



The Self-Pay AcceleRator

Strategies to *Accelerate* Your Self-Pay Recoveries

Volume 2 • Issue 3

Case Study: Self-Pay Outsource Success

Novant Health® Experiences Excellent Results With HBCS

The Challenge

Presbyterian Healthcare, the Southern Piedmont Region of Novant Health, provides comprehensive health services in state-of-the-art facilities for 14 counties in North Carolina. The system is comprised of four acute care, in-patient hospitals, medical clinics, outpatient surgery and diagnostic centers and rehabilitation programs for a service population exceeding 2.2 million. Presbyterian Healthcare employs a medical staff of almost 1,000, including more than 300 physicians. Annual emergency room visits top 106,000, and discharges number 35,500. All of the patient revenue and billing activity for the facilities fall under the scope of a centralized billing office, managed by Chris Williams, director of patient accounting.

When Williams joined the staff at Presbyterian Healthcare in 2002, he knew that there were issues to surmount in accounts receivable management, especially in handling self-pay receivables. His major concerns were the lack of capital investment in technology for managing the accounts and the inadequate number of employees committed to working the portfolio. He said, "It was basically a matter of statements going out the door from the CBO and that was about it. No collection process was in place, no automated dialers were in use and there was no organized statement protocol." Aging, uncollected self-pay inventory was approximately \$10 to \$12 million. On average, the time between discharge and turning the delinquent self-pay accounts over to a collection agency was 365 days. There was no analysis of the self-pay accounts to determine their origins, and no understanding of common characteristics. Williams committed to the chief financial officer that he would begin overhauling the

system as one of the major initiatives for his first 90 days of employment.

Williams said he had always felt financial processes should be handled internally. "But I really had to open my eyes and change my thinking. If someone else could do it better, more efficiently and have better results, it was time to consider outsourcing." He began to look at companies in North Carolina that provided health care billing and collection services; and then expanded his search across the country. He identified nine initial candidates who agreed to answer an extensive request for proposal. Williams developed 10 to 15 essential criteria on which to base his considerations, including sophistication of technology, staffing resources, leadership and management, current clients, flexibility and capability to serve a system of Presbyterian's size. After receiving the RFP responses, he narrowed the list to four and began site visits and interviews.

Williams flew to Philadelphia to meet with Hospital Billing & Collection Service, Ltd. (HBCS), fully believing that his final choice would be a company much closer to his base. But after spending two-and-a-half days onsite, he came back to Presbyterian and told the CFO that he was completely convinced that HBCS was the company that was most capable and equipped to handle the job. The decision met with initial resistance from executives as well as his CBO staff, but Williams said he was "willing to hang his hat" on his belief in the company and their ability to help improve Presbyterian's cash position.

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Did You Know?

Nearly 47 million Americans, or 16 percent of the population, were without health insurance in 2005, the latest government data available.

The increase in the number of uninsured in 2005 was focused among working age adults. The percentage of working adults (18 to 64) who had no health coverage climbed from 18.5 percent in 2004 to 20.5 percent in 2005 – an increase of over 800,000 uninsured workers. Nearly one million full-time workers lost their health insurance in 2005.

Citation: DeNavas-Walt, C.B. Proctor, and C.H. Lee. Income, Poverty, and Health Insurance Coverage in the United States: 2005. U.S. Census Bureau., August 2006.

Hospitals provide about \$34 billion worth of uncompensated care a year. Another \$37 billion is paid by private and public payers for health services for the uninsured and \$26 billion is paid out-of-pocket by those who lack coverage.

Citation: Institute of Medicine. Hidden Costs, Values Lost: Uninsurance in America. The National Academies Press. 17 June 2003.

The HR Corner

When the heating system in your house needs servicing, do you attempt to fix it yourself? Most of us try to figure it out, realize we don't know enough, and then call an expert who has the proper equipment and knowledge to service it correctly.

Think about your patient receivables. Do you have the expertise and tools to produce the best results? Are you satisfied with the results achieved when trying to do this yourself? If you're like most professionals, you give it your best using the resources you have available. It's the 80/20 rule; use your staff to collect the bigger dollar, more collectable accounts. Take care of inbound calls. Revisit high dollar accounts. But, wouldn't you love the help of someone who is better equipped to service "the rest" of your accounts?

There are experts who can help you achieve peace of mind. You can trust your work in the hands of business partners who have the experience and the tools to produce optimal results.

From an HR perspective, choose your partner wisely. Look for a firm that has our extensive recruiting and candidate sourcing processes, solid training, development, and quality management programs. Customer service representatives need to be screened for behavioral experience to ensure they are a correct "fit" to work in healthcare. These representatives should be well trained with a variety of teaching and learning techniques and technologies to guarantee that they're well-equipped to work on your behalf. Representatives need to meet rigorous quality standards that are part of their everyday evaluations.

