

Revenue Cycle Success:

How To Provide Huge Impact Without Major Changes

James D. Logsdon

Vice President Strategic Revenue Services
Texas Health Resources
Dallas, Texas

Vince Koch

Western United States, Sales
Computer Credit, Inc.
Winston-Salem, NC

Overview of Today's Session

- Who's in Control of Your A/R?
- Case Study of Highly Successful Billing and Collection Efforts for Self-pay Balances
- Benefits of a Pre-Bad Debt Third-Party Collection Service
- Review of Results of Revenue Cycle Improvement Tool

Why is Self-Pay Important to Collect?

- ***“Hospitals with the lowest days and bad debt focus on practices that collect self-pay. Hospitals with high days and bad debt do not.”***

Zimmerman & Associates, LLC

Who's In Control of Your A/R?

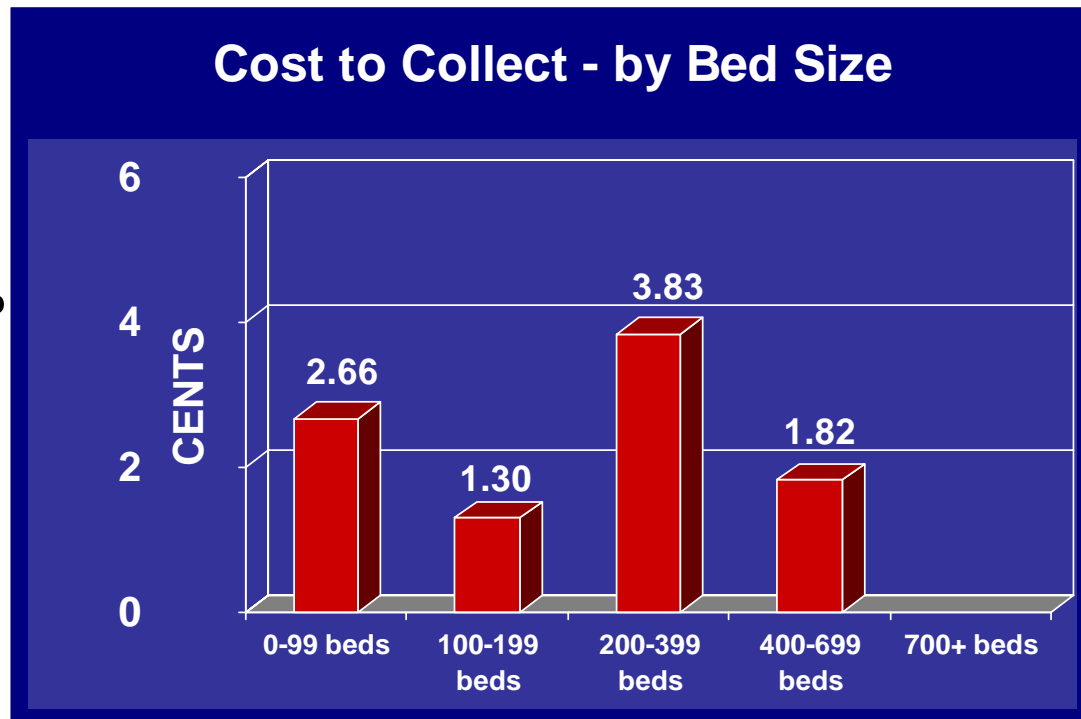
- Now more than ever it is imperative that your patient population is handled with the accuracy, professionalism and courtesy that both the hospital and local community expect.
- Utilizing an early-outer or extended business office is simply outsourcing patient accounting FTEs for a lot more expense.
- Your internal business office staff is best suited to handle your patient's questions, concerns, and financial needs
- Outsourcing your self-pay A/R can lead to potentially negative PR. No one can demonstrate your hospital's mission statement and intimate knowledge of your patient population like your own internal staff can.

Is Your Cost-to-Collect Under 2.62%?

Outsourcing self-pay can be very expensive.

Outsourcing vendors typically charge anywhere from 6% to 12% contingency fee for first-party billing — something the hospital can do on its' own.

Most hospitals find that they can collect the same, or more, dollars for a lower cost.



