

Presented by:

Julie Haluska, SearchAmerica and
Garett Jackson, CPA , National Patient Account Service

New Charity Workflow and Self Pay Segmentation



hfma[™]

healthcare financial management association

Overview 4 goals of the Patient Payment Solution

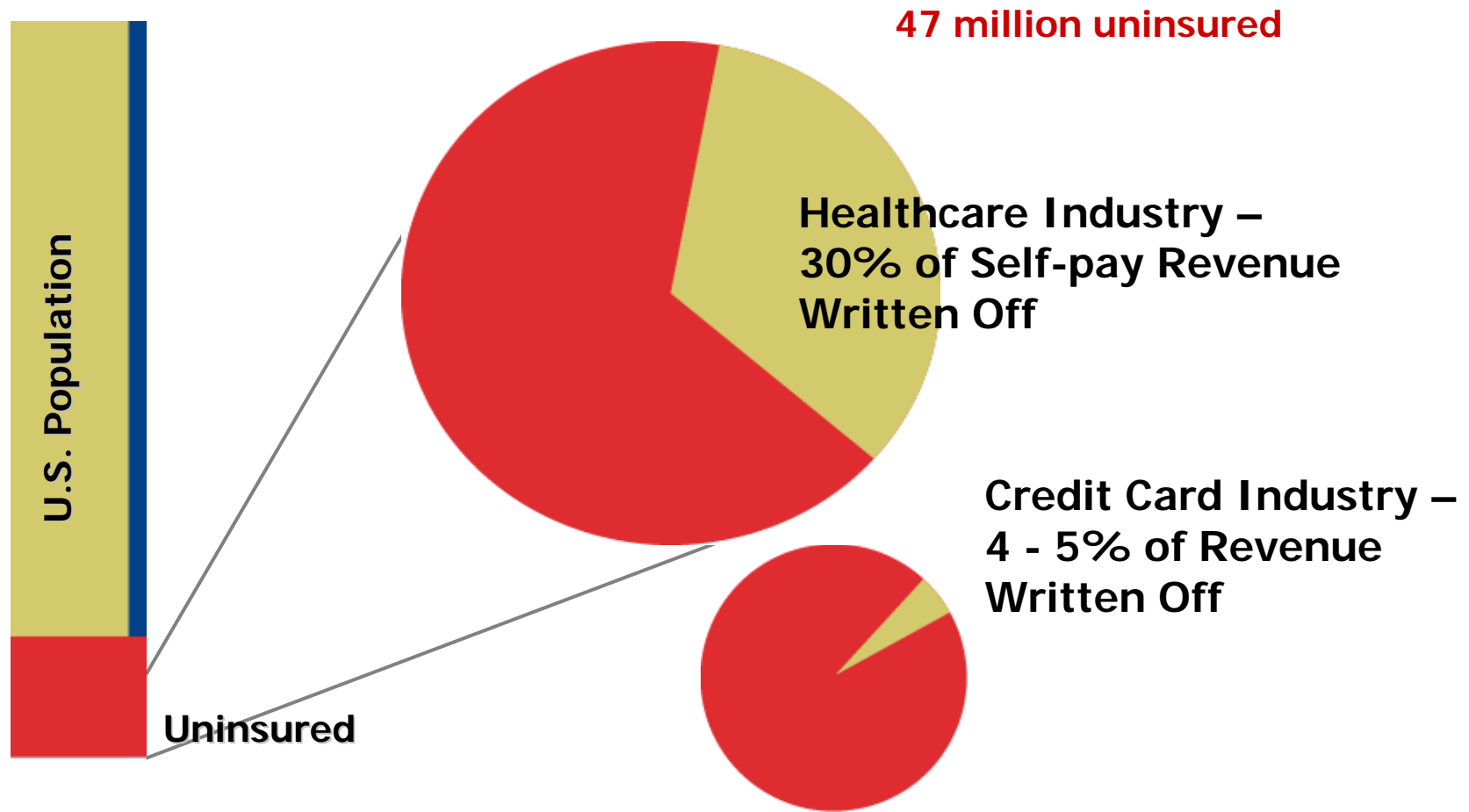


1. Segment the patient population and develop appropriate adjudication strategies for each segment
2. Provide the tools to facilitate timely and appropriate payment, regardless of the payor
3. Automate Charity Care/Establish and clearly communicate equitable and consistent policies to patients and IRS 990
4. Increase patients' awareness of their payment options and responsibilities

A Challenging Environment

- ✓ **Over \$32 billion in bad debt write-offs for 2006, write-offs have increased over 30% since 1999**
- ✓ **IRS 990**
- ✓ **You do not have enough staff to process manually**
- ✓ **Uninsured discount lawsuits have impacted industry, virtually everyone has adjusted credit and collection policy**

Self Pay on Rise



hfmaTM

healthcare financial management association



Ability to pay for Health Care increasingly in the news....



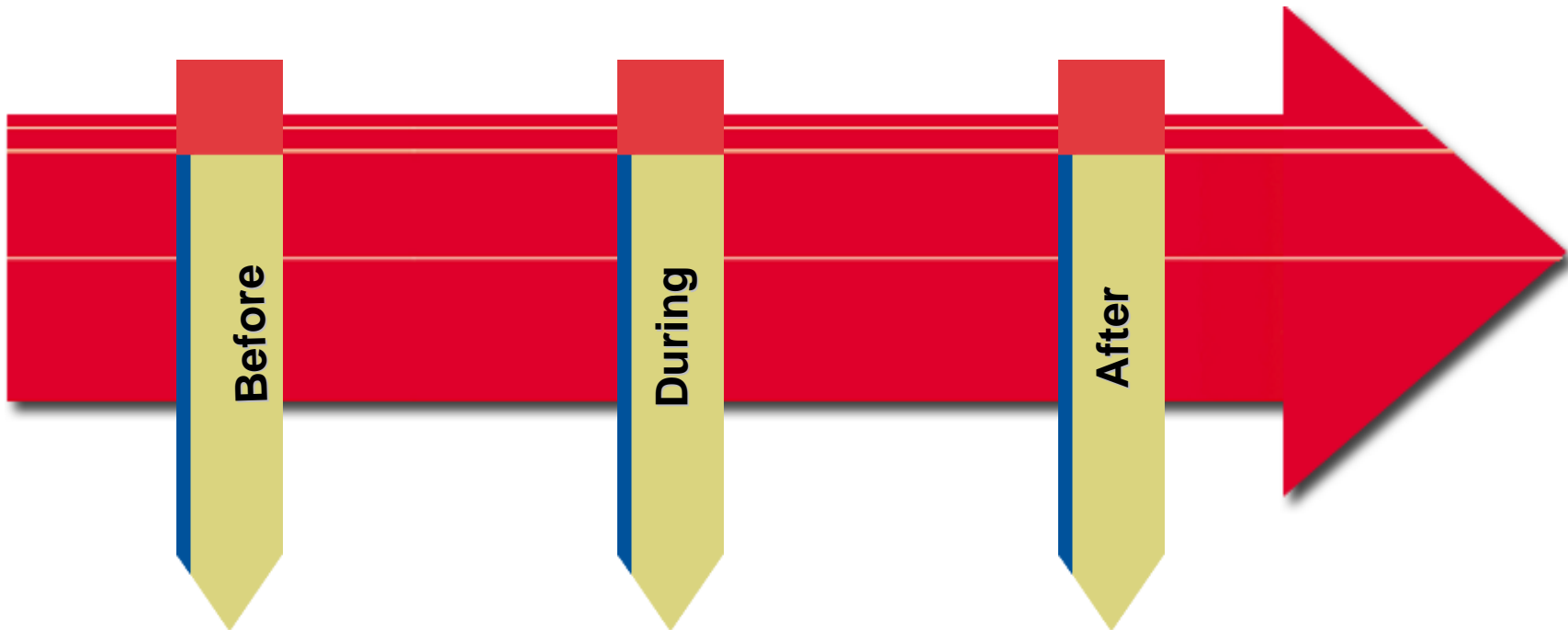
- Parkland Cracks Down on Health-Care-People Who “Lie” About Income to Get Free Health Care Take
- From GMA Aug. 15, 2007
- Officials in Dallas say this couple racked up \$46,800 in charity care but paid it in full when caught. The man claimed he worked at a Subway restaurant making \$8 an hour, when in reality he owned a number of franchises. (ABCNEWS.com)



hfma[™] region one

healthcare financial management association

Workflow Impact



- Scheduling
- Pre-registration

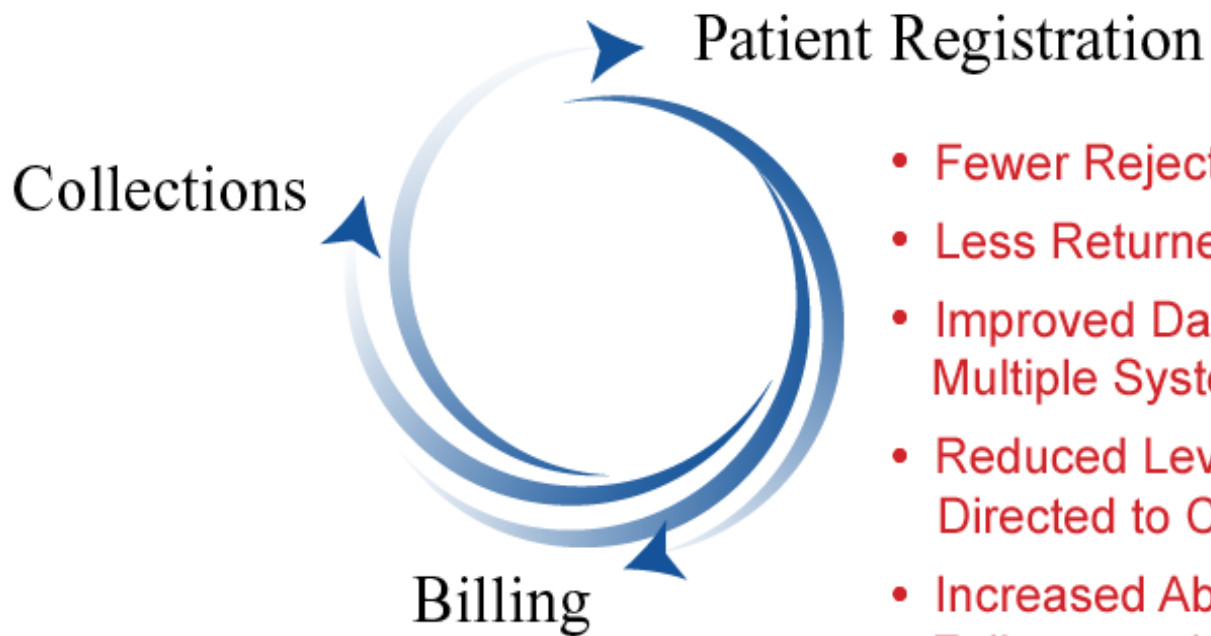
- Registration
- Check-in
- Financial Counseling

- Statement Printing
- Return Mail Processing



hfma[™]

healthcare financial management association



- Fewer Rejected Insurance Claims
- Less Returned Mail
- Improved Data Accuracy Across Multiple Systems
- Reduced Level of Patients Directed to Collections
- Increased Ability to Conduct Follow-up with Patients



hfma[™]

healthcare financial management association

Demographic Validation

- Multiple data sources available
 - Can search all three national credit bureaus
 - Accuracy essential as error rates can be 25 to 30 percent
 - Credit data can vary significantly from one bureau to another – according to published CFA reports
 - Access sub-prime data sources to identify patients without a credit history (can be 10 percent or more)
- CASS (Coding Accuracy Support System) corrects all addresses to USPS standards



hfma[™]

healthcare financial management association

Demographic Validation Integration Sample

Please review the information and use the hyperlinks to choose the address that will be kept.