Many institutions want to do a good job, but just lack the staff, training and or tools. Outsourcing accomplishes that. If you chose the right partner, your staff will be expanded to include a group of well trained, knowledgeable individuals who devote their time to understanding your patients and their accounts. Outsourcing gives you the peace of mind of knowing that your receivables are being managed by skilled and experienced professionals who continually receive comprehensive training and all of the tools they need to produce maximum results on behalf of your hospital.

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The Strategy

Williams entered the contract with HBCS with a full commitment to make the relationship a partnership. He told his staff, "In order for us to be successful, they have to be successful. If we build the foundation right, less than six months from now, we will be seeing significant results." He felt that it was important to quickly begin working with a dedicated account manager, and establishing a training regimen with HBCS staff, so they could function as a true extension of the Presbyterian CBO. An HBCS dedicated representative was quickly put in place, and three other HBCS employees were installed onsite at Presbyterian.

Aggressive planning and preparation began in late May of 2002, covering every aspect of how an account would walk through the system operationally. Williams said the company's technology proved to be of the highest quality. "I would ask them to do something," he said, "and I was never told no." During the RFP process, Williams had encountered reporting limitations from some of the companies he was considering. He said that with HBCS, he was able to ask for 100 things and actually get 100 things. He wanted to be able to "slice and dice" the data multiple ways at the facility level for effective analysis and management. In early August, a line was drawn and the system went live. "It was clean, he said. "We went date forward."

A concise work plan was built, based on agreed-upon strategic goals. HBCS implemented a follow-up protocol that began with an automated letter series that urges patients to call and speak to a representative to discuss potential ways to resolve their accounts. On average 30,000 to 35,000 letters are mailed monthly. Approximately 100,000 follow-up outbound calls are made every month using predictive dialer technology, and between 6,000 and 7,000 inbound calls are handled. To ensure effective patient communications, HBCS flags returned mail, and utilizes several Web-based solutions as well as the United States Postal Service database for address changes and corrections on all the accounts they work for Presbyterian.

Williams was convinced that many of the self-pay accounts were probably eligible for assistance from sources such as Medicare and Medicaid, but had not been recognized before entering the billing process. Although financial counseling is available on the front end for inpatients, the majority of accounts that get classified as self-pay are outpatient accounts and many originate in the emergency department. He enlisted HBCS to help identify potential candidates for assistance programs and help patients with the applications. He also asked HBCS to pursue "found insurance," where there was actually coverage but outstanding balances were sitting in the self-pay receivables. HBCS began to validate coverage, bill the carriers and follow up to adjudicate any issues that might delay payment.

Since the health system has been using the services of HBCS, the volume of uninsured and underinsured patients has dramatically escalated. Approximately 65 percent of the eventual bad-debt write-offs are for patients coming through the emergency department that are true self-pay financial class. More and more people are using these services as their only means to receive medical care. Using HBCS data for analysis, Williams has determined that there is a portion of the self-pay accounts that only produce two to three percent return. Through profiling this inventory, they have determined that these accounts have at least 12 common characteristics. By early analysis of self-pay accounts provided by HBCS, The Presbyterian can now look for these characteristics and determine early on what accounts should be classified as charity accounts.

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HBCS has taken on the responsibility for administration of the charity program, which has brought a much higher level of efficiency to the management of the whole portfolio.

For other accounts that are either for underinsured or self-pay patients who are able to pay a percentage of their bills, Presbyterian empowered HBCS with flexibility to negotiate settlements and resolve the balances immediately or to construct structured agreements. Williams says that working with HBCS also gives the opportunity to create different campaigns to focus on various sub-sets of the portfolio. For instance, they recently conducted a successful concerted effort to close out all accounts between \$250 and \$500.

Proven Results

In the spirit of maintaining a true partnership between HBCS and Presbyterian Healthcare, representatives from the health system conduct regular onsite visits to HBCS. Williams says, "They need to really know us. They need to know where the Matthews Hospital is located, where the Presbyterian Hunters Hospital is located and so on. They need to know us beyond just names and numbers and know what we're all about as a company." This spirit with close monitoring and collaboration has created a strong bond and impressive results.

In 2002, self-pay cash collections for the organization totaled \$26.1 million. The following year, with HBCS contributing to approximately five months of collections, the total had risen to \$27.3 million. In 2004, the number jumped to \$32.6 million for the project, and in 2005, it had risen again to \$38.8 million.

Unaudited gross revenue for the Southern Piedmont Region of Novant (Presbyterian Healthcare) was approximately \$1.4 billion in 2005. True self-pay accounts for approximately five percent. Working with HBCS has allowed Presbyterian to revise their expectations for self-pay collections to a more realistic level. "With uninsured people walking in the door with no third-party payor and maybe no job, we have to understand the real potential for the portfolio," Williams said. "Now we expect to collect between 10 and 12 percent on true self-pay. These are people with no eligibility for assistance."

He adds that for self-pay after insurance, collections are up to between 50 percent and 55 percent. When Williams began, expectations were much higher, but less was being achieved. Accurate tracking has helped the organization understand what are reachable goals, and what are not.