The average cost for a hospital to manage and collect A/R is under 2.62%

(Source: HARA Report – 4th Quarter, 2007)

Accounts Receivable

Key Indicators

	June 2008
■ Net Days	49
■ Bad Debt	2.6%
■ Gross Revenue	\$5.9B
■ Net Revenue	\$2.1B
■ Aging > 90	9%
■ Cash Collections (daily/weekly)	\$5.75M/\$173M
■ Cost to Collect	1.16%
■ FTEs	357
■ Cash to Net Revenue	100%

■ Without Technology:	
■ Cost to Collect	2.5%
■ FTEs:	425
■ Budget:	\$24M
■ Savings/Year (budget only)	(\$28M)
	(2.5% vs. 1.16%)

Top 10 Strategies for Self-Pay Collections

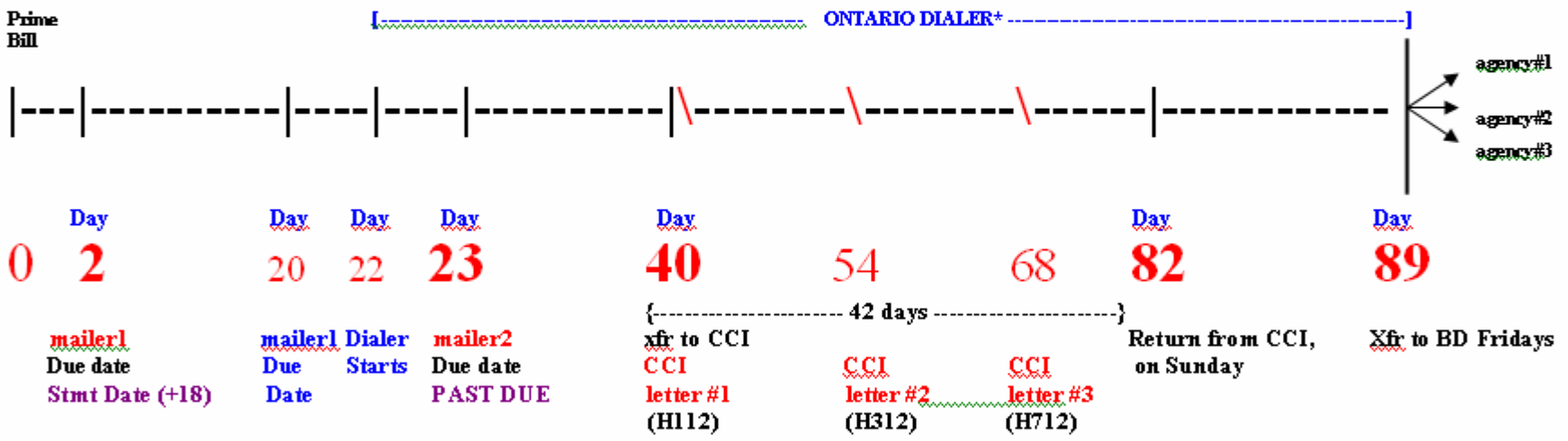
- Account Process Flow
- Auto Dialer
- Siemens Contract Management / Document Imaging
- Automated Cash Posting System
- CCI – A/R Collection Letter Service
- Pay Online - Credit Cards / Echecks
 - POS Credit Cards / Echecks / Cash
 - CBO Credit Cards/ Echecks
- IVR / Voice Recording System
- Bank Program
- Incentive and Commission Programs
- Incentive for Collection Agencies

Texas Health Resources Central Business Office

Uninsured & Patient Responsibility

AR Cycle – FC: S (Un-insured from Prime Bill Date)

AR Cycle – FC: P,Q (Patient Due after Insurance from FC Change Date)



(standard automated process)

Goes to CCI daily – (note in Siemens from RPM: “!*! ACCT PLACE WITH CCI TODAY !*!”)

