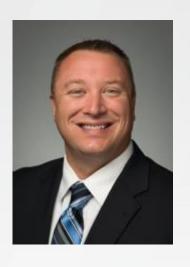
FORV/S

Patient Liability
Greater Heartland HFMA

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Meet the Presenters



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AGENDA

Patient Liability Impact & Best Practices

Patient Liability Requirements

Organizational Case Studies

Patient Collections

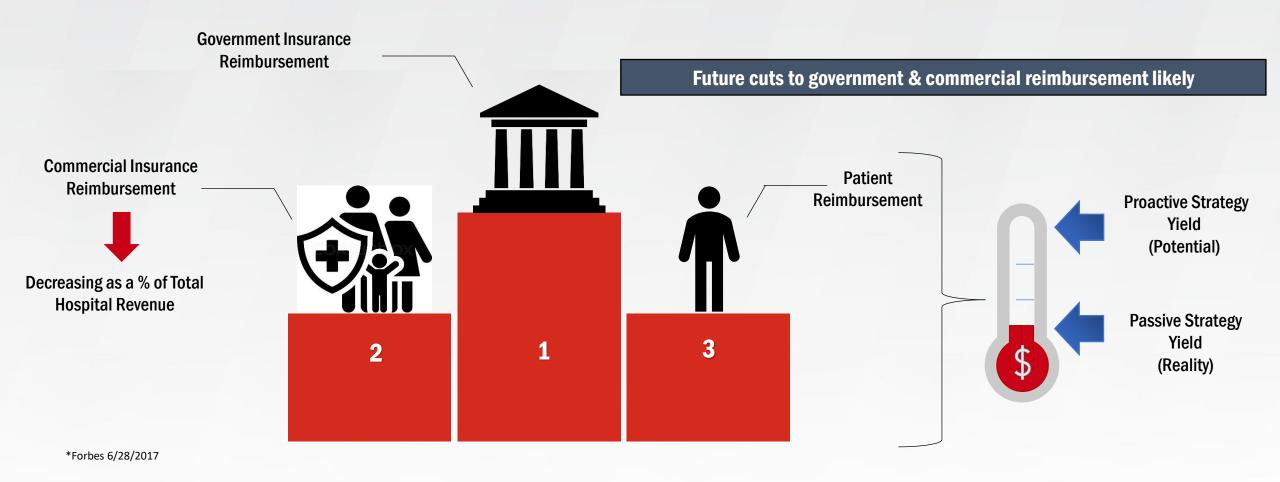
Best Practices





Patient Collections a Top Revenue Source

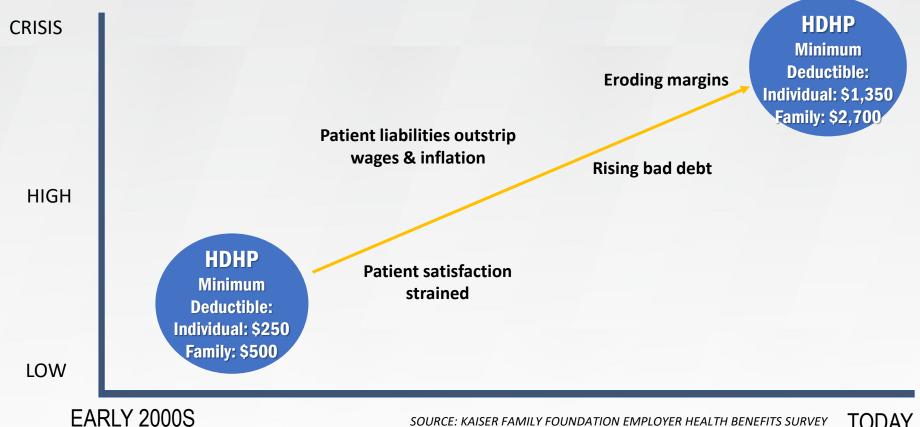
Patient Collections represent a "Top 3" source of revenue for most organizations & is Growing



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High Deductible Plans Continue to Increase

Minimum deductibles in High Deductible Health Plans (HDHPs) have grown exponentially creating a patient liability crisis. Patients may never actually meet their high deductible which assures patient liability collection risk for providers.





