



STEMMING THE TIDE OF PATIENT BAD DEBT:
Five Best Practices for Self-Pay Revenue Recovery





INTRODUCTION

Five Best Practices for Self-Pay Revenue Recovery

A number of factors are impacting how and when U.S. healthcare providers get paid today, such as recent government and industry reforms and the gradual transition from paper-based processes to electronic health records. Yet one factor seems to loom the largest: patients are assuming responsibility for more of their healthcare costs.

Although the percentage of uninsured Americans remains high at 15.9%, lack of healthcare coverage is not entirely to blame. Rather, it appears that the surging popularity of high-deductible health plans (HDHPs) is driving the current self-pay wave. The number of people with HSA/HDHP coverage has sustained an annual growth rate of approximately 15 percent,

rising to 15.5 million in January 2013. This is up from 13.5 million in January 2012 and 11.4 million in January [2011](#).

Coupled with unprecedented revenue and margin pressure, the rise in self-pay patients is causing hospitals and healthcare systems to feel the pain in their revenue cycle—in the form of more days in accounts receivable and more bad debt. Complicating matters further is the fact that collecting out of pocket payments is a tricky process that can consume significant time, costs, and staff resources. It's also less than fruitful for many providers, who are understandably reluctant to fray patient relationships with an aggressive collections approach.

WHERE DO WE GO FROM HERE?

There is a widespread perception that consumers in general are unable or unwilling to pay their medical bills. However, a [McKinsey & Company study](#) suggests that this is a fallacy. According to their research, more than 74 percent of insured consumers are both able and willing to pay out-of-pocket costs for liabilities up to \$1,000 annually, and 64 percent are able and willing to assume responsibility for costs exceeding this amount.

Rather, it makes sense to focus on the real reasons patients aren't paying their portion of

medical bills. As cited by McKinsey, it is due to the lack of financing options, confusion about charges and inefficient billing practices that have patients receiving invoices several weeks after their [visit](#). Although a myriad of new technologies have emerged to assist with administrative billing tasks, they are only one part of the answer. Healthcare providers must address all the moving parts of self-pay revenue recovery in order to help patients fulfill their financial obligations.

HFMI: BEST PRACTICES FROM THE FIELD

Since 1997, Healthcare Fiscal Management, Inc. (HFMI) has been helping hospitals, physician groups, and healthcare systems maximize recovery of true self-pay, self-pay after insurance, and self-pay after Medicare revenue

while preserving their ability to deliver an outstanding patient experience. Over the years, we have developed a set of five main “best practices” gleaned from our hands-on experience in this highly specialized area.

BEST PRACTICE #1: PROVIDING ON-SITE PATIENT SCREENING



Self-pay revenue recovery is more successful when payment is addressed with the patient at the time of service. This process also benefits from a patient experience that is informative, personal, and cohesive from start to finish.

HFMI places a team of representatives at each client's facility who provide assistance and eligibility services to self-pay patients prior to and post-hospital discharge. Our employees interview each true self-pay patient and commercial insurance-holding patient that walks through the door and serve as their advocate throughout the entire account lifecycle. Their role includes reviewing charges, determining the best avenues for payment, completing any necessary applications, and discussing discounts and timelines.

Another vital task performed by HFMI representatives is discussing often-complex benefits to patients who hold commercial insurance. With a high percentage of patients unable to understand their insurance responsibility, HFMI strives to clarify all co-pays and deductibles at or immediately after the time of service.

HFMI integrates with client facilities as a true partner, often creating the perception that our employees are an extension of the hospital's staff. Our advanced calling software, TouchStar, eliminates the need to outsource patient calls to an impersonal and disjointed third-party call center. Instead, this system allows on-site HFMI employees to call patients directly from the hospital as if they are one with the staff. This model is shown to boost efficiency, improve customer support, and enhance the hospital's overall image within the community. Even voicemails and letters sent to patients are customized to meet the hospital's specific brand guidelines.

