



# The Self-Pay AcceleRator

## Strategies to *Accelerate* Your Self-Pay Recoveries

Volume 1 • Issue 3

## Technology Counts and Counts and Counts!

### Using Technology To Optimize Cash Recovery

Hosted by Novant Health, HBCS held its annual Users' Group conference in Charlotte, NC, on October 25th - 27th, 2006. Ms. Charlotte Henderson, Director of Revenue Cycle Management for Cape Cod Healthcare, spearheaded a plenary session which included insights of how her facility utilizes technology to expedite cash recovery of claims and reduce denials.

Several aspects of Patient Revenue Cycle were addressed. Topics such as: *Patient Access, Medical Necessity, Case Management, Charge Entry/CDM, Information Management, Billing and Collection and Posting of Cash.*

The goals of each of these areas were discussed. With regard to *Patient Access*, it was determined that there was a need for accurate insurance and patient demographics; collections at the point of service; and that all service pre-certifications and referrals be obtained. In the area of *Medical Necessity*, the required Medicare Advanced Beneficiary notices must be obtained and both IP and OP services must meet medical necessity. *Case Management* tools must include concurrent review of claims and few or no continued stay denials as well as initial and continued LOS be approved.

*Charge Entry* tools must afford a system where order entry and charge posting occur in a timely manner, the CDM can be updated annually at a minimum and there must be no missing CPT's or missing or invalid line items. HIM products need to include a validation for accurately and complete coding. Coding must be continually updated. Accounts must be coded within the suspense period. In addition, HIM products must serve to ensure that coding equates to the timely and accurate documentation by physicians.

Within the process of "dropping bills", technology that assists this process must ensure that 100% of bills are submitted on the day that they are created in the AR system. A system to edit bills prior to their electronic submission is also needed. A fair estimate of denied claims for billing edits should be no more than 2%.

With regard to A/R outstanding, no more than 25% of bills should be greater than 90 days old. A tool needs to be in place to gage this progress. Cash itself should be posted on the day it is received and the AR must be relieved. There should be no more than 1% of unapplied cash each month.

Due to costs of technology, staffing issues and training, CCH has made a decision to outsource its self-pay balance accounts to HBCS. The goals are to increase contact with patients, increase cash collections and keep complaints at a minimum. There was much discussion about the checks and balances needed for this process. Included in the process were multiple interfaces with the outsource company. These include a file transfer of new placements (daily) and a return file that acknowledges receipt of the accounts. There is a daily interface that updates balances (both payments and adjustments) to keep accurate conversations with patients. Since all accounts are worked off of the outsource host system, daily notes are transferred back to the hospital system for use by the patient accounting department and also for internal and external audit. There is also a daily close file generated by HBCS which includes accounts that have been recalled by the hospital and those

(Continued on page 2)

### Did You Know?

The following excerpts are from the National Hospital Medical Care Survey: 2004 Outpatient Department Summary

The U.S. Department of Health and Human Services  
Centers for Disease Control and Prevention  
National Center for Health Statistics  
#373 June 23, 2006

"During 2004 an estimated 85 million visits were made to hospital OPDs in the United States, of which 6 million were categorized as self-pay."

"The overwhelming majority of visits to hospital OPDs were made by established patients (85%)."

"Diagnostic and screening services were ordered at 90% of the visits, therapeutic and preventative services were ordered at 50% of the visits, and medications were ordered at 67% of the visits."

### Coming in January...

- Discover new techniques to provide excellent customer service.
- Learn from a customer-satisfaction survey company and how their techniques can help you survey your patients effectively.

### The HR Corner

If implemented judiciously, the application of technological resources in your training initiatives can have more benefits to your company than you might imagine. For example, hands-on systems application training will have a significantly greater impact on your student's ability to understand and assimilate his new job functions that any manual teacher-led demonstration could ever accomplish. Your information systems staff should be able to help you set up "dummy" files or directories in your patient accounting applications that will allow your trainees to have first hand experience with the systems they will be using in their jobs. When they leave the training room and start their true job duties, they will not be faced with that awkward period many new individuals experience when learning a new system.