Returns from CCI on Sundays only (note in Siemens: “ACCOUNT RETURNED FROM CCI”)

Qualifies for CSI on Mondays and goes on Tuesdays, returns with Score on Wednesday (FC: S only send patient requested loans, no auto sent)

Qualifies for Bad Debt on Thursdays and Transfers to Bad Debt on Friday

Stmt Due date eff 2/10/06 and Dialer 2/18 (accts submitted 2/18 and forward)

Auto-Dialer Statistics

- **Auto-Dialer begins calling 23 days after FC Change**
- **Uninsured and patient-pay after insurance (FC: P,Q,S)**
- **Predictive calls Monday-Friday, 10:30 - 8:00**
- **Unattended calls Monday-Friday, 11:00 - 8:00**
- **121,000 Accounts with *Attempts* per Month**
 - **94,380 Unattended Attempts**
 - **26,620 Attended Attempts**
- **63,000 Unattended Messages per Month (3,150 per day)**
- **15,000 Contacts from PAR / Month (714 per day, 44 per rep)**
- **Generates 9,000 Additional Incoming calls to CS / Month**
 - **(CS number is left by the dialer)**
- **Each account is worked **weekly** by Unattended or Attended Dialer processing**
- **Increased Monthly Credit Card and Echeck Cash Collections from \$5,000 to \$317,000 per month from the Self Pay Unit**
- **Combined Collections from CC and Echeck = \$1.3M per month from Self-Pay Collection Unit and Customer Service Unit**

Siemens Document Imaging

Siemens Medical Solutions Health Services Corporation - FTWEDM05 - Microsoft Internet Explorer provid...

SIEMENS Split Folder/Document Display

HeistaJ (HEISTAND, JACKIE)

Administrator Storage Operations Folders and Documents Settings Help

Clear All Clear Sel Select All
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 Open Docs Thumbnail Print
 Acquire Retrieve Retrieve
 AutoRetriev Source

Export Export Maintain
 Maintain Move Remove
 Insert Cancel Merge
 CancelMrg Split MoveUp
 MoveDn

View: CBO Filter: NONE

PHP TESTEPIC, INPATIENT 3200998173 - €

- BILL_E
 - IS_E 3/7/2006 ⓘ ← Itemized Statements
 - IS_E 3/7/2006 ⓘ ← 837 information / UB04 overlay
 - UB92_E 3/8/2006 ⓘ ← Contract Management Package Bills
 - CMINV2_E 3/9/2006 ⓘ ← Registration Documents
- REGDOC_E
 - FACE1_E 6/13/2006 ⓘ ← Face Sheets
 - FACE1_E 6/14/2006 ⓘ ← Insurance Cards
 - FACE1_E 6/20/2006 ⓘ ← Address Verification
 - COEST_E 3/24/2008 ⓘ ← Insurance Eligibility
 - INSCD_E 5/7/2008 ⓘ
 - MISREG_E 5/12/2008 ⓘ
- PAYMENTS
 - RABC_E 3/27/2006 ⓘ ← Payments – EOB's

QuickFind

Type: ENCOUNTER Find

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Automated Cash Posting System

(Electronic Cash Posting via EDI / Optical Character Recognition)

- **Installed in 2/02**
- **This Technology enables the CBO to electronically post 85% of all payments to the patient's account via EDI or OCR**
 - Medicare / Medicare B
 - Medicaid
 - Blue Cross / Blue Cross HMO
 - AARP
 - Aetna HMO / Aetna PPO / Aetna POS
 - Cigna
 - United Healthcare
 - PacifiCare
 - Self-Pay / Credit Cards / Echeck
 - Self-Pay / Mail (OCR)
 - Return Mail
 - CSI EDI Recourse Loan
- **Over \$170 million posted each month with 17 FTEs
(11 less FTEs / No overtime)**
- **Including Index MP -- 99% of all cash is posted via CSC Papers
(includes POS payments from Patient Access)**

PATIENT / CBO PAY ON-LINE OPTIONS

Credit Cards / Echecks

■ Patient

- POS Payments at time of registration
- Pay Bills On-line via Internet
- Pay Bills On-line via CBO IVR Automated Phone System

■ CBO

- Customer Service / Self-pay On-line via Internet
- Cash Department On-line via Internet (Credit Cards)
- Walk-in patients
- Agencies On-Line via internet

All Credit Cards / Echecks processed on-line are uploaded and posted daily to the host system via a EDI file supplied by the vendor



STATEMENT INSERT - CREDIT CARD / ECHECK PAY ON-LINE

(Printed on back of all statements)

Bookmarks

Thumbnails



Paying Bills Online is...