Information Received	
Name	RODRIGUEZ, GABRIEL
SSN	554-87-5612
Address	8601 PECK AVE 11 ANCHORAGE, FL 99504

Information Sent	
Name	RODRIGUEZ, MARGO
SSN	554-87-5612
Address	8601 PCK ANCHORAGE, FL 99503

Messages/Comments

Request payment

Address may be a previous address. [Verify/Update address.](#)

Other Address Information	
Address	UNIT 11 ANCHORAGE, AK 99504
Address	197

Selected Address	
Address	8601 PECK AVE 11 ANCHORAGE, FL 99504

Accept Cancel

: The lowest security display will only show demographics and recommendations



hfmaTM

healthcare financial management association

Front–End Risk Assessment

- Who is the **most able to pay**
- Patients who have **rarely (if ever)** paid your bill
- Patients **eligible for uninsured discounts**, those to offer **charity care** to
- Potential **methods of payment** such as a credit card



hfma[™]

healthcare financial management association

Readying Your Charity Program

- Form 990 is forcing hospitals to reassess their charity care programs, if they haven't already. The evaluation should be two-fold, examining the process itself and the measurement of a successful program.



Meet the 5% or Be Scrutinized?

- **Senate Finance Committee Chairman Max Baucus, D-Mont and Sen. Charles Grassley, R-Iowa, have both expressed concern over the overcharging of uninsured patients, the allocation of too few resources to charity care, and overstatements of the amount of free care provided.**



hfma[™] region one

healthcare financial management association

The Process: Is the correct charity care process in place? Is it non-discriminatory and defensible?

- Non-discriminatory. A charity program cannot discriminate by age, race, sex or any other personal characteristic. Only by automating the screening process using technology, *without human intervention*, can the process be truly objective.
- Defensible. The process of identifying a qualified charity patient must be defensible. Screening must be performed on every patient at the point of registration using a third-party or neutral service. The independent service's audit trail validates that the screenings took place and that the patient was directed to the appropriate financial arrangement based on the data provided.

*What is the Measurement:
Is the hospital near the recommend 5%?*

- Too often bad debt accounts should have been enrolled in the charity care program from the beginning. In Part III of the Form 990, bad debt can be included but smart hospitals realize there is more benefit to reclassifying them to charity.
- When re-classified, many hospitals determine that they are providing more charity care than first reported. Correcting this error could improve a hospital's standing with their community and the IRS.

Front-End Risk Assessment

- Encourage/expect **payment up front** from those able to pay
- Alert **financial counseling**, armed with patient credit data
- Complete eligibility and documentation for **charity care**
- **Revise time-of-service collection workflow** based on payment probability



hfma[™]

healthcare financial management association

Front-End Risk Assessment

- Proper account segmentation leads to improved collections and expense control-“less touches”
- Probable workflow redesign:
 - Registration/Financial counseling
 - Collection at point of service
 - Third party billing and patient portion billing
 - Emergency department (consistent with Federal regulations)



hfma[™]

healthcare financial management association

Via Integration

Address Verification

Please review the information and use the hyperlinks to choose the address that will be kept.

Messages/Comments

Payment Advisor Score: 764
Recommendation: Request Payment

Available Credit Cards	Account Number	Available Credit
MBNA AMER	XXXXXXXX0630	10080
CHASE NA	XXXXXXXX0598	9000
CHASE NA	XXXXXXXX0598	8500
THRFT VISA	XXXXXXXX4282	5000
NCB COLS	XXXXXXXX0743	1924

Address may be a previous address.
Verify/Update address.

[Click here to view more info](#)

Other Address Information

Address: UNIT 11

Information Sent

Name: RODRIGUEZ, MARGO
SSN: 554-87-5612
Address: [8601 PECK AVE 11 ANCHORAGE, FL 99504](#)

Selected Address

Address: 8601 PECK AVE 11 ANCHORAGE, FL 99504

Accept Cancel

The **highest security** displays additional credit information



hfma™

healthcare financial management association

Automated Charity Analysis and Qualification/Medicaid Eligibility

- 39 lawsuits filed in 20 states covering over 300 hospitals claiming hospitals have failed to meet their tax exempt obligations
 - Now moving to state level
 - Some systems have settled, North Mississippi, Tenet
 - Virtually every hospital has changed/revises credit and collection policy
- Strong ROI as it is expensive for hospitals to attempt collection from patients with no/limited ability to pay
- PR impact is strong as well “CEO’s want to stay off the front page



hfma™

healthcare financial management association

Automated Charity Analysis and Qualification

- Produces necessary documentation for uninsured discount/charity evaluation
- Compliance
 - Documents and tracks the process for uninsured discounts/charity
 - Assists in the implementation of formal policies and procedures
 - Produces periodic uninsured document reconciliation report



hfma[™]

healthcare financial management association

Address Verification

Please review the information and use the hyperlinks to choose the address that will be kept.

Messages/Comments

Payment Advisor Score: 764

Recommendation: Request Payment

Available Credit Cards	Account Number	Available Credit
MBNA AMER	XXXXXX0630	10080
CHASE NA	XXXXXX0598	9000
CHASE NA	XXXXXX0598	8500
THRFT VISA	XXXXXX4282	5000
NCB COLS	XXXXXX0743	1924

Address may be a previous address.
Verify/Update address.

[Click here to view more info](#)

Other Address Information

Address: IINIT 11

Information Sent

Name: RODRIGUEZ, MARGO
 SSN: 554-87-5612
 Address: [8601 PECK AVE 11 ANCHORAGE, FL 99504](#)

Selected Address

Address: 8601 PECK AVE 11 ANCHORAGE, FL 99504

Demographic Validation Integration Sample: The highest security displays additional credit information



hfmaTM

healthcare financial management association

Why Automated Charity?

- Not-for-Profit Hospitals receive tax benefits for providing charity or discounts for uninsured
- For-Profit Hospitals receive better reviews from the public (PR) and Wall Street for reclassifying bad debt as charity
- 39 lawsuits filed in 20 states covering over 300 hospitals claiming hospitals have failed to meet their tax exempt obligations
 - Not providing adequate charity care and financial assistance
 - Charging uninsured more than those with insurance
 - Discriminatory when determining who is eligible for discounts
- Class action status
- Expensive for them to chase after people with no ability to pay



hfma™

healthcare financial management association

Features

- Identifies who qualifies for charity/uninsured discount based on the respective hospital's charity/discount policies
- Prints out charity/uninsured discount forms and/or work lists to easily process those who qualify
- Can be integrated into the hospital's pre-registration/ registration workflows allowing for "non-discriminatory" compliance to the hospital's charity/discount policy
- Maintains a reconciliation report to track and follow up on those patients who qualify for a charity/uninsured discount



hfma[™]

healthcare financial management association

Highlights

Charity Advisor includes the following features:

- Charity screening based on Income and Household Size Estimates
- Customizable charity screening and approval rules
- Customizable, "additional" Charity Screening Wizard
- Customizable, pre-populated charity application form
- Customizable, pre-populated charity application summary form
- (internal hospital form further documenting each charity case)
- Charity Advisor Worklist
- Online Charity "Summary" and "Detailed" Reports



hfma[™]

healthcare financial management association

Benefits

- Workflow is automated
 - Hospitals will be able to identify with certainty who qualifies for a charity/uninsured discount (and just as importantly, who does not qualify)
- The process is documented
 - This assures a non-discriminatory process that can stand up to any form of outside scrutiny
- Bad debt write-offs will decrease
 - So will collection expenses as proper resources and collection efforts are aimed at those most likely to pay
- Public relations improve
 - Everyone in the community understands that the hospital has a fair and non-biased program in place



hfma™

healthcare financial management association

Charity Advisor Response

Charity Advisor

How to Use This Search...

Visit Number:

SSN:

First Name:

Last Name:

Address:

City:

State:

Zip:

Annual Household Income:

Household Size:

Search used for:

Return Phone When Available
 (An additional per hit charge may occur)

Charity Advisor Results Displaying matches 1 - 3 out of 3

Print this page

Demographic Information

VERONICA P CXACOMMON 117 HARPER Last Verified: 10/2004
 DOB: 01/20/1976 TOMMORROW IL 60750
 SSN: 053-62-4441

Phone numbers associated with this individual:
 NO PHONE RESULTS FOUND

Address Search Edit

Charity Advisor Information

	Estimate	Actual
Household Size:	UNAVAILABLE	3
Income:	32000	30000

Application	Screening	Comment
Holy Cross Charity	Review	Proceed to Screening Wizard

Payment Advisor Information

Category: Med Low potential Credit Score: 591
 Suggestion: Copy ID, get emergency contact, ask for payment.

Additional Information

VERONICA P CXACOMMON 3033 38TH ST
 DOB: 01/20/1976 ASTORIA NY 11103
 SSN: 053-62-4441

Phone numbers associated with this individual:
 NO PHONE RESULTS FOUND

Address Search Edit

Additional Information

VERONICA P CXACOMMON 123 MAIN ST
 DOB: 01/20/1976 CHICAGO IL 60615
 SSN: 053-62-4441

Phone numbers associated with this individual:
 NO PHONE RESULTS FOUND

Address Search Edit

Charity Advisor Worklist

Charity Advisor Worklist Charity Advisor Worklist Displaying matches 1 - 7 out of 14

Worklist Help...

Filter:

All

Assigned To:

Tom Ciorca

Days Back:

Visit Number:

Last Name:

First Name:

Search

Date	Visit Number	Birth Date	Last Name	First Name	Assigned To	Application	Screening	Approval
11-19-2004	A123468BC	01/20/1976	CXACOMMON	VERONICA	Tom Ciorca	Holy Cross Charity	Review	Approved
11-19-2004	A123468B	10/22/1947	GQACOMMON	GEORGIOS	Tom Ciorca	Holy Cross Charity	Review	Approved
11-19-2004	A1234	11/20/1935	DMACOMMON	BONNIE	Tom Ciorca	Holy Cross Charity	Review	
11-19-2004	A12345678	10/05/1943	DJACOMMON	KENNY	Tom Ciorca	Holy Cross Charity	Eligible	
11-19-2004	A1234567	10/09/1954	DEACOMMON	CHARLES	Tom Ciorca	Holy Cross Charity	Review	Denied
11-19-2004	A123456	10/03/1945	BWACOMMON	LLIJAN	Tom Ciorca	Holy Cross Charity	Review	
11-18-2004	333666777ab	04/04/1947	DJACOMMON	MARILYNN	Tom Ciorca	Holy Cross Charity	Not Eligible	

Next

Items per page 7 Update

Pre-Filled Application

Charity Advisor

How to Use This Search...

Visit Number:
A123468BC

SSN:
053624441

First Name:
Veronica

Last Name:
Cxacommon

Address:
117 Harper

City:
Tomorrow

State:
IL

Zip:
60750

Annual Household Income:
30000

Household Size:
3

Search used for:
Account Review

Return Phone When Available
(An additional per hit charge may occur)

Holy Cross Charity Application

Worklist | Work Item | Wizard

Save View Printable Version Archive Completed Application

Approval Status: *Approved* **Overrides**

Patient qualifies for 75.0% reduction in charges.

Approval Status: *Choose* Discount: %

Instructions

Required Fields are denoted in yellow. The following required fields are missing:
Number of Dependents, Patient/Guarantor Employer, Patient Responsibility, Nationality, Actual Individual Assets, Area Code and Phone Number

Personal Financial Statement

Please provide us with the following verification of information when submitting application.

(1) Three current pay stubs (2) If unemployed letter of confirmation and/or statement of earnings for spouse and self (3) Award letter if you receive disability, Social Security, etc. (4) Rent/Mortgage receipt or letter from landlord (5) Current checking/savings account statement (6) Utilities, Credit Card statements, etc. (7) Most recent tax return.