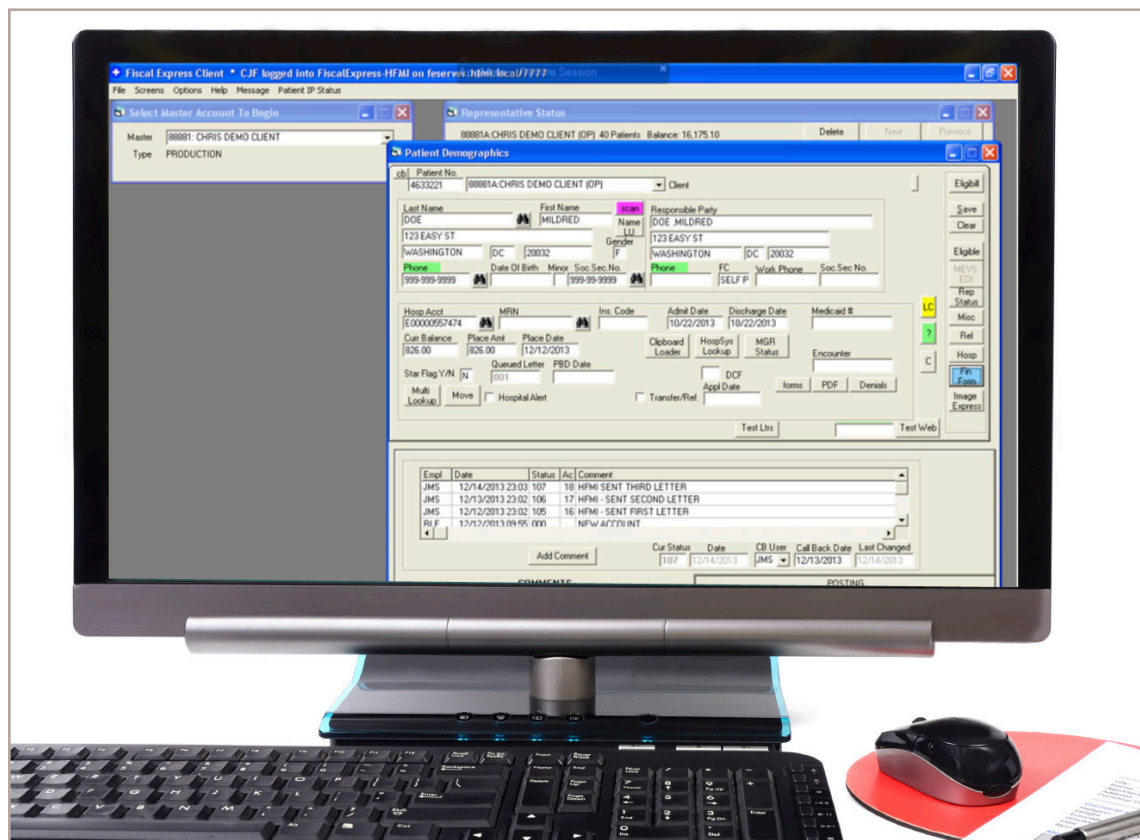
To further facilitate a seamless patient experience, HFMI maintains a unique practice of hiring local workers. “Hospitals are all about their communities,” says Rikki Lynn Ray, Vice President of Operations at HFMI. “Employing

local professionals to serve as on-site HFMI reps helps to carry on our client's mission of building goodwill within the community."

Ninety percent of our employees are stationed at client sites, with teams ranging in size from one representative to 20 depending on the size of the facility. A partnership with HFMI provides our clients with a representative team that is self-sufficient and requires no hospital management, training, or overhead costs.

"When it comes to interacting with patients, HFMI is very focused on providing that personal touch," explains Regional Director Mark Redditt. "Our representatives are professional yet warm, and patients appreciate being able to work with the same individual from the beginning of their stay until after they leave the hospital."

Consumer nonpayment resulted in over \$65 billion in uncollected healthcare revenue in 2010. The problem is expected to intensify as healthcare reform drives another 30 million Americans to utilize high-deductible insurance plans offered by the private exchanges. – McKinsey & Company



HFMI's data entry tool is fully integrated with patient files. This allows for real-time updates and additions without the need to login to another system.

All patient information is housed and viewed in one location for a seamless experience.

BEST PRACTICE #2: IMPLEMENTING ADVANCED TECHNOLOGICAL EFFICIENCIES



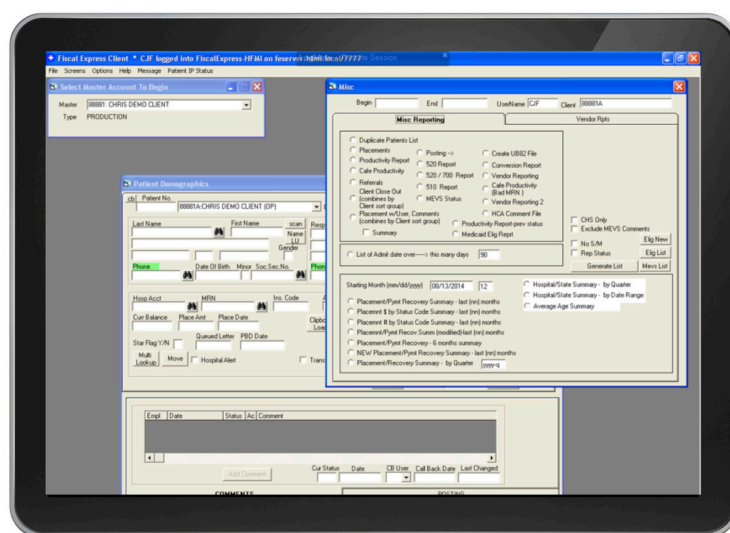
It is imperative that providers take advantage of technologies that lend efficiency and insight to the self-pay revenue management process.

