

# **Best Practices: POS Collections**

Jennifer Powers-Johnson  
*Regional Director*

# Overview

- Industry Statistics and Trends
- Upfront Collection Facts
- POS Collection Technology
- Readiness and Opportunities
- Success Factors
- Scripting

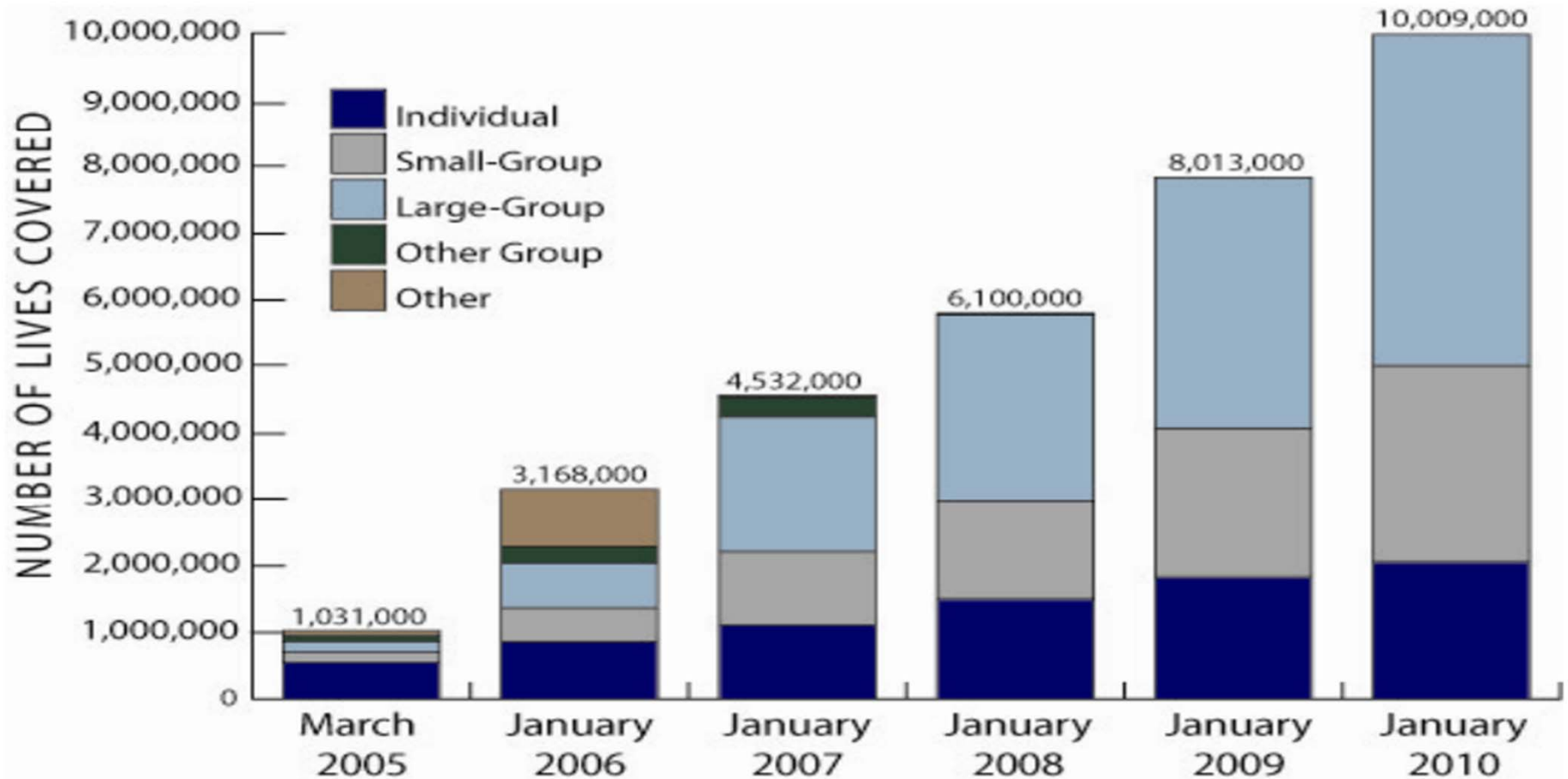
# Current Trends

- The losses for many hospitals' investment income has caused their executives to look for additional ways to increase revenue, reduce bad debt and lower cost.
- “Hospitals are 60% less likely to receive payment once the patient leaves the hospital.” –*Wall Street Journal*