Your trainees will also be able to update these systems just as they will do when they are ready to work with real patient accounts. This gives the trainer an opportunity to review how well the each trainee comprehends the instruction that has been provided and evaluate his readiness to proceed further. It also allows you to evaluate the effectiveness of your own training efforts in meeting the training objectives.

There can also be a significant financial impact when you move from paper documentation to on-line documentation. A good training manual is typically hundreds of pages in length. It's cumbersome, difficult to maneuver through, and very expensive to produce. By moving your documentation on-line, you eliminate all of that! Good on-line documentation can be indexed and referenced in numerous ways. It should have a search feature that allows the user to find pertinent information quickly and it's always available at the touch of a fingertip! By moving your documentation on-line, you eliminate exorbitant printing costs that can be better spent on effective training or other revenue generating initiatives.

### Technology Counts and Counts and Counts! (cont.)

that have completed the credit and collection policy protocol of the facility. Monthly, an audit file is generated by the facility and imported by HBCS to ensure that all interfaces are working properly.

For its part, HBCS utilizes multiple pieces of technology to complete the process. Initially, accounts are listed with HBCS via secure web placement or FTP. Each account is automatically screened for address verification and bankruptcy. An initial notice is sent to the guarantor, alerting the consumer to his responsibility of the hospital charges.

Dependent upon whether the account is placed as an uninsured balance or a balance after insurance, as well as the balance on the account, wait dates are assigned to the account to give the patient ample time to receive the bill and pay the balance due. Accounts are then assigned to a dialer campaign or sent to a "large balance representative" for next steps.

Technology is essential to positive outcomes and reaching goals set by the facility and HBCS. The *Predictive Dialer* allows for multiple lines to send outbound calls with out the manual intervention of dialing numbers. The *Automated Call Distribution System* enables multiple lines to be open for inbound calls, reducing wait times and positioning accounts to be handled by the proper representatives. While this is all available, the *Call Management System* lets HBCS management monitor and reposition calls and personnel to keep customer service optimal. All calls are recorded through a digital data recording system. The system works hand-in-hand with the operating system to validate documentation on the AR system. Calls can be reviewed "live" or in response to questions or training issues. The newly established *IVR* is one step in an effort to let customers manage their own accounts with 24/7 access. The "hook flash" solution is set to give callers access to live agents or to listen to a recorded message.

Other notable technological improvements that reduce days in self-pay AR include the use of Credit Scoring, Business Intelligence solutions for data mining, Direct Payment Processing (credit card verification, and payment and posting using an interface directly between online banking and the HBCS AR

system). Web bill presentation and web presence allow for a 24 hour contact center assisting in account resolution and an increase of recovery dollars as well as improvement on correct patient demographic information. Re-engineering of the web/paper bills ("patient friendly billing") eases the sometimes complicated presentation of charges, payments, adjustments, and balances due.

In conclusion Ms. Henderson reported the results which were impressive. Prior to using technology/outsourcing for self-pay, CCH enjoyed a single digit recovery rate. Today, they manage approximately 12,500 accounts per month through this process, keeping a total inventory of 35,000 accounts for \$13,000,000.

The bottom line is seen in the increase of cash to the hospital facility. Prior to its partnership with HBCS, unable to purchase, maintain and enhance technology, CCH went from recovery rates in the single digits to an overall recovery percentage that hovers around 41%. In addition, payment arrangements increased from \$100K to \$1.8M.

How can this be? Technology, training, and integration of products make for an improved bottom line. In September of 2006, CCH enjoyed the follow statistics with regard to their self-pay accounts:

- 7,434 Inbound calls handled
- 42,160 Outbound calls made
- 30,456 Statements and follow up letters sent

Overall, with the help of current technology and qualified staff, the HBCS self-pay department processes the following:

- Monthly Placements - \$55,000,000
- Average Monthly Inventory - \$179,000,000
- Outbound Calls - 550,000/month
- Inbound Calls - 60,000/month
- Monthly Cash - \$14,000,000

It is only with state-of-the-art technology based systems, that self-pay recovery process can be maximized, while keeping a positive relationship with its patients.