Easy

Just go to our website and we will direct you from there.



Secure

Our website is safe and secure, nobody can see your personal information.



Convenient

If you have internet service you can access your account 24 hours a day, 7 days a week.



Free

No fees, no checks to write, no stamps to buy, no mail delivery delays.

Log on Today! www.texashealth.org

1 of 1 8.5 x 3.68 in Siemens



Integrated Voice Recognition System

IVR Systems is a V-Commerce products and services company specializing in the delivery of Interactive Voice Response, Internet, and Call Center software and services technologies for the Financial Services, Utilities, Healthcare and Call Center industries.

Existing Features:

- **Interface and Logic to use with the Siemens Host System**
- **Whisper Transfer (Account Number will be whispered to the CSR)**
- **Real time Credit Card and E-Check Pay-by-phone**
- **Real time interface to Pay On-line**
- **Caller Validation for HIPAA Compliance (Zip Code)**
- **Custom Data Logging**
- **Web Based Report Console**
- **Custom Voice Prompts and Call Flows**

IVR Automated Phone System

- IVR automated phone system is used for incoming calls to the Custom Service Representatives
- The following information can be obtained by the patient without speaking to a Customer Service Representative
 - Pay on-line with Credit Card / Echeck
 - Account Balance
 - Request an Itemized Statement
 - Verify Insurance Information
 - Hospital Mailing Address
 - Opt to speak to a Customer Service Representative
- 29,496 IVR Calls / 445 Customer E-mails
- 28,757 Total Calls Answered per month
- 2.5 % abandoned
- 27 Average Hold Time (seconds)



Bank Loan Program

- **Implemented Bank Loan Program and (Pre) Bad-Debt Purchase Program**
 - **Patients needing extended payment terms are offered bank loan program up to 72 months (minimum payment of \$20 or 4% of balance)**
 - **All Self-Pay AR < \$10,000 sent via electronic file to Bank --- Credit Scored --- Scores over 600 are purchased at 95% of face value.**
 - **Payments and Scores sent back electronically and automatically posted to account level in Siemens**
 - **All non-purchased accounts are then sent to a bad debt agency (1 of 3).**
 - **All Collection agencies are also on an incentive program --- all 3 have a base rate and each quarter the agency that has the highest percentage collections can bill an extra 2% --- second highest agency can bill an extra 1 % --- last place gets nothing extra**

Bank Loan Program (Continued)

- **Loan Statistics (Pre) bad-debt purchase plan**
 - **Amount Purchased to date: \$10M**
 - **Amount Re-purchased to date: \$2.48M**
 - **Percentage Re-purchased: 24.8%**

 - **Payments-to-date: \$3.8M**
 - **Bank Cost = \$190,000**
 - **Agency Cost if Placed = \$570,000**
(15%)