HFMI has developed a variety of proprietary technology systems to facilitate various components of the self-pay revenue management cycle. The primary piece is Fiscal Express, our revenue management software. Built by our team of in-house developers, Fiscal Express has the capability to track every step of an account's lifecycle, from inception to resolution, creating a solid system of checks and balances that plays a large role in minimizing bad debt.

One of the most impressive aspects of HFMI's system is the fact that clients do not need to get up to speed on new software. This is because Fiscal Express can be integrated with enterprise resource management (ERM) systems the hospital is currently using. Through their own systems, clients have the ability to see, in real time, any notes that our representatives are making on accounts. Alternatively, clients can obtain information through daily or weekly reports. They also have online access to copies of all documents used during the screening and application process—a feature enabled by Dash, our proprietary image archiving system. This functionality enables hospital administrators to truly follow “with” the account lifecycle as self-pay conversions are taking place.

According to Regional Director Jodi Cavarretta: “Fiscal Express can be tailored extensively to the requirements of each client hospital—for example, if they want a specific kind of reporting structure. Our clients need their systems to be able to ‘speak’ to each other across the organization, and we’re always willing to accommodate them.”

Together with TouchStar, our calling software, HFMI's technologies create a powerful system for tracking, documenting, and managing self-pay revenue, enabling high levels of accountability and transparency across the account lifecycle.



HFMI's Fiscal Express tool allows for easy access reporting that integrates with ERM systems.

BEST PRACTICE #3: MAINTAINING A DEDICATED TEAM OF SELF-PAY SPECIALISTS



Cash recovery can be maximized by implementing an industry-leading team of experts focused on a single goal: resolving more of your self-pay accounts in the most patient-friendly manner possible.

For clients, the benefits of having HFMI handle all self-pay revenue management activities are two-fold. First, the hospital's busy administrative staff is able to offload some of their burden and focus their time and energy on other tasks. Moreover, our exclusive self-pay focus lends greater efficiency and effectiveness to the recovery process, which ultimately translates into more favorable bottom-line results.

Building a world-class team begins with hiring and cultivating competent and driven professionals. When starting at a new client facility, HFMI employees must undergo all hospital-mandated training (HIPAA, medical safety policies, etc.) in addition to intensive training on HFMI processes, policies, and systems. New representatives are required to shadow a more experienced colleague for several weeks before they are able to conduct face-to-face patient interviews on their own.

Coaching sessions with representatives are held on a daily to weekly basis in addition to training on any policy or regulatory updates. Managers also routinely monitor live patient calls via the TouchStar calling system; they can even provide helpful pointers to employees without disrupting call continuity.

HFMI's on-site revenue recovery activities are optimized through the oversight of a seasoned management team. Weekly check-ins are conducted with client CFOs and BODs to assess the status of accounts, set goals, and address any concerns. Even when managers cannot be physically on site, they can monitor employee productivity remotely via Fiscal Express to ensure steady progress is being made toward resolving self-pay accounts.

Since HFMI maintains a team at every client facility, there are multiple client touch points daily. In fact, the constant presence of our professionals allows them to forge positive working relationships with the hospital's own staff, from nurses and case managers to ER supervisors and scheduling clerks. This enhances accountability on all fronts and makes it easy for clients to stay abreast of their true self-pay revenue operations and commercial insurance explanations.

BEST PRACTICE #4: EXPLORING ALL POTENTIAL PAYMENT AVENUES



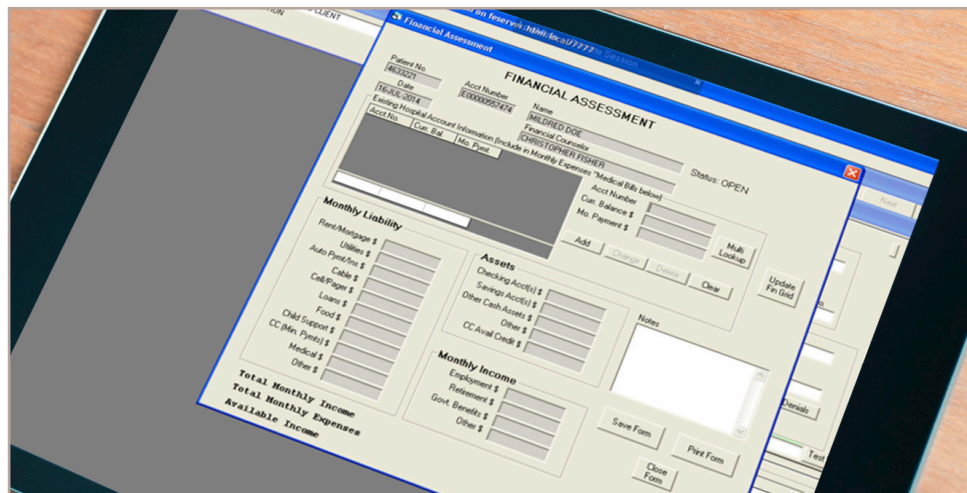
The probability of cash recovery rises exponentially when your staff helps patients analyze all possible payment avenues—and works with those patients until a resolution has been reached.