## The Unique Credit Characteristics of Healthcare Patients

(NOTE: The following is excerpted from an Equifax Whitepaper)

As today's healthcare payment trends shift toward an ever increasing self-pay population, providers are at greater risk of losses. Due to rising costs associated with most health insurance plans, many employees are opting for reduced coverage to keep their monthly costs down. Add to that the uninsured population, and one can quickly assume that the financial risk levels in the healthcare industry are increasing.

Equifax Predictive Sciences undertook this research paper to provide a tool that will aid healthcare executives in understanding the value in using credit scoring in their decision practices. The predictive power that lies within credit information is so strong that most lenders use it as the main consideration when extending credit. Credit scoring has gained huge acceptance in this process because of its non-biased nature and the speed in which a decision can be made.

When discussing credit modeling, there are two types that are usually mentioned, custom and generic. A custom model is developed on customer-specific data and, in most cases, will perform better than a generic model. These custom models can be used to predict potential risk, response rates for a marketing campaign, and behavior for account management and cross-sell opportunities. Generic models are usually developed from a random sample of the overall population and predict the likelihood of someone becoming delinquent over a certain period of time.

Research and analysis has shown that a healthcare specific model performs better than a generic solution developed on the overall population. A healthcare-specific model performs better when trying to identify the charged-off dollars associated with bad healthcare accounts.

Because the industry-specific model performs better in identifying not only charged-off dollars but also patient payment amounts, it can be used in setting strategies for stages in the healthcare credit lifecycle.

For the "point or time-of-service" stage a

credit score can be used to set the upfront payment amount. For example, patients without insurance who have a high score may not be required to make a payment at the time of service because they have the highest propensity to pay. On the other hand, self-pay patients who have a low score would be required to make a payment because they have a high rate of default. Credit scoring can assist the healthcare provider in setting up payment options for patients; either at the time of service or soon after service has been rendered. Finally, for collection efforts, credit scoring can be used to segment the tactics to be used in collection of the debt.

Research in this population has yielded strong results in favor of using credit scoring to prioritize collection efforts. In one example, the collection efforts by one hospital had yielded an 18.9 percent pay ratio (the amount collected divided by amount charged off). If this hospital had used the healthcare specific model to segment the population it would have identified one part of the population with a pay ratio of 40.8 percent and another with a pay ratio of 30.1 percent. The remaining population resulted in an 11.5 percent pay ratio. By utilizing the healthcare specific model, this hospital could have streamlined its collection efforts toward working the population with the greater propensity to pay and possibly outsourced the remaining population, resulting in reduced collection costs.

By using credit scoring in its decision and collection efforts, a healthcare provider will utilize a cost-effective tool that will aid in identifying its most profitable customers while setting the ground work for strategies in its collection efforts. This research has shown how unique the healthcare population is and how well a healthcare industry-specific solution works on segmenting the population. By utilizing this knowledge, healthcare providers will become more efficient in servicing their growing self-pay population.

Equifax is pleased to provide this information for your convenience; however, it is provided with the understanding that Equifax is not engaged in rendering legal, accounting, security, or other professional advice.

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To read the entire White Paper, either contact Equifax or visit the HBCS Website ([www.hbcs.org](http://www.hbcs.org)) to download the article. Headquartered in Atlanta, Georgia, Equifax employs approximately 4,700 people in 13 countries throughout North America, Latin America and Europe.

## The Tech Corner

### How Technology Impacts Operations in the Self-Pay Area

When focusing on Self-pay recoveries, technology becomes an important asset to providing successful outcomes. Technology can be used in several ways to produce the best collection results as well as a superior customer service experience.

In order to achieve optimal cash collections, you must be able to make contact with the patients. An effective way to contact patients is through the use of predictive dialers. This piece of technology can make thousands of outbound calls within minutes and is able to detect a human voice from an answering machine. It will pass the call to either an account representative, if a live voice is detected, or leave a message on the answering machine or voicemail. It alleviates the need for manual dialing and eliminates inefficient phone time for the account representatives.