TODAY

Patient Liability Reputation Risk

Increased use of social media demands pricing transparency & a defendable strategy for patient collections

'How do regular people with low income pay for that?': \$36K hospital bill goes viral on TikTok

TikTok user Linguamarina posted a video March 13 detailing her experience of giving birth in a California hospital. She said her delivery took 20 minutes and aside from a tear that needed stitches, the birth was smooth and without complications.

A few weeks later, the mother received a hospital bill totalling more than \$36,000 for the birth and a single-night hospital stay. After insurance, the mother was on the hook for \$2,200.

The video went viral, with more than 16.6 million views and 2.2 million likes as of March 16.



Patient Liability – Additional Considerations

Medicaid for Low Income Adults

- Single adults whose income is below 17% of the federal poverty level may qualify for Medicaid for Low Income Adults (LIA)
- No Surprise Billing Health Care Provider & Facility Requirements that Apply Starting 1/1/22
 - Health care providers & facilities & providers of air ambulance services:
 - May not balance bill for out of network emergency services (Conn. Gen. Stat. §§ 38a-477aa & 20-7f; Public Health Services Act (PHSA) section 2799B-1; 45 C.F.R. section 149.410).
 - May not balance bill for non-emergency services by nonparticipating providers at certain participating health care facilities, unless notice & consent was given in some circumstances (45 C.F.R. section 149.420).
 - Shall disclose patient protections against balance billing (PHS Act section 2799B-3; 45 C.F.R. section 149.430).
 - May not balance bill for air ambulance services by nonparticipating air ambulance providers (PHS Act section 2799B-5; 45 C.F.R. section 149.440).
 - Once applicable rules are in place, shall provide a good faith estimate in advance of scheduled services, or upon request (PHS Act section 2799B-6; 45 C.F.R. section 149.610 (for uninsured or self-pay individuals).
 - Shall improve provider directories & reimburse enrollees for errors (PHS Act section 2799B-9),



Developing a Patient Liability Strategy



01

Patient Experience

- ➤ Consistent & predictable expectations
- Clear communication pre-service
- ➤ Multiple Flexible payment options
- > Early Financial Assistance Support



02

Regulatory Compliance

Adherence to regulations:

- ➤ HIPPA, Medicare bad debt, & Billing/Collection Requirements
- > Price Transparency
- > Surprise Billing



03

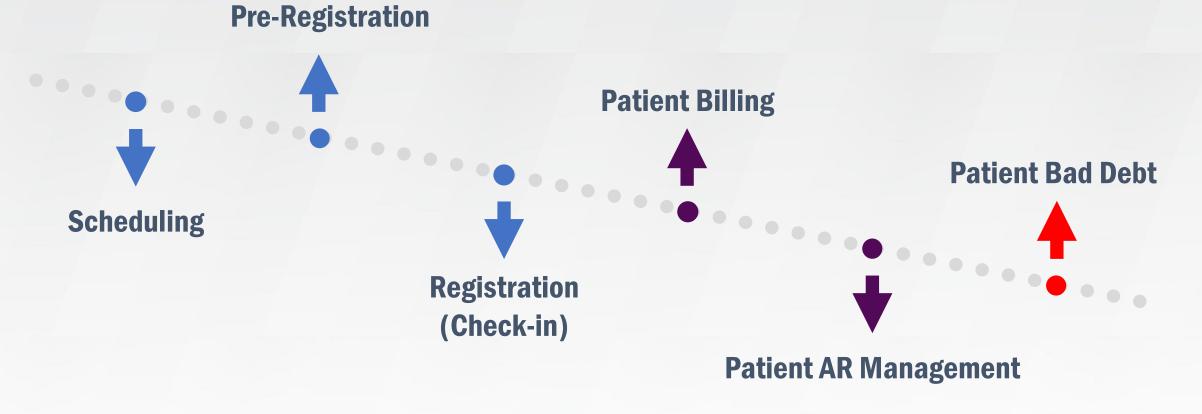
Revenue Capture

- Maximize collections on 3rd party fundin sources
- Prioritize pre-service collection efforts
- Monitor, measure, & manage billing & statement collections performance