A vital component of defraying the costs and bad debt associated with uncompensated care is exploring all funding programs available to uninsured patients. Part of HFMI's role is investigating patients' eligibility for various programs and guiding them through every step of the application process.

Our representatives excel at assisting patients with the often daunting Medicaid eligibility journey, assisting with the application process and working with family members to obtain the necessary documents. Once the patient is discharged, HFMI continues to stay in close contact with them until an eligibility decision is reached. We've found that encouraging patients to become active participants in their own application process ultimately results in more approvals and shorter conversion times.

If Medicaid proves to be an unsuccessful path, HFMI continues to explore options, including state, county, and local programs (e.g. the Pre-Existing Condition Insurance Plan or Georgia Cancer State Aid Program) as well as charity care. Information for charity care is gathered along with all other pertinent documentation. When a client meets no other assistance criteria, HFMI will either turn over all documentation to the hospital's in-house charity care team or assist with the application process ourselves at no cost.

"Whether it's setting up a reasonable payment plan or helping them apply for a special state funding program, we provide patients with options and alternatives they might not have otherwise been aware of," says Mrs. Ray. "At the end of the day, our goal is to produce results for our clients, and that means leaving no stone unturned."



Using HFMI's financial assessment, all funding avenues can be addressed, from Medicaid eligibility to special state funding.

BEST PRACTICE #5: EMPLOYING A HOLISTIC APPROACH



In today's challenging healthcare climate, it's up to providers to break down the barriers that impede self-pay revenue recovery. This is accomplished by having a versatile team that can perform a diversity of tasks and roles.

At HFMI, we've built our reputation on our ability to readily adapt to the ever-changing needs of our clients—and the healthcare industry as a whole.

This kind of agility is made possible by utilizing scalable technologies and providing continuous, cutting-edge training that keeps our staff ready and knowledgeable for upcoming changes.

Our service capabilities can expand to include:

- Point-of-service (POS) collection services to help hospitals realize more dollars, sooner. Patients are asked for payment before discharge and provided with a clear understanding of their financial obligations as well as options for paying their portion of the bill. In contrast to aggressive collections, HFMI's POS collection strategy is accurate, efficient, and patient-friendly.
- Field visits, if necessary, to obtain applications and other paperwork from patients who are unable to leave their homes.
- Application counseling for the federal exchanges. Some HFMI staff members have become trained Certified Application Counselors who can provide information about insurance options and federal assistance, help patients compare insurance

plans, and explore their eligibility for other federal or state healthcare programs.

- Payment types beyond self-pay. HFMI is a complete self-pay vendor in the truest sense. In addition to being able to accommodate true self-pay, self-pay after insurance, and Medicaid patients (both in-patient and outpatient), we are adept at handling patient payment issues involving:
 - SSI/disability insurance
 - Medicare secondary coverage
 - Undocumented workers
 - Federal Emergency Management Agency (FEMA) assistance for disaster victims
 - Workers' Compensation
 - Charity care
 - All other third-party payment or insurance coverage, including state, county, and local funding programs for which a patient may be eligible

During exceptionally busy times, some of HFMI's partners have asked us to assist in their registration departments with the intake and processing of patients—a task that our staff is happy to accommodate. Our representatives treat our clients' patients with the same care and courtesy the hospital expects of its own

employees. We know that with so many facilities struggling to stay viable and competitive today, every effort to improve the patient experience matters.

Lastly, HFMI does not “cherry pick” accounts, but takes on 100 percent of its clients’ self-pay

receivables—no matter how challenging. This willingness to advocate for more self-pay patients ultimately translates into more revenue and more Medicaid disproportionate share dollars recovered for our clients.

CONCLUSION

All signs indicate that the high-deductible trend is not only here to stay, but will continue to gain steam across the country. Cost-stressed companies are gradually shifting from traditional employee health insurance plans to plans with higher deductibles and co-pays. Additionally, an increasing number of Americans—small business owners in particular—are expected to choose high-deductible plans from the new health insurance exchanges to keep their monthly payments low.

The promising news is that with an optimized blend of technology, staff, and processes, there are steps hospitals and healthcare systems can take right now to significantly improve self-pay revenue collections. Stemming the rising bad debt tide is within our power—and it’s our responsibility. Only then can we move closer to a better healthcare system for all.

If you would like to learn more about HFMI and the solutions they offer, please call 239-437-5850 or 800-584-5545.