CCI Collection Letters

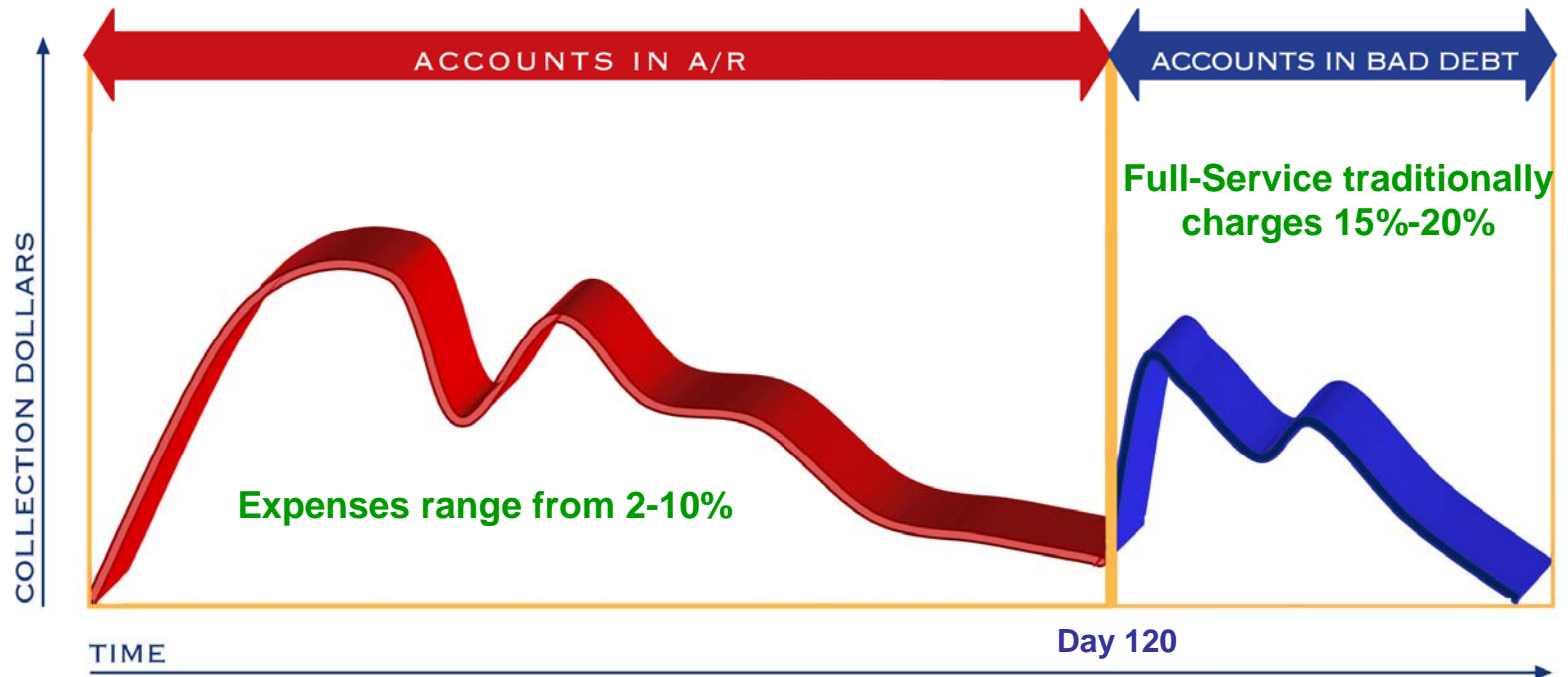
- Patient receives 3 Siemens/Vendor Collection Statements within first 60 days
- 3 CCI Letters sent over next 42 days
- 2-Week Cooling Off Period
- Account sent to Bank Program for credit score and possible purchase
- Account to Bad Debt Day 90
- Compatible with internal strategy
- Cost Effective for 3-letter series
- CCI's collection letter initiates account resolution
- Generates a major spike in cash while account is on the active A/R
 - **Improves Cash Collections**
 - **Lowers Bad Debt Write-offs and Bad Debt Expense**
 - **Lowers Net Days in A/R**

A Pre-Bad Debt Collection Service Can Be An Integral Step in the Revenue Cycle

- Instills a discipline to the internal collection effort.
- Provides patients with an earlier incentive to pay.
- Expedites the account flow from A/R to Bad Debt.
- Improves net income and lowers cost of collections.
- Minimizes reliance on resource intensive functions.