Revenue Cycle- Patient liability Strategy

A comprehensive patient liability strategy focuses on pro-active communication & resolution of patient balances





Overall Patient Collections Opportunity

Incremental Improvement in revenue cycle procedures can significantly increase bottom line net revenue for your organization

Example Patient Collections	Patient Collections
Hospital XYZ Total Annual Patient Balances	\$60,000,000
Hospital XYZ Patient Balances Collected	\$10,000,000
% of Patient Balances Collected	17%
Industry Benchmark Patient Collection Rate	39.3%
Net Opportunity Estimation	Annual Opportunity
Increase Hospital XYZ from 17% to 30%	\$8,000,000
Increase Hospital XYZ from 17% to 40%	\$14,000,000
Increase Hospital XYZ from 16% to 50%	\$20,000,000



Patient Liability Best Practices Scheduling

FINANCIAL CLEARANCE

Verification of patient information & auth prior to estimation

APPT. REMINDERS

Automated appointment reminders to prevent no-shows

STAT WORKFLOWS

Policies & procedures surrounding STAT orders



Patient Liability Best Practices Pre-Service & Patient Estimation

TRAINED STAFF

Scripting, training, & situation/response guides

FINANCIAL SCREENING

Screen & identify insurance coverage

PAYMENT OPTIONS

Payment plan & loan financing options

CDM REVIEW

Accurate charges & patient estimates

COLLECTION STRATEGY

Prioritize collections for high dollar areas

MINIMUM DEPOSIT

Consider requirement of deposit for services for uninsured



Upfront Collections Opportunity

Upfront (pre-service & pos collections) can accelerate cash & provide incremental net revenue benefit for your organization

Point-of-Service Collections	Total
Hospital XYZ Point-of-Service (POS) Collections	\$10,000,000
Organizational Annual Net Revenue	\$500,000,000
Hospital XYZ POS Collections as a % of Net Revenue	0.2%
Benchmark Average - POS Collections as a % Net Revenue	0.7%
Top Quartile - POS Collections as a % Net Revenue	0.9%
Opportunity Estimation	
Hospital XYZ Increase in POS Collections to average - 0.7%	\$25,000,000
Hospital XYZ Increase in POS Collections to top quartile- 0.9%	\$35,000,000



Patient Liability Best Practices Registration (Check-in)

EQUIPMENT

Ensure staff trained & equipped to handle payments

CO-PAY COLLECTIONS

Patient & staff expectation that copay collections required (clinic)