Patient Name: VERONICA CXACOMMON Nationality: [Yellow]

Account #: A123468BC

Last Name	First Name	Initial	Date of Birth	Soc. Security #
CXACOMMON	VERONICA	[Yellow]	01/20/1976	053624441
Address	City	State	Zip	Telephone#
117 HARPER	TOMMORROW	IL	60750	[Yellow]
Spouse's Name	Date of Birth	# of Dependents:	Soc. Security #	
[Yellow]	[Yellow]	Ages: [Yellow]	[Yellow]	
Patient's/Guarantor's Employer:	Occupation:	Gross Monthly Income		
[Yellow]	[Yellow]	[Yellow]		

Medicaid Eligibility

- **Prescreen** for program eligibility
 - After demographic cleanup, check state database for **eligibility**
 - Uses estimated or patient provided income and household size
 - Customized rules and questions (by facility)
- Automatically **pre-populates** application
 - Pre-populated with known information
 - Print and send to state agencies
 - Store and recall for future editing / reference
- Monitoring and **tracking**
 - Worklists
 - Reports



hfma[™]

healthcare financial management association

SearchAmerica for Healthcare - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media

Address <https://healthcare.searchamerica.com/> Go

Links Batch Batch QA Beta Dev Web SQL JIRA SA Public SAC SAH Web Sql Webex Merriam-Webster Yahoo! News

Google Search Web 806 blocked Options

SearchAmerica Help | Logoff Saved Searches Logged in as: Steve Millhouse

SEARCHES SOLUTIONS BATCH ADMINISTRATION

Medi-Cal Application

Worklist | Work Item | Wizard Save View Printable Version Archive Completed Application

Medi-Cal Status: Eligible

VERONICA CXACOMMON qualifies for MEDI-CAL based on a household income of \$17,500 and household size of 3

Instructions

Required fields are denoted in yellow. The following required fields are missing:

State of California - Health and Human Services Agency Department of Health Services

APPLICATION FOR MEDI-CAL

To complete this form, use the instructions. Print clearly. Use black or blue ink only.

SECTION 1 Tell us about the person who wants Medi-Cal for themselves, their family or children in their care.

1 LAST NAME CXACOMMON	FIRST NAME VERONICA	MIDDLE INITIAL S
2 HOME ADDRESS (NUMBER AND STREET). DO NOT LIST A P.O. BOX UNLESS HOMELESS 117 HARPER RD	3 APARTMENT NUMBER	4 HOME PHONE # (952) 698-9868
5 CITY/STATE TOMORROW, IL	6 COUNTY	7 ZIP CODE 60750
9 MAILING ADDRESS (IF DIFFERENT FROM ABOVE) OR P.O. BOX	10 APARTMENT NUMBER	11 MESSAGE PHONE # ()

TEAR HERE

Done Internet

Understanding Self Pay Portfolio



hfma[™]

healthcare financial management association

Self Pay

- Includes both Pure Self Pay and Copay and Deductible after Insurance
- Continues to increase as a percentage of outstanding A/R due to less insurance coverage
- Difficult to determine the collectability upfront without additional information
- Difficult to collect upfront based on insurance coverages
- In 2004, HCA started implementing its Bad Debt Action Plan in an effort to understand and attack the above problems. NPAS was a key focus of the plan.



hfma[™]

healthcare financial management association

HCA's Bad Debt Action Plan

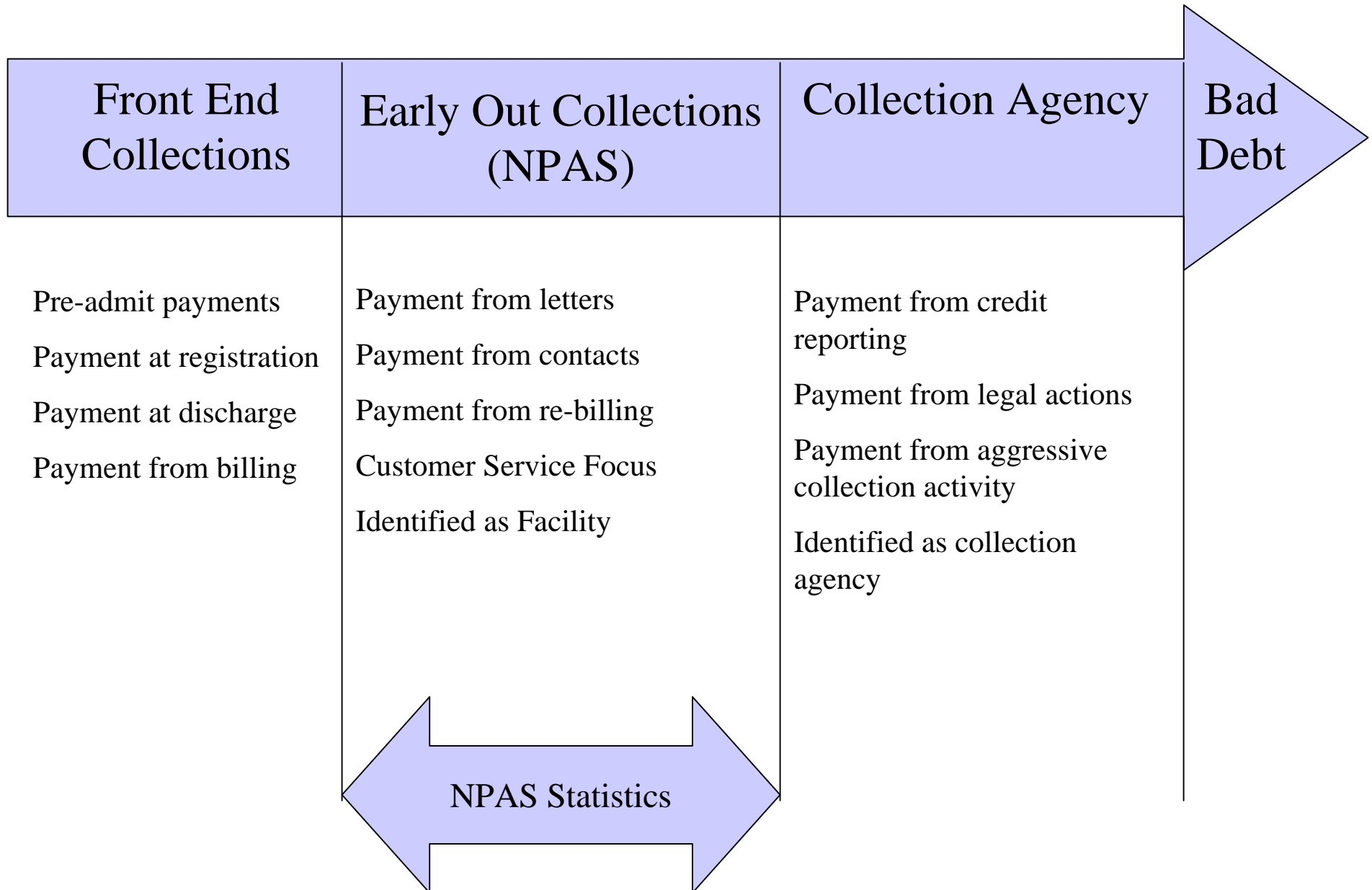
- What does the healthcare portfolio look like compared to other industries?
- Is it possible to change the early-out collection strategy to address the portfolio?
- Which resources (up-front, early-out, primary) are best equipped to handle the inventory?
- Which key indicators have the largest impact on collections?



hfma[™]

healthcare financial management association

Collections Life Cycle



NPAS Credit Scoring Notes

- Used the Equifax ERS 3.0 scoring method, which ranges from 1 to 1000
- NPAS grouped number of accounts in scored index ranges of 100
- Scores of 0 mean that no data was available
- Search America provided six industry comparisons done by Equifax
- NPAS compared results against All Industries, Auto Finance, and Bankcard Industries
- Work Effort is defined as Attempts, Contacts and Letters

- Self Pay was analyzed for comparative purposes. However, the study compares Copay and Deductible in general.
- Search America provided scores for approximately 241k accounts with a 96% score rate
- Used a random sample of closed accounts from June 2004 through August 2004
- Statistical accuracy of sample is 95% +/- 4% as a valid representation of our inventory