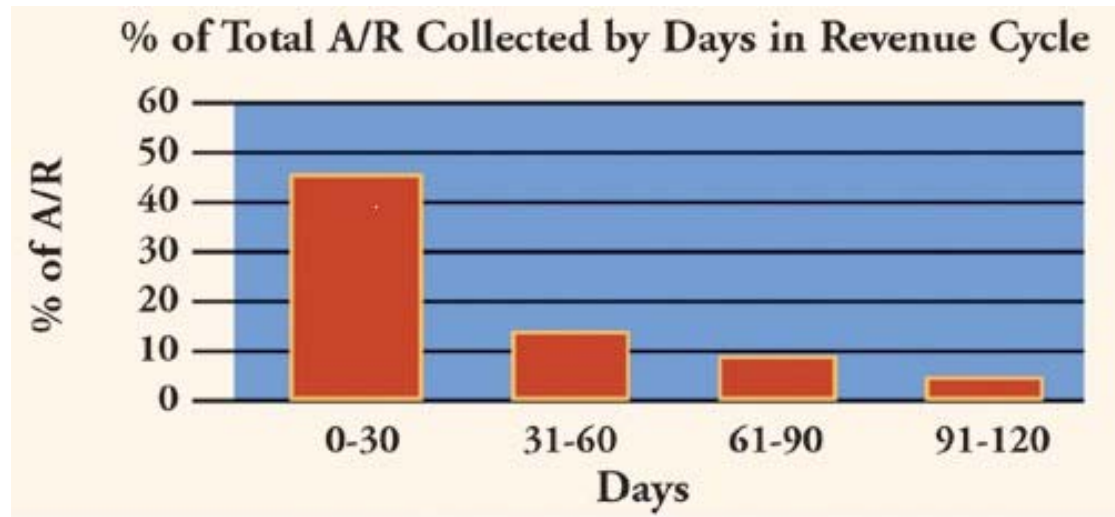
Traditional Collection Strategy

First Party Effort
(Collection activity on behalf of hospital)



After the billing and collection efforts on behalf of the hospital are exhausted, accounts are referred to Bad Debt agencies for collection. Because patients are motivated to pay at the first introduction of an agency, collection activity increases upon referral.

CCI focuses where the hospital is experiencing diminishing returns - usually between day 75 – 120