INSURANCE VERIFICATION

Re-verify insurance & benefits & update estimate as needed

PAYMENT POSTING

Standardize allocation & posting procedures for patient payments



Patient Liability Best Practices Patient Statement & Billing

CONSOLIDATED STATEMENTS

Easy to read, consolidated statements in multiple forms

ACCOUNT SCORING

Identify based on likelihood of placement

CONTACT STRATEGY

Strategy using digital communication & mail

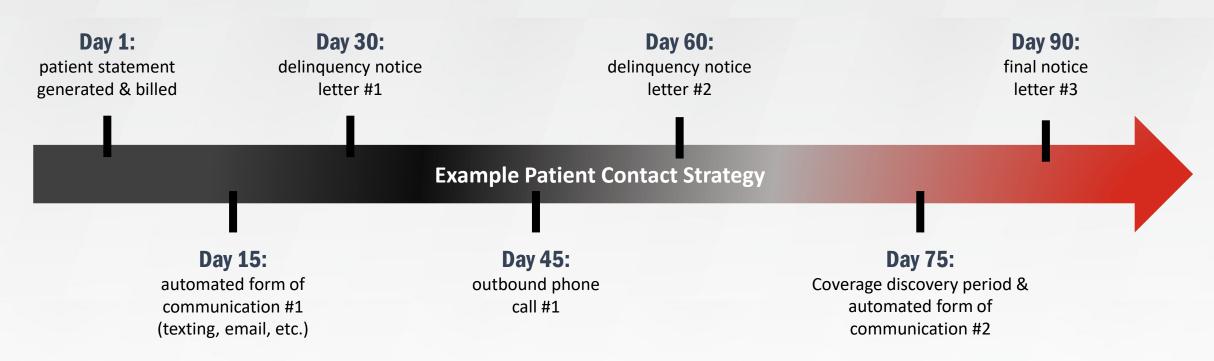
EARLY OUT PLACEMENT

Reduce cost-to collect by fast tracking uncollectable accounts



Patient Liability Best Practices Patient Contact Strategy

An effective patient contact strategy includes multiple points of communication, multiple methods & frequent contact with the patient





Patient Liability Best Practices Patient Collection Vendor Management

	Example Vendor Self-Pay Collections Performance Reporting						
Year	Listed (\$)	Collected (\$)	Collected (%)	Months 0-4	Months 5-9	Months 10-14	Months 15-18+
2019	\$3,687,434	\$433,317	11.8%	\$143,010	\$74,256	\$59,408	\$156,642
2020	\$3,452,242	\$297,318	8.6%	\$135,696	\$100,128	\$51,755	\$9,747
2021	\$3,349,940	\$73,772	3.6%	\$65,730	\$8,043	-	_
Total	\$10,489,616	\$804,407	8.8%	\$344,436	\$182,427	\$111,163	\$166,389

- Monitor vendor collection performance over time through use of waterfall collection report
 - Report should show Self-Pay vs. Self Pay after Insurance collection rate broken out separately as the two populations are materially different
 - o Self Pay Collection Rate (benchmark): 7%
 - o Self Pay after Insurance (benchmark): 44.9%
- Monitor assigned vendor inventory by asking for status reports of individual accounts worked to identify accounts that are underworked or have not been appropriately assigned
- Establish routine vendor meetings to monitor performance & resolve any ongoing issues
- Compare multiple vendors & select based on culture fit, reputation, service offerings, as well as commission rate



Patient Liability Best Practices Patient Post-Service Collections

BAD DEBT ANALYSIS

Analyze to determine key opportunity areas

SELF PAY UNINSURED DISCOUNT

Establish strategy for standard & prompt pay discounts

COVERAGE DISCOVERY

Screen patients for missed or retroactive coverage prior to bad debt placement



Financial Conversion Opportunity

Converting uninsured patients to paid funding sources prior to & after service can increase revenue & reduce bad debt

Uninsured Patient Medicaid Conversion Opportunity				
Hospital XYZ True/Primary Self Pay Gross Charges	\$500,000,000			
Uninsured Conversion Rate from Self Pay to Medicaid				
Conversion Rate of Uninsured - good	30%			
Conversion Rate of Uninsured - better	60%			
Conversion Rate of Uninsured - best	90%			
Hospital XYZ Medicaid Net Collection (%)	24.5%			
Opportunity Estimation				
Hospital XYZ Conversion Rate Improvement to 10%	\$12.3M			
Hospital XYZ Conversion Rate Improvement to 20%	\$24.5M			
Hospital XYZ Conversion Rate Improvement to 30%	\$36.8M			



Patient Collection KPI Examples

Key performance indicators should be used to monitor trending performance at an organizational, department & individual staff level