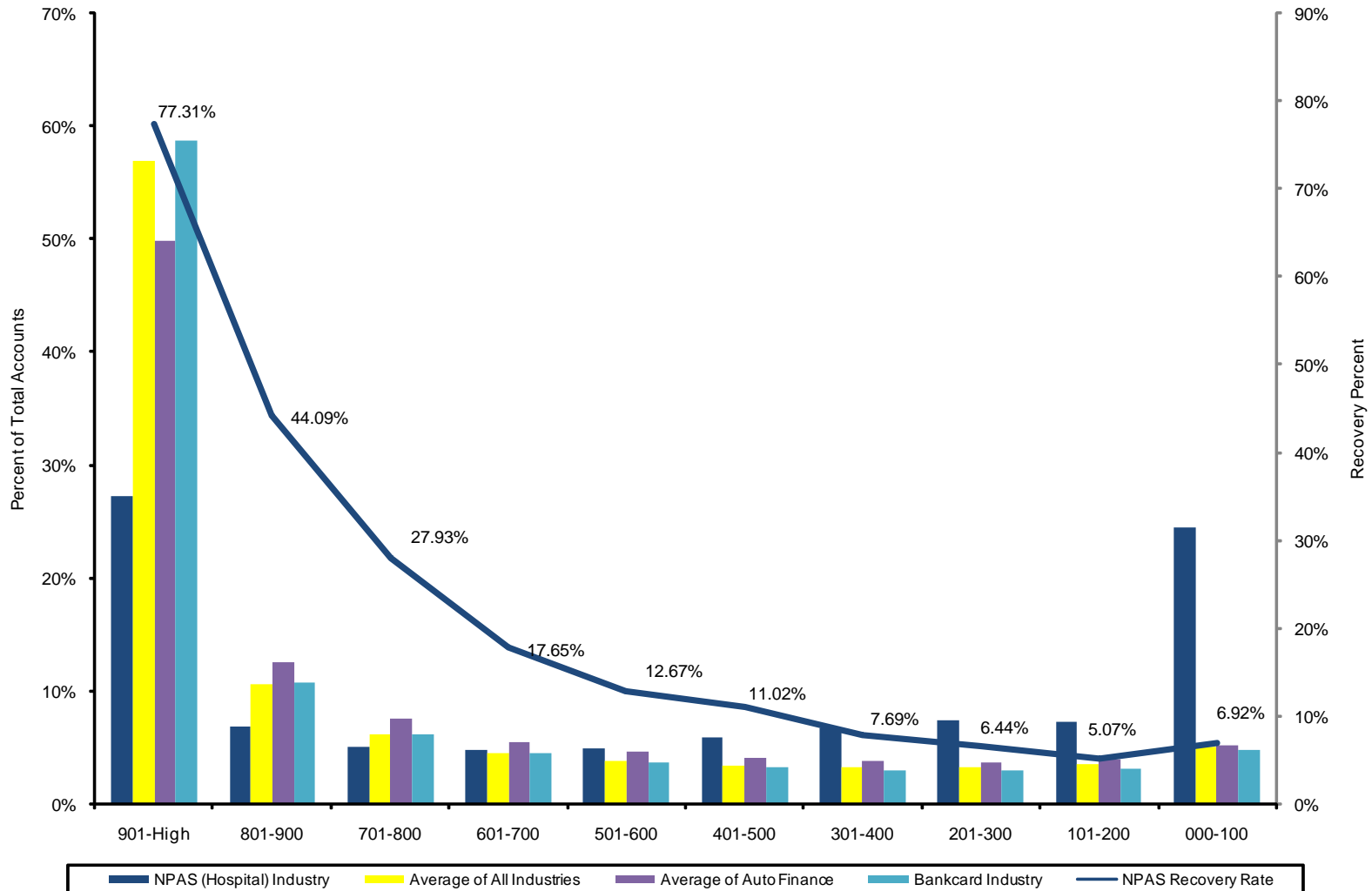


hfmaTM

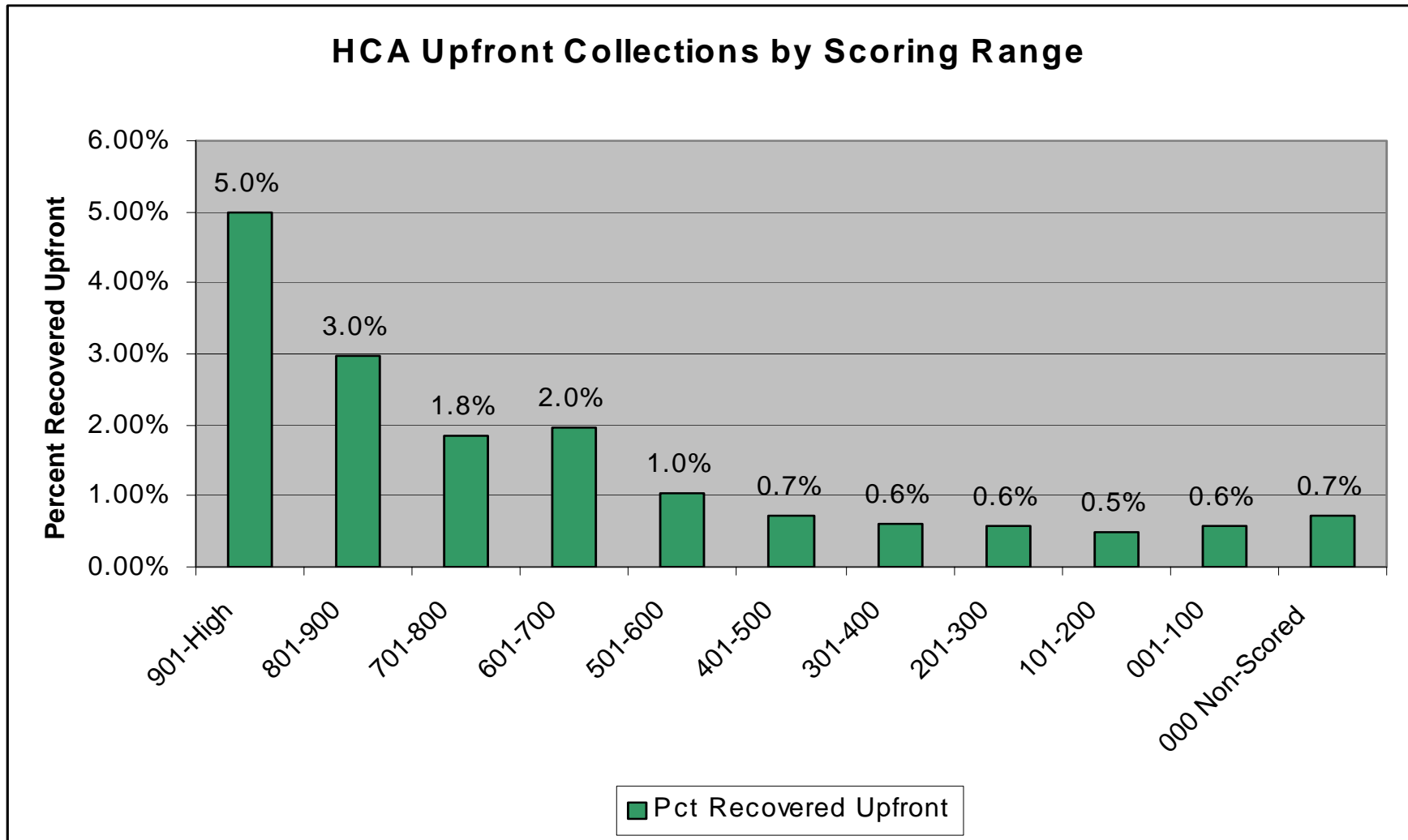
healthcare financial management association

