if you let your patients know what their obligations are early, why those obligations exist and what they can do to satisfy them without undue burden.
#5
Listen
The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) gives patients a standardized, publicly-reported way to gauge the service and care your health system provides. More and more, it’s how regulators tie public funding to your operations. So it’s imperative you train the business office team to help the patient, your customer, with the goal to serve and satisfy. Your patients will tell you why they are dissatisfied if your team takes the time to listen and has the frontline empowerment to help.

While some patients may be uncomfortable sharing their concerns directly with business office staff, it isn’t likely they’ll hesitate to express their concerns should they receive an HCAHPS survey. Working hard today to listen and respond increases the odds of a favorable HCAHPS score. Thought-leading providers are using IVR technology to provide a more private experience, enabling patients to provide feedback without fear of conflict. By simply requesting a few moments of time from each patient, you will gather feedback that you can respond to in a timely manner. It’s a powerful gesture to offer a return call to the patient the day after they expressed concerns with their clinical or financial experience.
Summary

Getting your 20% back ultimately comes down to the service you deliver to your patients. That goes beyond physical care – it means financial concern, convenience, and empathy. Those who seek medical care don’t often plan for bills of that magnitude. The provider’s office staff ultimately act as educators, helping patients understand their obligations, and the easiest ways to fulfill them.

In this new healthcare environment, technology is the solution to each of these challenges. The right system, workflow and contact management can make all the difference. Fueling your mission relies on the efficiency these solutions enable. Investing in them today can make a big difference tomorrow, and enable big strides among your chosen community and beyond.

Shawn Yates - Author
Shawn Yates serves as a Director of Product Management for Ontario Systems and is primarily focused on defining the company’s strategy for product and service offerings in the healthcare market, as well as guiding the go-to-market strategy.

With over 20 years of healthcare revenue cycle management experience, Shawn began his career managing self-pay receivables and collection operations for a top 20 healthcare system. His background also includes working for a national outsourcing company helping clients manage their insurance and self-pay receivables process on the first- and third-party side. His experience on the payer side comes from his position with United Healthcare where he managed the AR process for $7 million Medicare Advantage and Prescription Part D members. Shawn also worked with Experian Health, the largest data and analytics company in the country, helping providers with their revenue cycle process across the country.

Shawn’s broad yet unique knowledge of the entire revenue cycle process makes him an asset to Ontario Systems clients, helping them face today’s RCM challenges.

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