Self-pay accounts regularly sat aging in the self-pay portfolio for 365 days before HBCS began working with the organization. At times, they may now hit 240, but the average now is 180 to 210 days. The goal is to resolve accounts within 120 days.

Williams adds, "I enjoy working with HBCS and their management team. We've built a great relationship. But, we're always pushing to make them better." He says he looks forward to seeing what they can achieve together.

In February, 2006, Novant Health was ranked Eighth Most Integrated Health Network in the nation by Verispan, a research firm that evaluates health care systems.

In 2005, Presbyterian Hospital received the VHA Best Practices Award for Clinical Quality Improvement for involvement in StrokeSense. Both Presbyterian Hospital and Presbyterian Hospital Matthews received Leadership Awards for Excellence for their treatment of patients with acute myocardial infarctions.

The Tech Corner

Why Outsource A Technology Perspective

In order to achieve best practice performance in customer service and Self-Pay receivables management, healthcare providers need to invest heavily in technology. The volume of Self-Pay accounts continues to rise as the uninsured population increases. Patients are assuming more responsibility for their health care costs and hospitals find themselves looking for tools to tackle the issue of higher and aging Self-Pay receivables.

Various tools are available to help reach a patient including automated dialers, account letters and statements. Other tools help manage inbound customer service contacts such as sophisticated call management systems, interactive voice response systems, and web-based bill presentation and payment options. And still other tools, such as call recording systems, are used to monitor the quality of calls as well as patient satisfaction.

As one can imagine, all of these tools come with a hefty price tag. It could cost the average hospital several million dollars to invest in the required technology. Typically, the millions of dollars it costs to purchase, install, and integrate the various pieces of technology may take a hospital a few years to recover only to find that it is time to incur more costs to upgrade the systems or purchase new technology.

An alternative to investing in and maintaining all of the required technology is to outsource Self-Pay to a qualified, reputable company that already has the tools and infrastructure in place to achieve superior customer service and receivables performance. Many healthcare providers are moving in this direction due to the growth in the Self-Pay area and the inability to effectively manage this portion of the receivable. Hospitals should consider the return on investment before engaging in any major capital purchase or outsourcing arrangement and determine what course of action is best suited for their particular needs or goals.

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Ask Joanne

Informative questions from our clients with candid answers from Joanne.
E-mail selfpay-accelerator@hbc.org to submit your questions.



Joanne Courtney

Joanne Courtney is Vice President of Customer Service & Patient Collections at HBCS.

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Q: Joanne, why should my hospital consider outsourcing their self-pay receivable to HBCS?

A: When evaluating whether or not outsourcing self-pay is the right decision for your hospital, you should first ask if the hospital can perform this function best or if another entity can do it better and less expensively. HBCS can handle very large volumes of accounts and can provide customer service-oriented patient account representatives to assist your patients in resolving their outstanding balances. Our Self-Pay employees are an extension of your hospital's internal business office team with a two-fold goal to collect your self-pay balances while maintaining the excellent reputation your hospital has established in the community.

Q: What makes HBCS unique in servicing self-pay receivables?

A: HBCS is a 501(e) cooperative, owned by our member hospitals, with a singular focus on healthcare accounts receivable management, billing, and collections. Specifically, our self-pay department operates with a strong commitment to customer service and account resolution. New representatives participate in a minimum of four weeks of training before they begin taking or making calls to patients. All self-pay representatives continue to receive ongoing training for customer service, negotiating skills, insurance, and HIPAA compliance. Representatives earn very competitive salaries with an opportunity to earn additional incentive dollars each month for meeting and exceeding their quality, collection, and productivity goals. Our self-pay managers are responsible for the analysis of the hospital's self-pay inventory, aging, and developing collection strategies. Managers work closely with the management staff in the business office and provide monthly reporting that can be customized to meet the requirements of the hospital.

Q: What is HBCS's orientation toward technology?

A: HBCS offers the latest in contact center and collections technology. All hospitals are assigned a specific 800 number that allows for inbound calls to be routed to representatives that are trained for that hospital. It also allows for a seamless presentation to patients as calls are answered in the name of the hospital. All outbound dialer calls are also made in the name of the hospital with hospital specific representatives assigned to the dialer campaign. Service level metrics are closely monitored with an impressive 85% of calls answered in 30 seconds or less and an average answer speed of 11 seconds. Our IVR technology affords your patients the convenience of a 24/7 contact center. The integration of our phone system with our accounts database allows patients who elect to use this feature, to make payments on their accounts by credit card, establish payment arrangements, change their address, and request an itemized bill.

Q: Joanne, how would you summarize the advantages of partnering with HBCS?

A: The HBCS solution to your hospital's self-pay receivable management is a cooperative relationship that fosters a patient focused approach to collections, a partnership between your business office and our management team, and a mutual commitment to work together to attain the desired results.

HBCS offers the people, processes, and technology that will enable your hospital to continue to offer excellent customer service, increase collections, and provide oversight and management of your self pay receivable. If you are considering outsourcing self pay, HBCS has the solution to meet your needs.

HBCS®

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