NPAS Inventory

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS

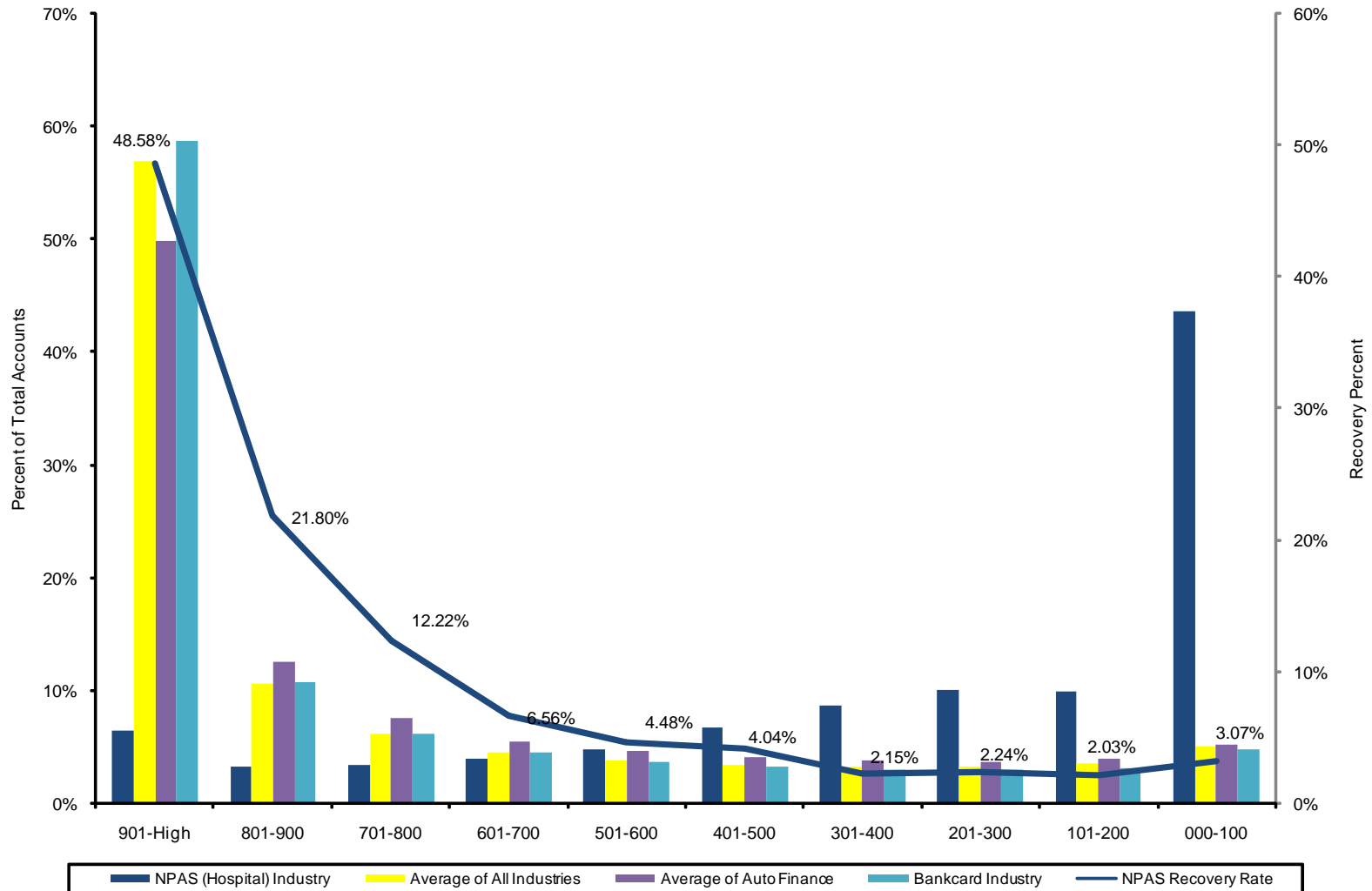


Upfront Collection Efforts



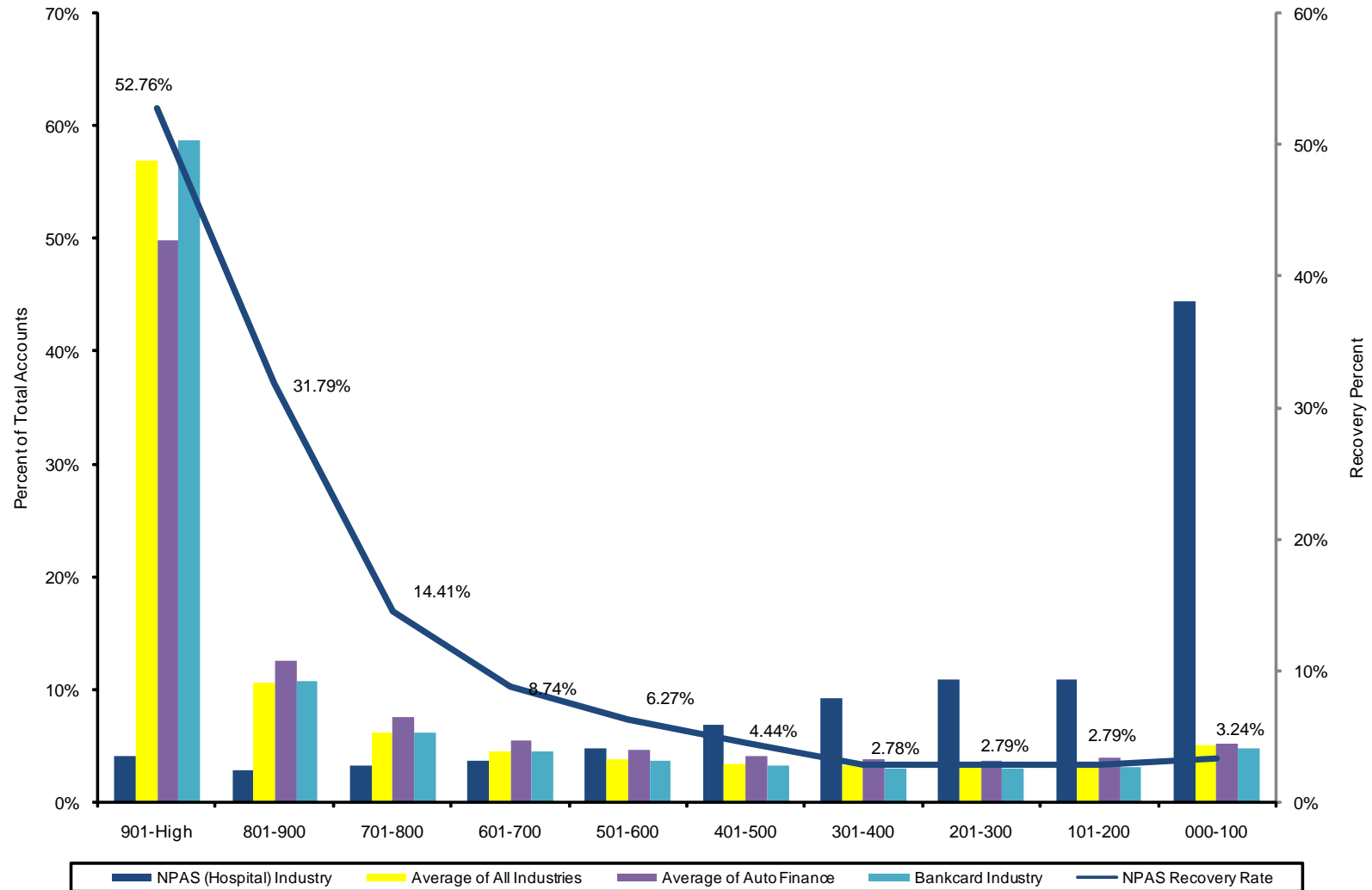
NPAS Self Pay

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS



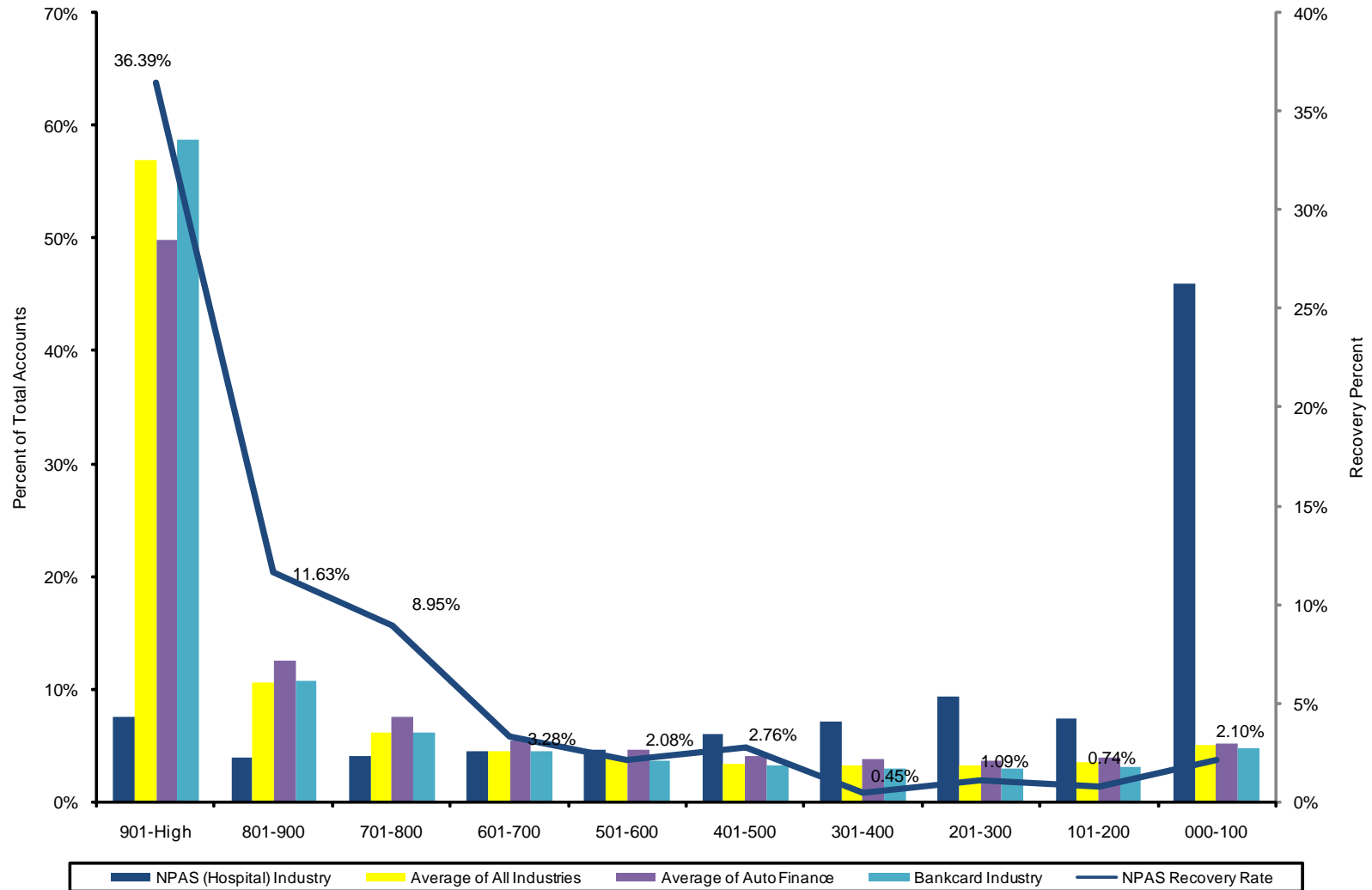
NPAS Self Pay - Emergency Room

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS



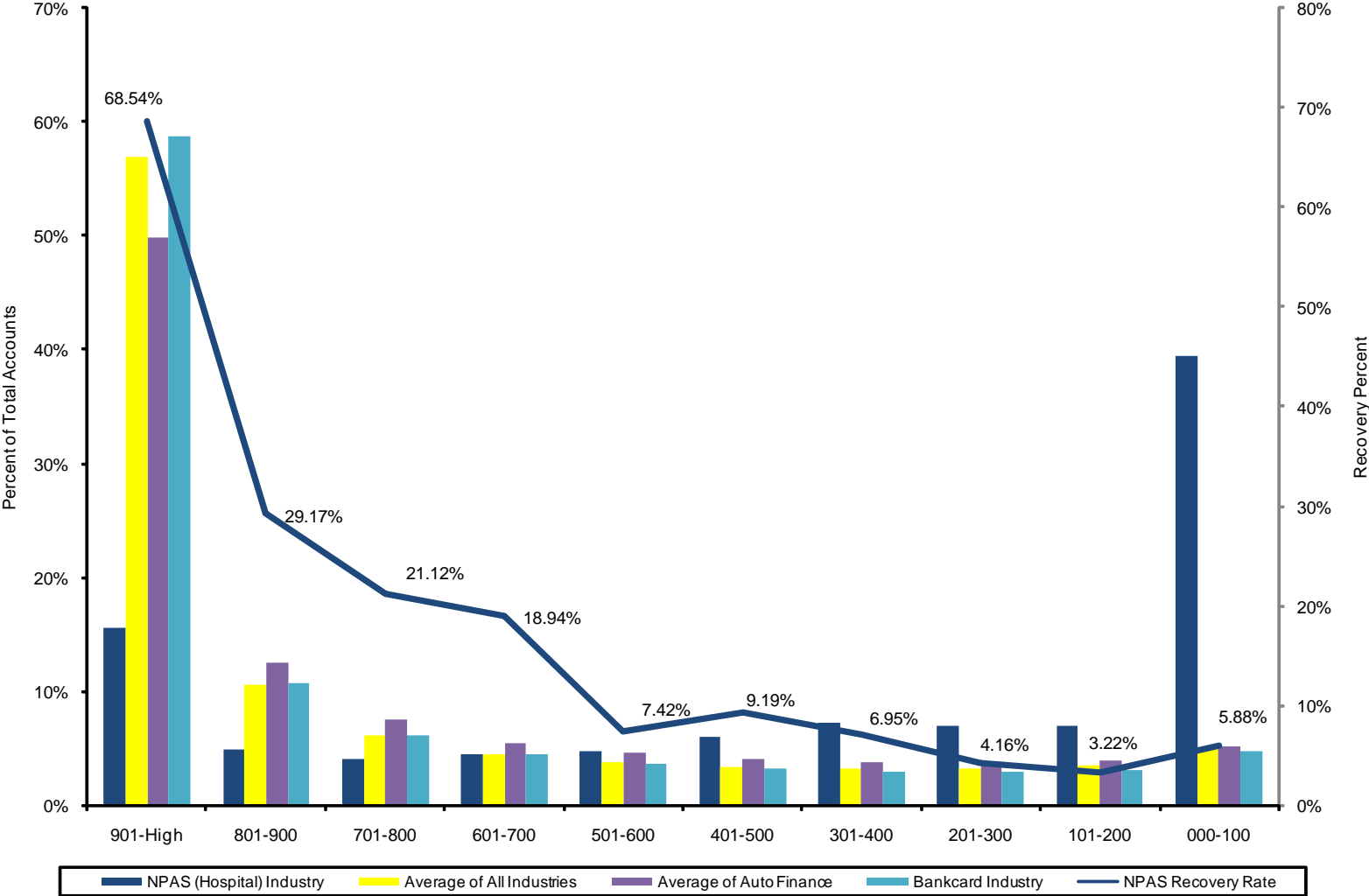
NPAS Self Pay – Inpatient