An Interactive Voice Response (IVR) application is an effective way to achieve not only increased collections but also provide a flexible and pleasant customer service experience 24 hours per day/7 days per week. The design of the IVR is very important when attempting to provide a superior customer experience. The options should be limited, and there should always be an easy way to reach a live patient account representative. A short survey option is also helpful to identify problems with the patient's experience.

One parting thought... technology is only as good as the people who use it. Training your customer service representatives to effectively use the tools is critical to your success!

## A Message from Jack

Dear Readers,

As the holiday season approaches, I first would like to take a moment to wish everyone success and health in the New Year. I hope 2006 was a good year for you personally, your family, and your hospital and on behalf of all 500+ HBCS employees, I would to thank you for your support and interest in our services.

As CEO, I am frequently asked about the balance between labor and technology. The answer is simple. Technology is a tool and only a tool. Never underestimate the value of your people. They are your greatest asset. It is important to treat them well, support them with on-going training, and to recognize their successes. Give them the best tools possible and you have a win-win opportunity for your organization and its people.

As we move into 2007, I want to welcome you to contact HBCS and learn more about how we help our clients improve their self-pay receivables. Thank you and Happy Holidays!

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Jack Byrnes is President and CEO of HBCS. He can be reached at [byrnesjf@hbcs.org](mailto:byrnesjf@hbcs.org).

# HBCS®

#### CORPORATE HEADQUARTERS

118 Lukens Drive  
New Castle, DE 19720

Phone: 877.254.9580 Fax: 302.254.3750

Web: [www.hbcs.org](http://www.hbcs.org)

E-mail: [selfpay-accelerator@hbcs.org](mailto:selfpay-accelerator@hbcs.org)

Editorial contact: [maherkj@hbcs.org](mailto:maherkj@hbcs.org)

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## Ask Joanne

Informative questions from our clients with candid answers from Joanne. E-mail [selfpay-accelerator@hbcs.org](mailto:selfpay-accelerator@hbcs.org) to submit your questions.



Joanne Courtney

### **Q: Does HBCS utilize any other telephone technology beyond the traditional dialer strategies to collect on Self-Pay accounts and manage the receivable?**

**A:** Utilization of our dialer and the creation of effective campaigns will always be a staple in our collection strategy. However, in the near future HBCS will be deploying our IVR (Interactive Voice Response) system. This state-of-the-art system will interface with our FACS (flexible automated collection system) Host to provide account balance, request an itemized bill, change an address, and select payment options. HBCS is designing this system to allow any patient to speak to an agent, versus an automated system, in the event that they need service. This will allow the IVR technology to handle simple functions, thus utilizing our staff for more complex issues associated with the receivables.

### **Q: Customer service is always a concern at the hospital. How does HBCS ensure that the representatives have a strong customer service focus?**

**A:** All representatives receive extensive customer service training as part of our new hire education. In Self-Pay, representatives continue to receive ongoing customer service training that is conducted by our Self-Pay trainer. HBCS also utilizes *Optimise*, our call and screen recording system that is used for representative coaching and training. We record all calls and each month randomly select several calls that are reviewed and scored by our independent Quality Coordinator and the representative's supervisor. The overall score of all calls reviewed each month is recorded as the Quality metric for the representative's monthly incentive scorecard. Another feature of our soon to be deployed IVR system is an automated customer satisfaction survey. At the end of a call, patients/guarantors will be asked if they would like to participate in a customer satisfaction survey. If a positive response is given, the call will be forwarded to our IVR system and a series of questions related to account resolution and customer service will be asked. The results of the survey are tabulated each month and are included in the monthly reporting package that we provide to our hospitals.

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Joanne Courtney is Vice President of Customer Service & Patient Collections at HBCS. She can be reached at [courtnjm@hbcs.org](mailto:courtnjm@hbcs.org).