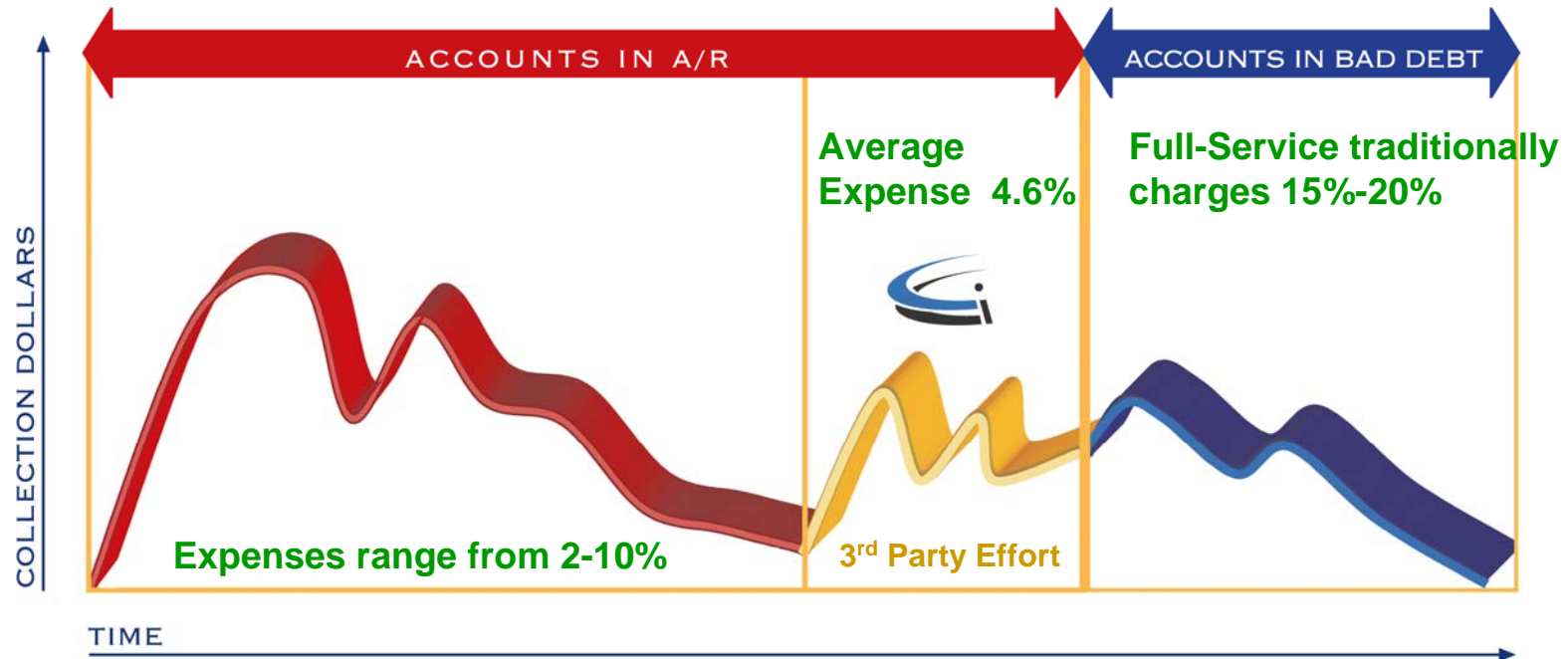


HARA - Hospital Accounts Receivable Analysis – 2007



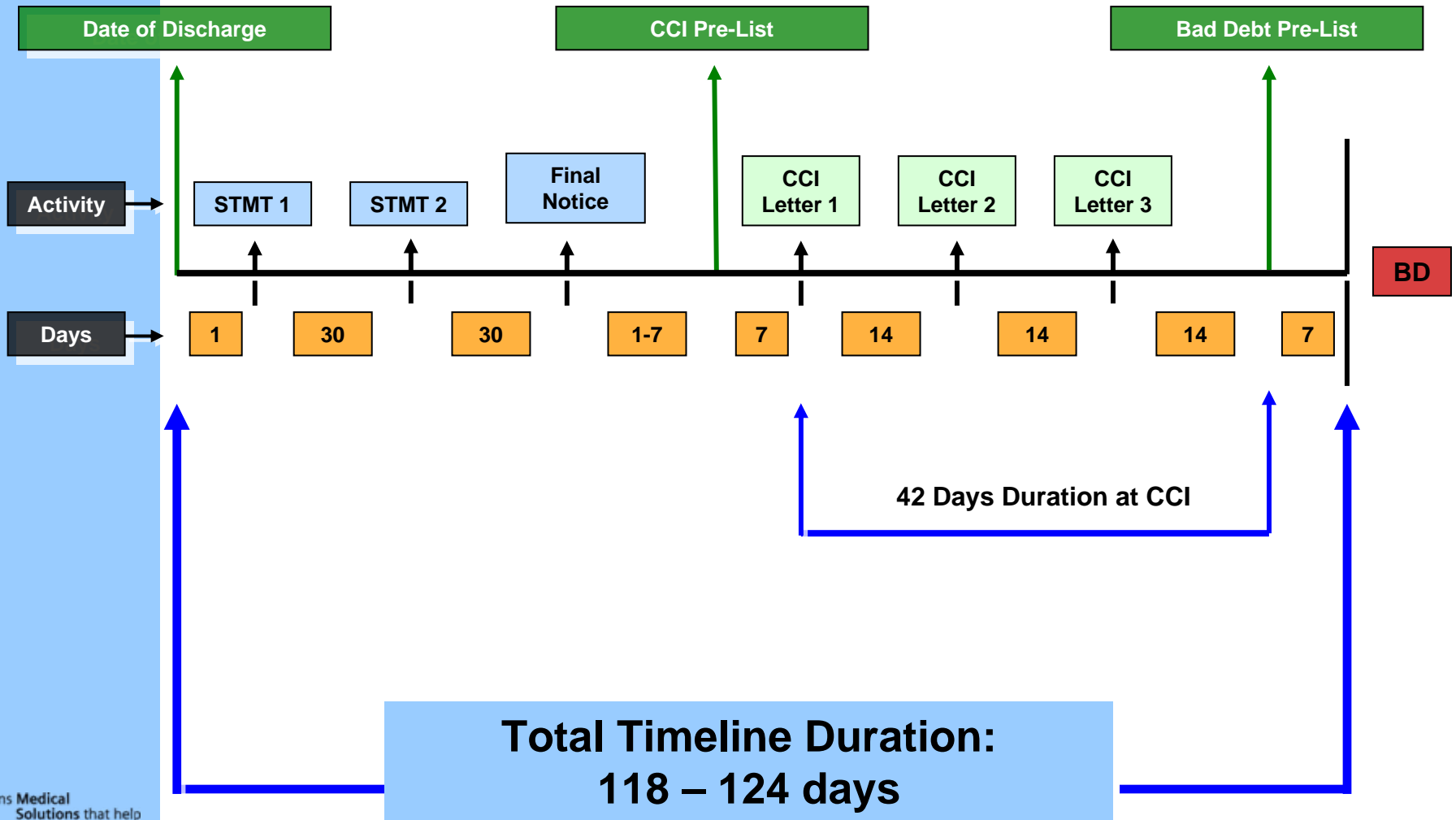
Combination Collection Strategy

INCREASING COLLECTION ACTIVITY/ REDUCING AGENCY EXPENSES



CCI's letter campaigns generate significant response from hospital's patients and collect accounts at a dramatically lower cost than the contingency fees paid to bad-debt agencies.