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS



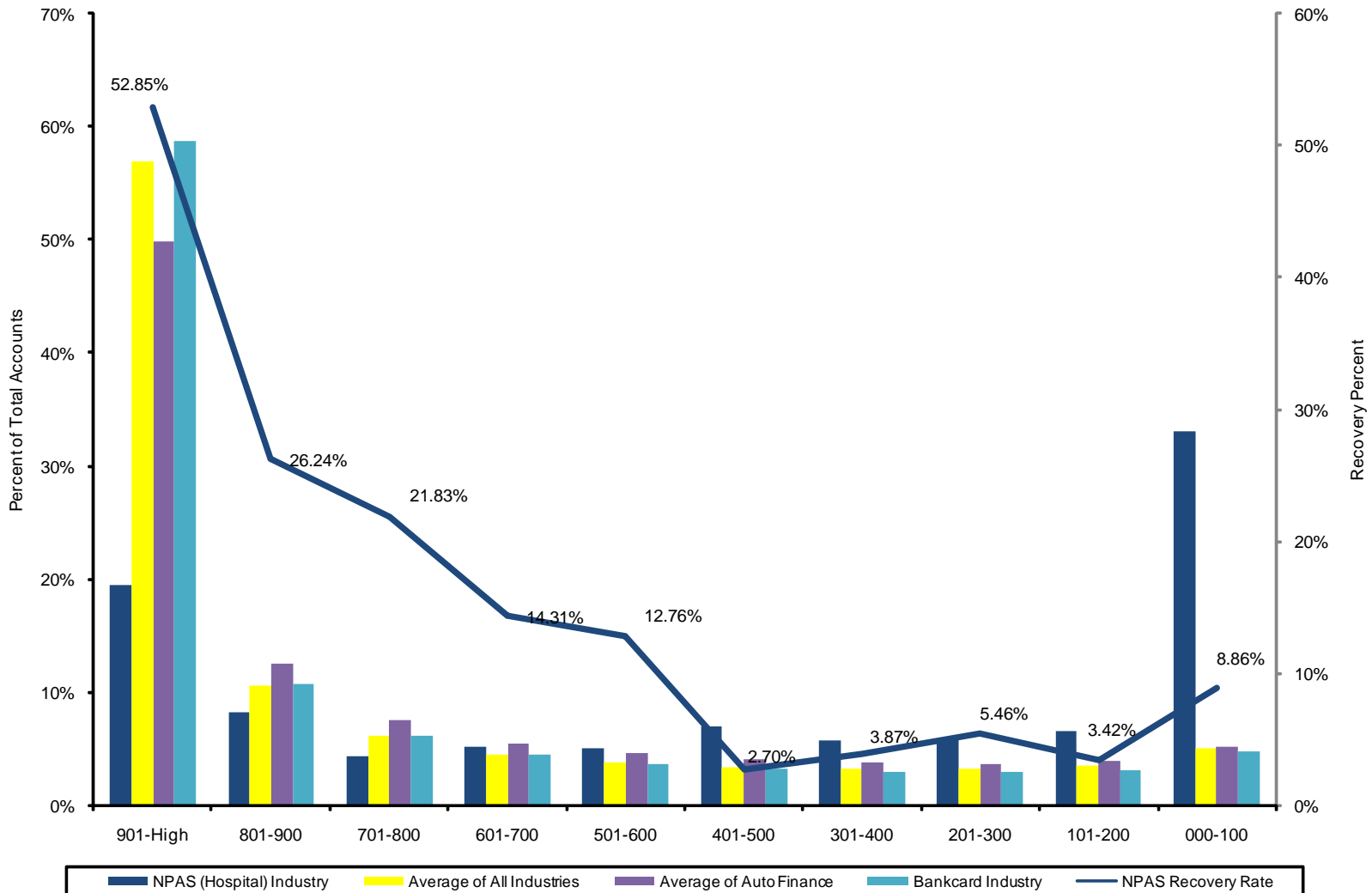
NPAS Self Pay – Outpatient

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS



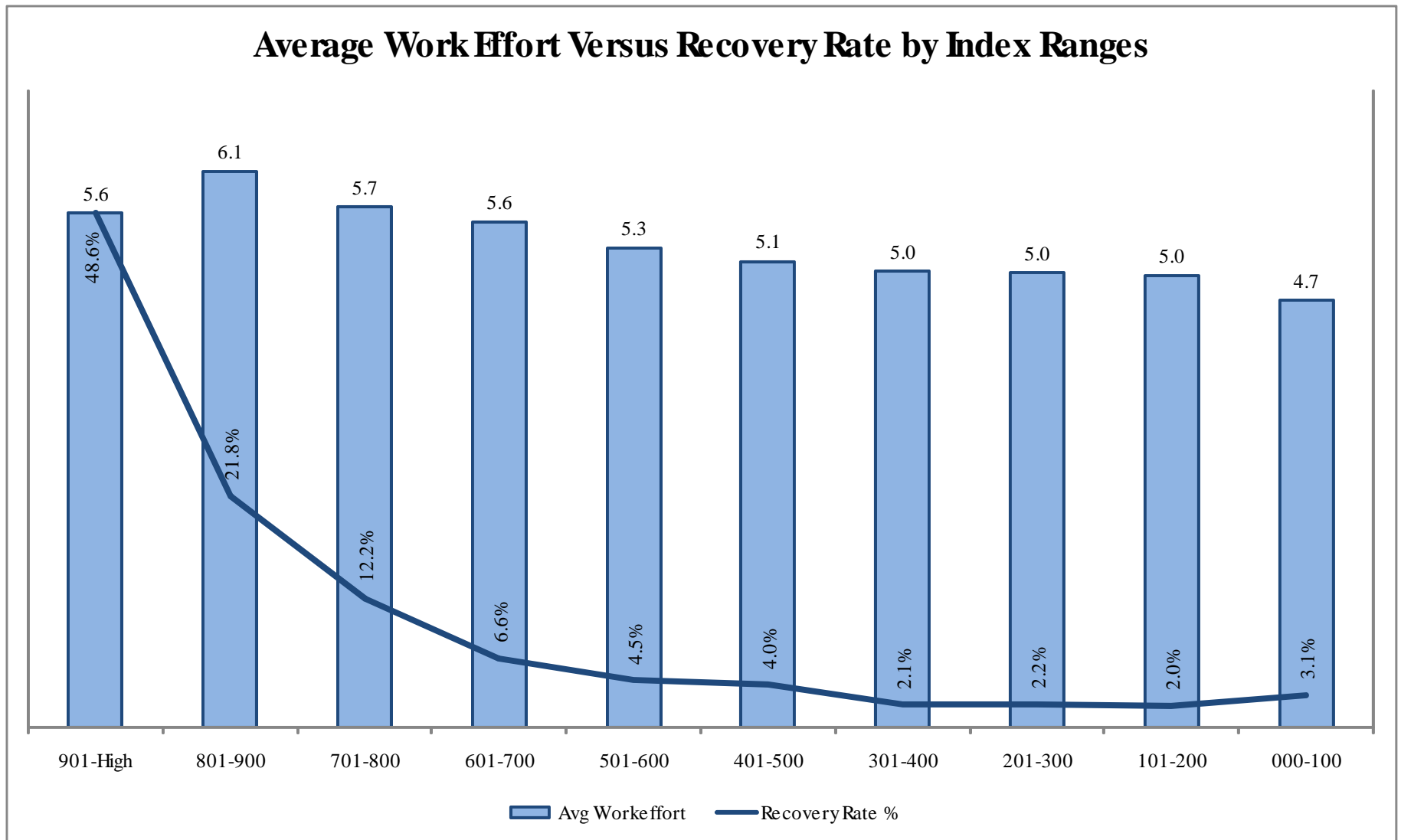
NPAS Self Pay - Surgery

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS

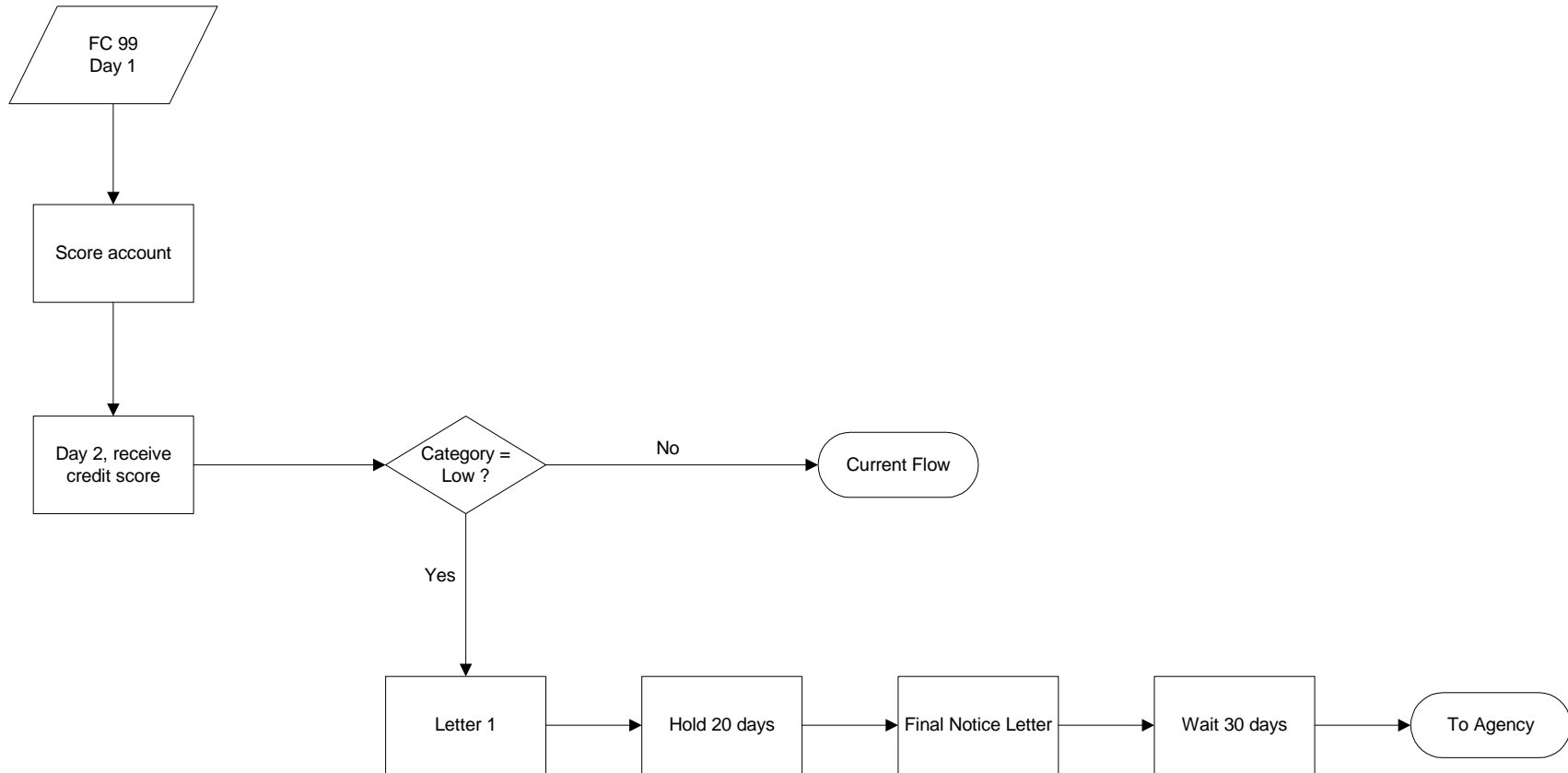


NPAS Self Pay

Work Effort vs. Recovery Rate



NPAS Credit Scoring Flow (Self Pay)

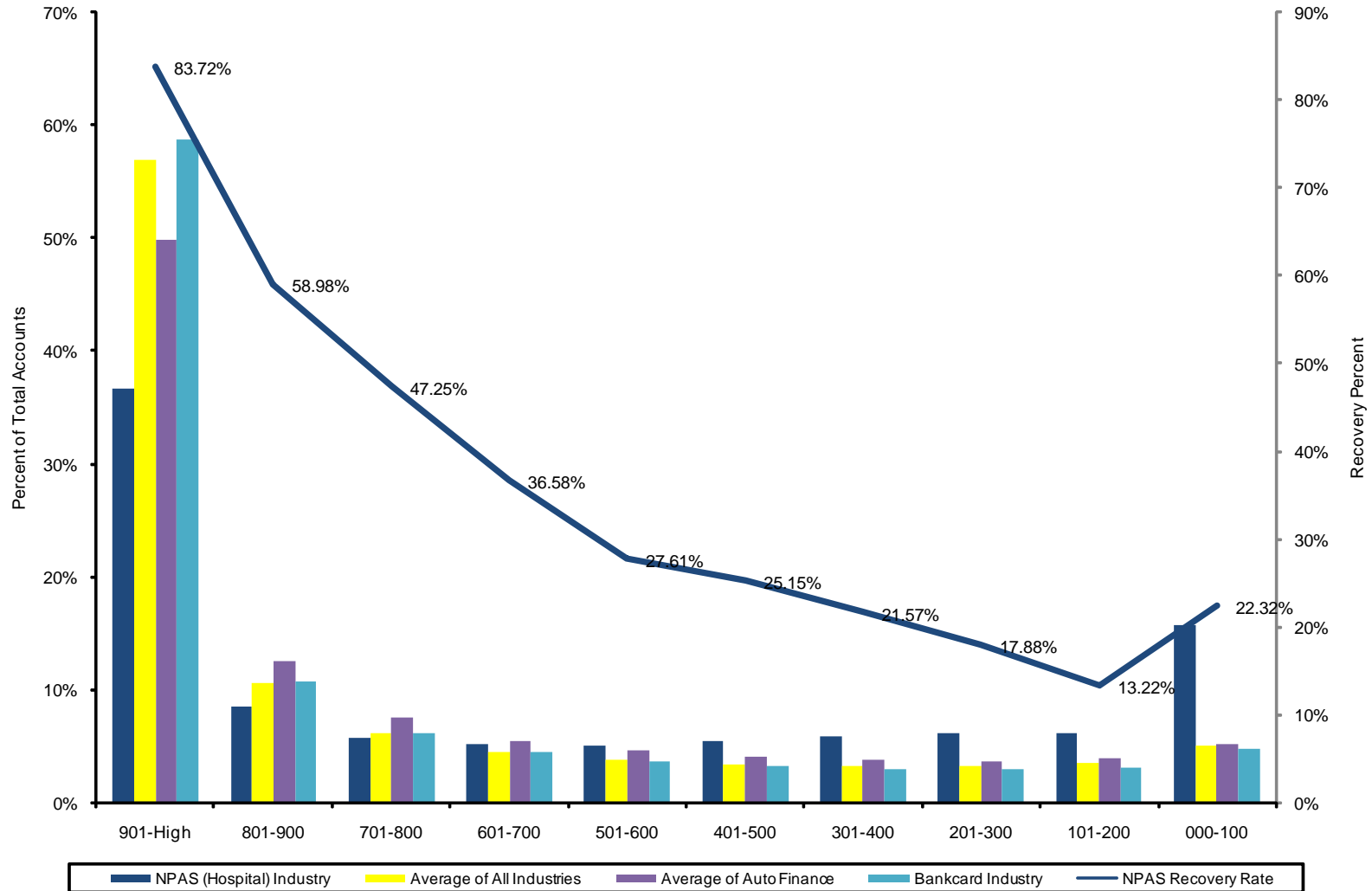


Note:

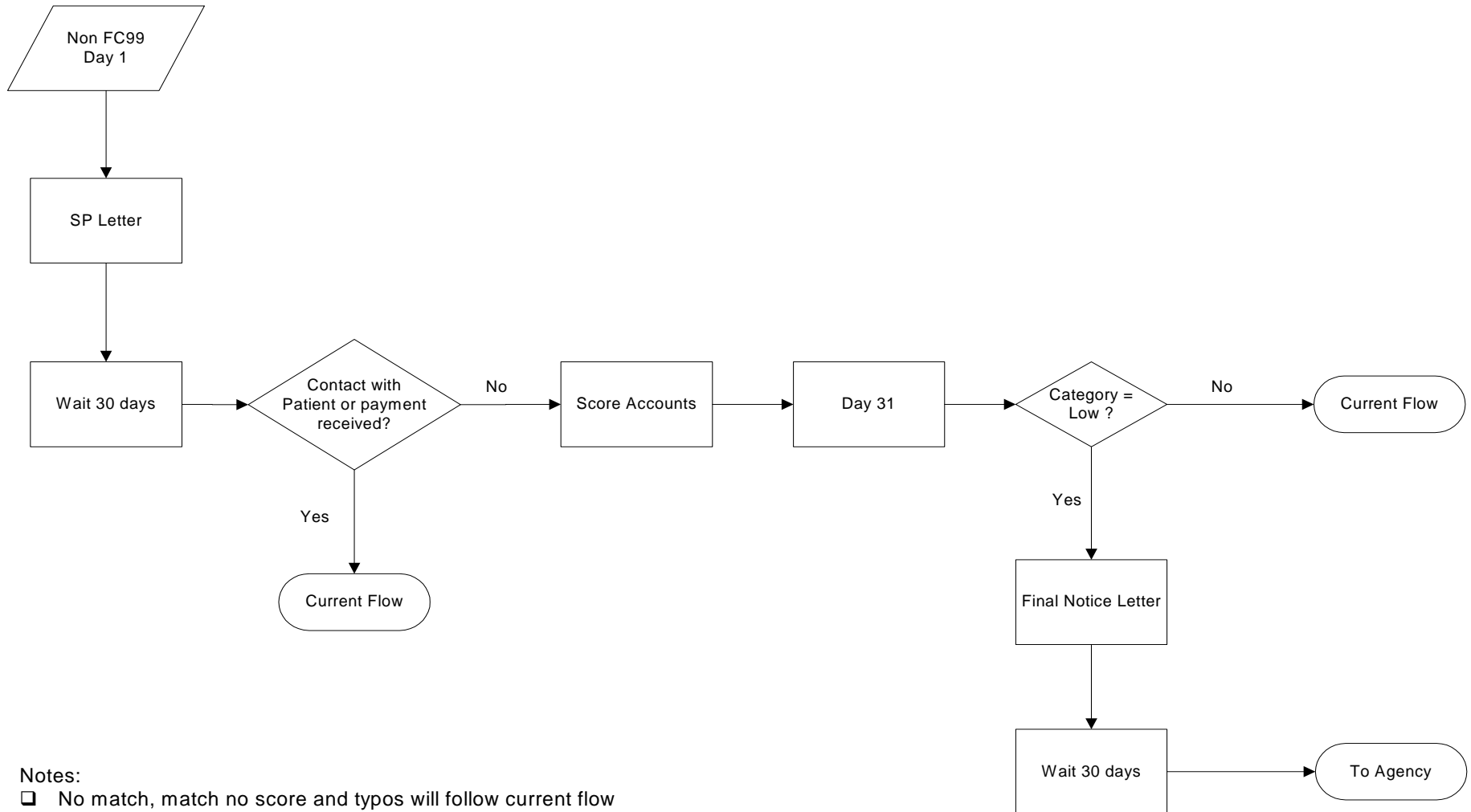
No match, match no score and typos will follow current flow
Phase II - No match may go into low

NPAS Copay and Deductible

Credit Scoring Index Ranges by Industry Compared to Recovery Rate at NPAS



NPAS Credit Scoring Flow (Copay and Deductible)



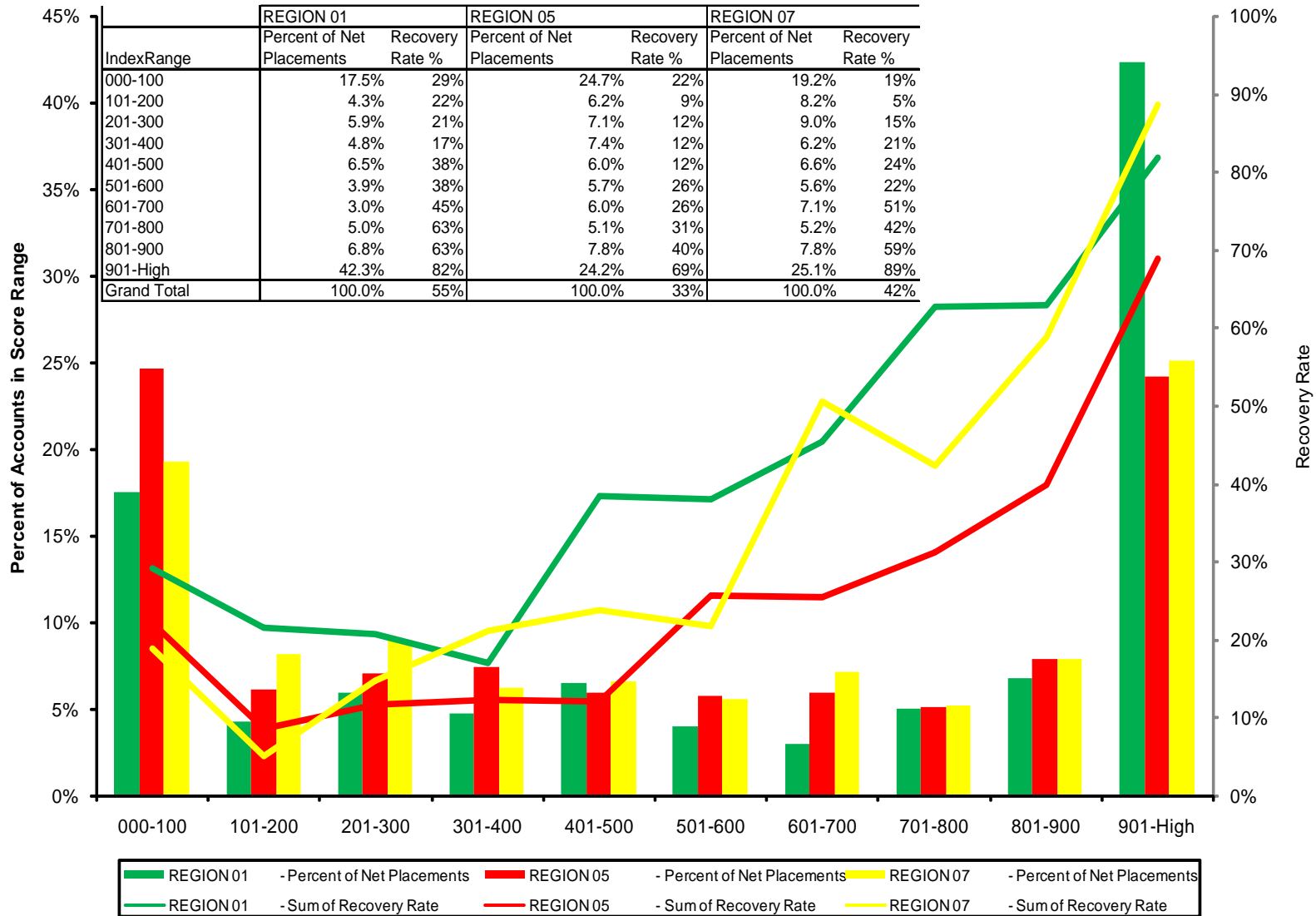
Notes:

- No match, match no score and typos will follow current flow
- Phase II - No match may go into low

Copay/Deduct – Group Mix

Comparison of Net Placements and Recovery Rate

Credit Scoring Index Ranges by Region Compared to Recovery Rate at NPAS



Copay/Deduct – Patient Type Mix

Financial_Category	Copay and Deductible
GroupName	(All)

		Patient_Type				
CAUTH	Data	E	I	O	S	Grand Total
REGION 01	Sum of Recovery Rate	48.2%	50.2%	68.8%	73.3%	55.4%
	Sum of AverageScore	592	667	767	777	691
	Number of Accts	6058	3527	6731	2031	18347
	Inventory \$ Mix	18.45%	54.66%	13.45%	13.43%	100.00%
REGION 05	Sum of Recovery Rate	25.3%	33.1%	48.5%	40.1%	32.8%
	Sum of AverageScore	482	585	654	646	550
	Number of Accts	7039	3043	2524	1077	13683
	Inventory \$ Mix	29.72%	51.61%	9.03%	9.64%	100.00%
REGION 07	Sum of Recovery Rate	34.6%	38.4%	52.6%	46.7%	42.1%
	Sum of AverageScore	476	522	632	614	558
	Number of Accts	5656	1754	6085	1525	15020
	Inventory \$ Mix	25.03%	34.36%	22.08%	18.52%	100.00%
Total Sum of Recovery Rate		35.3%	42.2%	58.5%	56.8%	44.8%
Total Sum of AverageScore		516	606	695	693	608
Total Number of Accts		18753	8324	15340	4633	47050
Total Inventory \$ Mix		23.74%	49.07%	13.89%	13.29%	100.00%



hfmaTM

healthcare financial management association

Key Performance Indicators

Current Performance and Trend	Insurance		Copay and Deductible		Pure Self Pay	
	KPI	Trend	KPI	Trend	KPI	Trend
Recovery Rate	80.37%		42.68%		4.37%	
Average Balance Size	\$474		\$543		\$2,560	
Percent Bad Addresses	2.67%		4.29%		16.91%	
Percent Bad Phone Numbers	5.48%		9.23%		21.15%	
Average Age Placed	71		77		33	

Each of the above key indicators shows the most current month ended statistic, with a trend indicator designed to be red for negative trends, green for positive trends, and yellow for neutral.



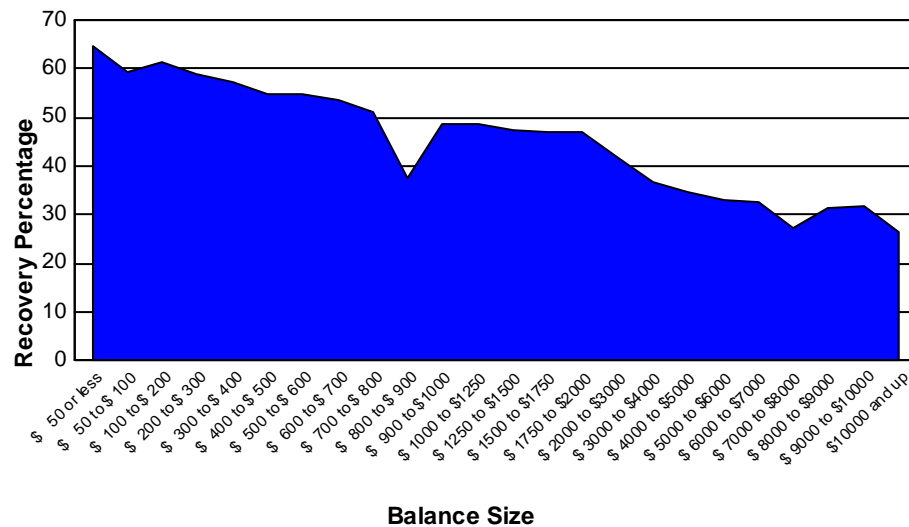
hfma[™]

healthcare financial management association

As Balance Size Increases, Recovery Rate Decreases in Private Pay

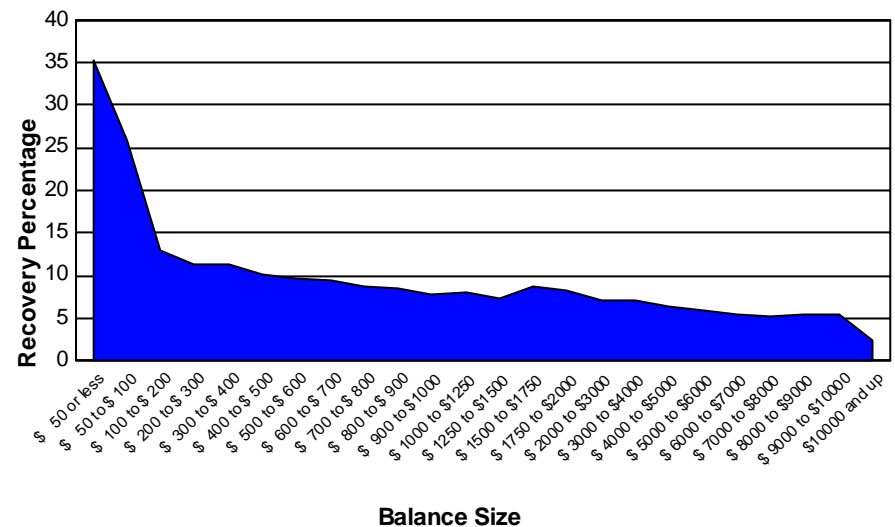
Relationship of Balance Size and Recovery Rate