Key Performance Indicators (KPIs)	Calculation	GOOD Benchmark	BETTER Benchmark	BEST Benchmark		
Patient Collections Example KPIs						
POS Collection % of Net Revenue	POS Collections \$ / Net Patient Service Revenue	1.0%	1.5%	2.0%		
POS Collections % of Patient Payments	POS Collections \$ / Total Patient Collections \$	30%	40%	50%		
Productivity Example KPIs						
POS Collection Opportunity Rate	POS Collections / POS Estimations	30%	45%	60^		
POS Collected Accounts Rate	Accounts Collected / Total Registrations	20%	40%	60%		
Estimate to Registration Rate	Estimates Generated / Total Registrations	30%	40%	50%		
Estimation Accuracy Rate	Accurate Estimates / Qualified Estimates	85%	90%	95%		
Conversion Example KPIs						
Conversion Rate of Uninsured to FAP's	Uninsured Patients Converted / Total Uninsured Patients	30%	60%	90%		
Conversion Rate of Insured (BAI) to FAP's	BAI Patients Converted / Total BAI Patients	30%	60%	90%		



Case Study 1

Country-Wide Rural Health System in the Southwest Region





Case Study for: Country-Wide Rural Health System in the Southwest Region

ORGANIZATION PROFILE

- 49 bed hospital with 13 clinic locations
- Limited & outdated written policies & procedures for patient liability collections
- Upfront collections limited to office visit co-pays
- Front desk staff uncomfortable asking patients for any type of payment
- Limited to no staff education/ scripting to support patient collection process
- Early out & bad debt vendor performed both patient statement billing & collections
- Limited to no vendor reporting led to low performance visibility

ORGANIZATION KEY MEASURES OF SUCCESS

- Enhanced front desk patient & staff experience
- Updated patient liability policy that reflect current business model with sustainable workflows
- Patient liability amounts are accurate in the HER & estimator tool
- Educated & confident front desk staff on both current & aged receivables along with patient financial counseling options
- Implements standard patient liability performance reporting package to support monitoring/ management
- Patient liability collections & over-all net margin improvement (closer to industry standards)
- Selected a new external vendor with better reporting & a more collaboration service approach

ORGANIZATION OBJECTIVES

- Enhanced front desk patient experience
- Process workflow improvement that incorporates people & technology
- Internally sustainable front desk patient liability collections workflows
- Educated & confident front desk staff
- Patient liability collections improvement
- Over-all net margin improvement
- Enhanced vendor reporting & collaboration opportunities

Total Patient Payments Collected (last 12 months)					
5/31/2020	\$421,656	11/30/2020	\$448,085		
6/30/2020	\$410,093	12/31/2020	\$350,249		
7/31/2020	\$441,976	1/31/2021	\$354,029		
8/31/2020	\$395,434	2/28/2021	\$410,660		
9/30/2020	\$361,060	3/31/2021	\$548,589		
10/31/2020	\$352,207	4/30/2021	\$559,543		

Total POS Collected (last 12 months)				
5/31/2020	\$8,217	11/30/2020	\$24,118	
6/30/2020	\$6,452	12/31/2020	\$13,660	
7/31/2020	\$6,596	1/31/2021	\$20,342	
8/31/2020	\$12,572	2/28/2021	\$19,012	
9/30/2020	\$10,717	3/31/2021	\$32,105	
10/31/2020	\$16,438	4/30/2021	\$23,856	

Organization Stakeholders

Patient^e

Chief Financial Office

Vice President of Revenue Cycle

Patient Access/ IT

Clinic Operations Practice Manager/ Admin

Front Desk Staf

External Early Out & Bad Debt Vendor

Role

Fair & Equitable Contributor to Health Expense

Financial Steward

Revenue Cycle Lead (Front/Back

Patient Liability Accuracy

Daily Management & Oversight

Front Desk Collections

Organization Support

Key Responsibilities

Work with organization to pay patient liability portion timely

Sets the tone at the top that patient liability is an integral component or the organization financial sustainability

Create patient engagement opportunities to increase patient liability contribution

Build accurate patient liability contribution amounts to support front desk staff conversation with patients

Support front desk staff with education, staff collections reporting & patient concerns

Communicate with every patient regarding their patient liability in an educated & respectful manner

Provide better reporting, collaborative approach & increased customer value for services



Thank you!

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