ABC Memorial Hospital Sample A/R Timeline



Benefits of Utilizing CCI's 3rd Party Collection Letter Application:

- Decrease full service collection agency expense from an avg. of 15-20% to below 10%
- Reduction of Bad Debt placement by moving 3rd party impact upstream
- Increase in annual Self Pay collections due to non-discriminatory account focus
- Little I.S. involvement due to software integration within Siemens, MEDITECH, McKesson, EPIC, IDX, IntraNexus, Eclipsys, and others
- Guaranteed Results!!! (CCI willing to go “at risk” to prove ROI)
- Proven Results at over 370 facilities currently, creating success since 1972

How Does a Third-Party Collection Service in Active A/R Participate in Patient Friendly Billing?

- Sometimes first-party communications from hospital are not CLEAR, CONCISE, CORRECT, or PATIENT FRIENDLY
- It often takes a third-party notice to get patients interested in resolving their outstanding debt
- If account is resolved during active A/R, the patient's credit is not impacted, nor will they be subjected to more draconian collection practices by hard-core agencies in bad debt
- Account resolution can be governed by the hospital's mission statement and locally-understood standards & practices

The Effectiveness of Third-Party Collection Letters in Active A/R

- Clearly communicate that the hospital has employed a collection agency to pursue their debt.
- Convince the patient that your facility does not intend to forgive the debt.
- Provide detailed account information to assist the patient resolve any outstanding balance.
- Can direct specific account inquiries to the business office.

Financial Impact of Using CCI - 2007 Results Texas Health System (Presby Facilities)

Traditional Strategy		
<i>Full-Service Agency</i>		
Collectible Dollars		\$67,162,621
Total Collections:	9%	\$6,044,636
Less Cost:	15%	906,695
Net Dollars Recovered From Traditional Strategy		<u>\$5,137,941</u>

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<i>Full-Service Agency</i>			<i>Step 1: Computer Credit, Inc.</i>		
Collectible Dollars		\$67,162,621	Collectible Dollars		\$67,162,621
			Cash Collected:	11.2%	\$7,515,097
			Arrangements:	2.1%	1,382,733
			Insurance:	4.1%	<u>2,737,740</u>
Total Collections:	9%	\$6,044,636	Total Collections:	17.4%	\$11,635,570
Less Cost:	15%	906,695	Less Cost: 114,176 accounts x \$2.86		326,543
			Net Recovery from CCI:		\$11,309,027
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			Net Recovery from CCI:		\$11,309,027
			<i>Step 2: Full-Service Agency</i>		
			Amount Not Collected By CCI		\$55,527,051
			Collections:	6.5%	\$3,609,258
			Less Cost:	15%	<u>541,389</u>
			Net Recovery from Full-Service Agency:		\$3,067,869
Net Dollars Recovered From Traditional Strategy		<u>\$5,137,941</u>	Net Dollars Recovered From Combination Strategy		<u>\$14,376,896</u>

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Less Cost:	15%	<u>906,695</u>	Less Cost: 114,176 accounts x \$2.86		<u>326,543</u>
			Cost as a percentage of Collections:	2.8%	
			Net Recovery from CCI:		\$11,309,027
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Impact of Combination Collection Strategy

Increased Cash (\$14,376,896 - \$5,137,941)	\$9,238,955
Reduced Bad Debt Placements (\$67,162,621 - \$55,527,051)	\$11,635,570

Summary of Benefits of a Pre-Bad Debt Collection Service:

- **Improves Net Income**
- **Reduces Bad Debt Referrals**
- **Lowers the Cost of Collections**
- **Initiates Early Debt Resolution**
- **Improves Patient Relations**

Thank you

for attending this session

Session #3 – Revenue Cycle Success:

How to Provide Huge Impact without Major Changes

Please take a few moments to complete your evaluation form before you leave.

Siemens **Medical** **Solutions** that help