For Private Pay - Co-pay and Deductibles



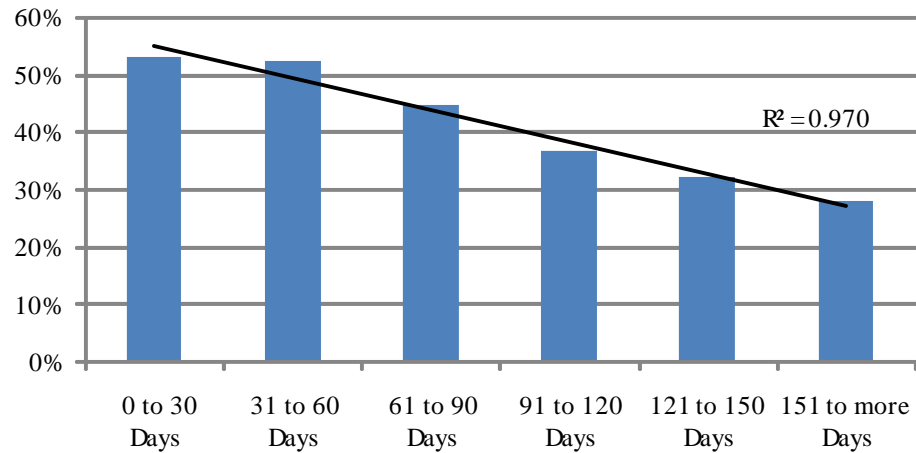
Relationship of Balance Size and Recovery Rate

For Private Pay - Pure Self Pay

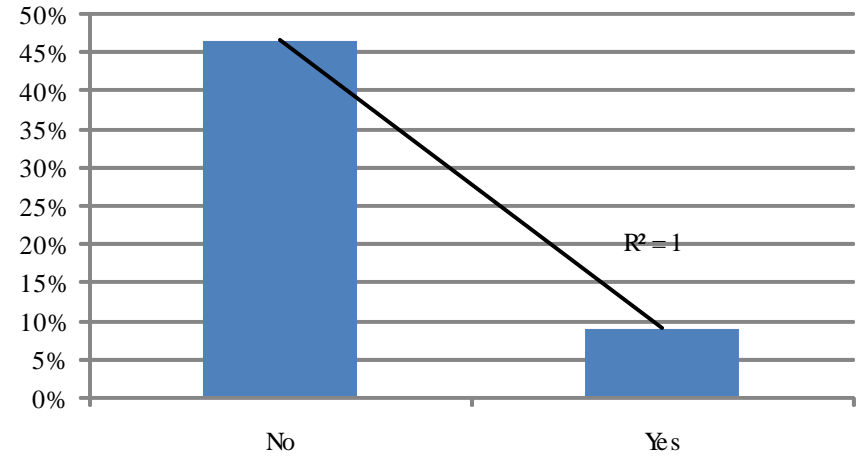


Key Indicators Cont'd

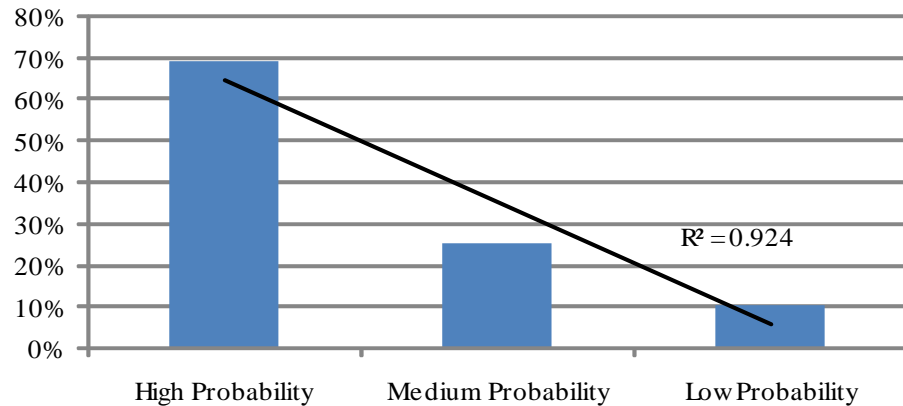
Age Placed Related to Recovery Rate



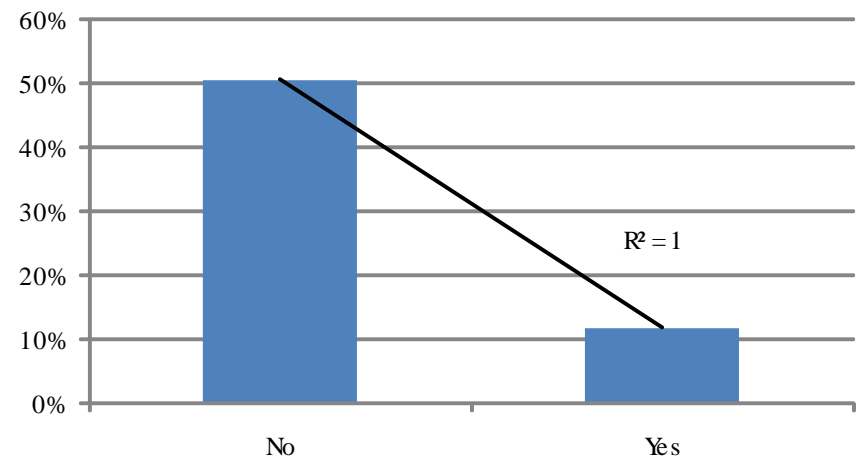
Bad Address Related to Recovery Rate



Low Scoring Accounts Related to Recovery Rate

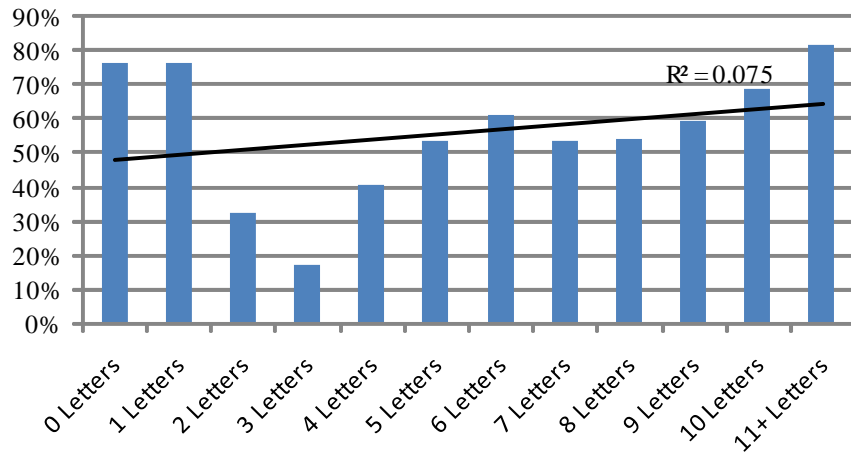


Bad Phones Related to Recovery Rate

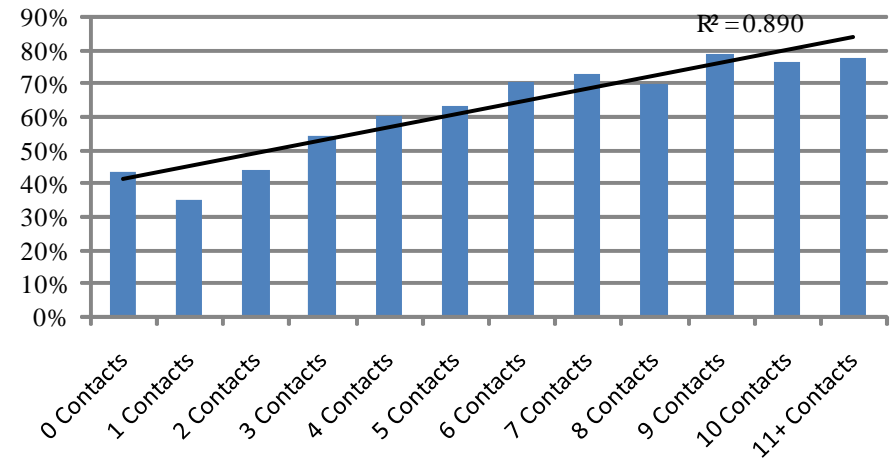


Key Indicators Cont'd

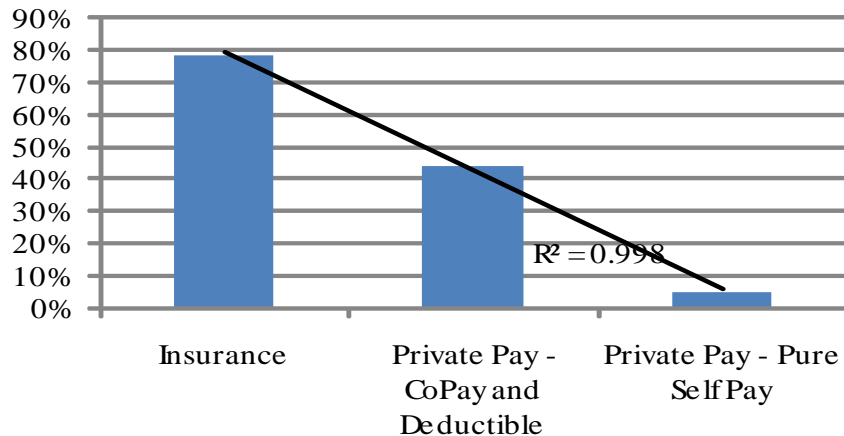
Letters Sent Related to Recovery Rate



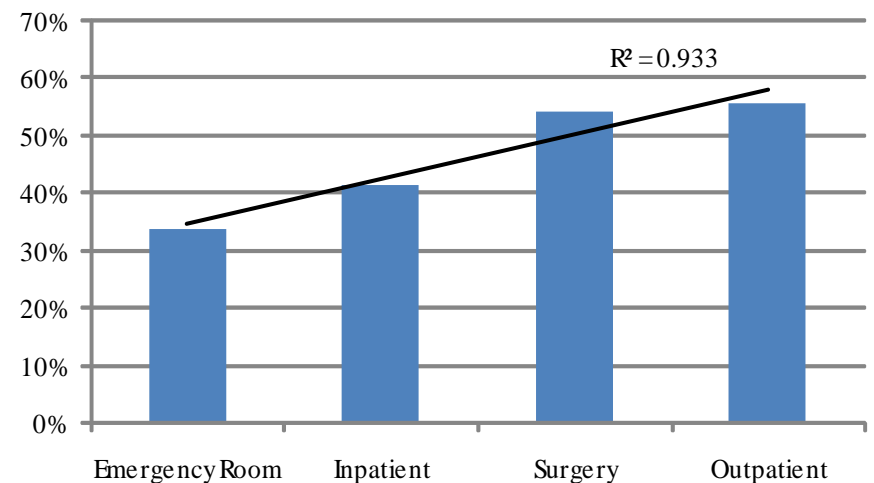
Phone Contacts Related to Recovery Rate



Financial Class Related to Recovery Rate



Patient Type Related to Recovery Rate



“Take-Aways”

- Key variables drive cash flow
 - Guarantors’ ability to pay (credit score)
 - Balance size
 - Patient type
 - Financial class
 - Demographics
 - Age of placement
- Setup processes based on collectability
- Ensure you have focused your resources appropriately
- Determine how you will measure success
- Setup control groups to continually monitor outcomes



hfma[™]

healthcare financial management association