*Result: rising bad debt and less cash on hand; especially with the continued growth of HSA & High Deductible Health Plans (more financial responsibility put on the patient).*

# Growth of HSA/HDHP Enrollment

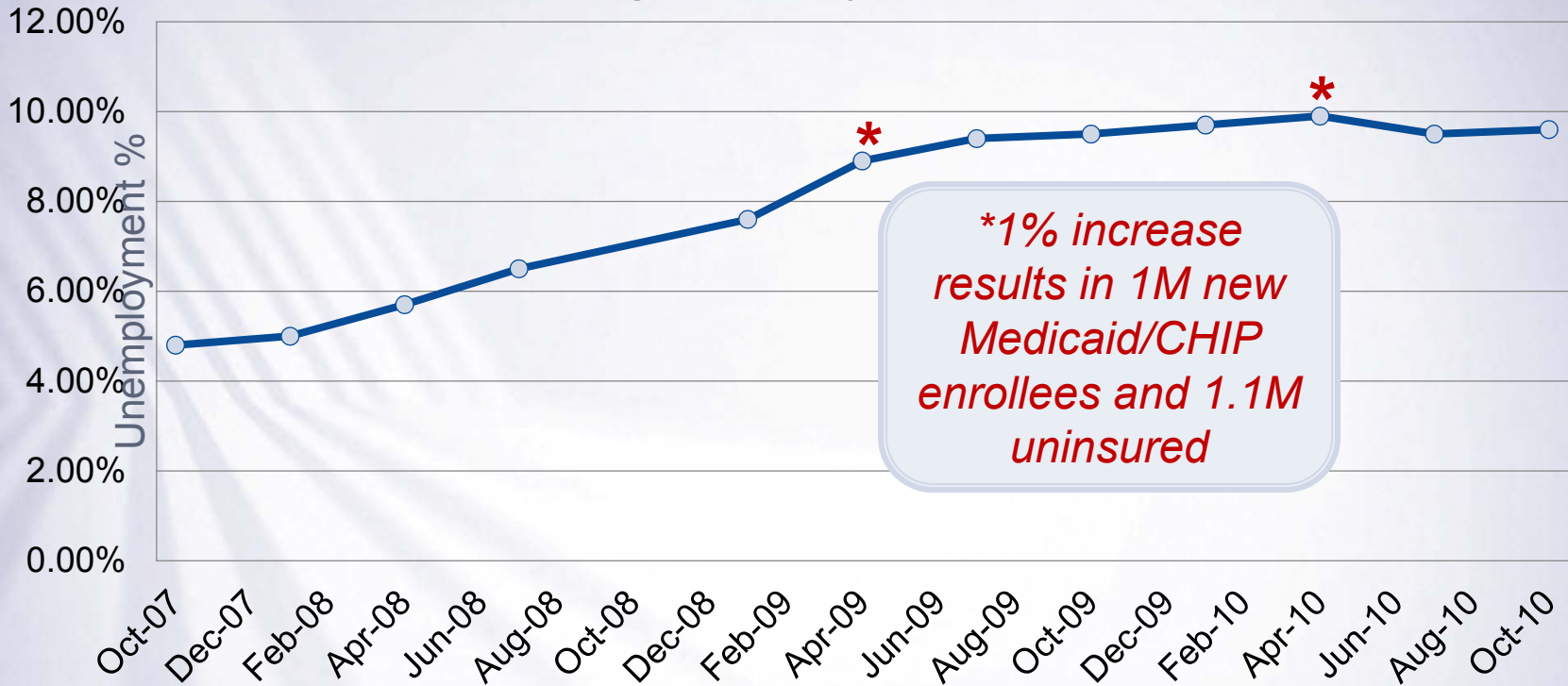
**Figure 1. Growth of HSA/HDHP Enrollment from March 2005 to January 2010**



Sources: 2005-2010 AHIP HSA/HDHP Census Reports

# Unemployment and the Uninsured impact

Rising Unemployment



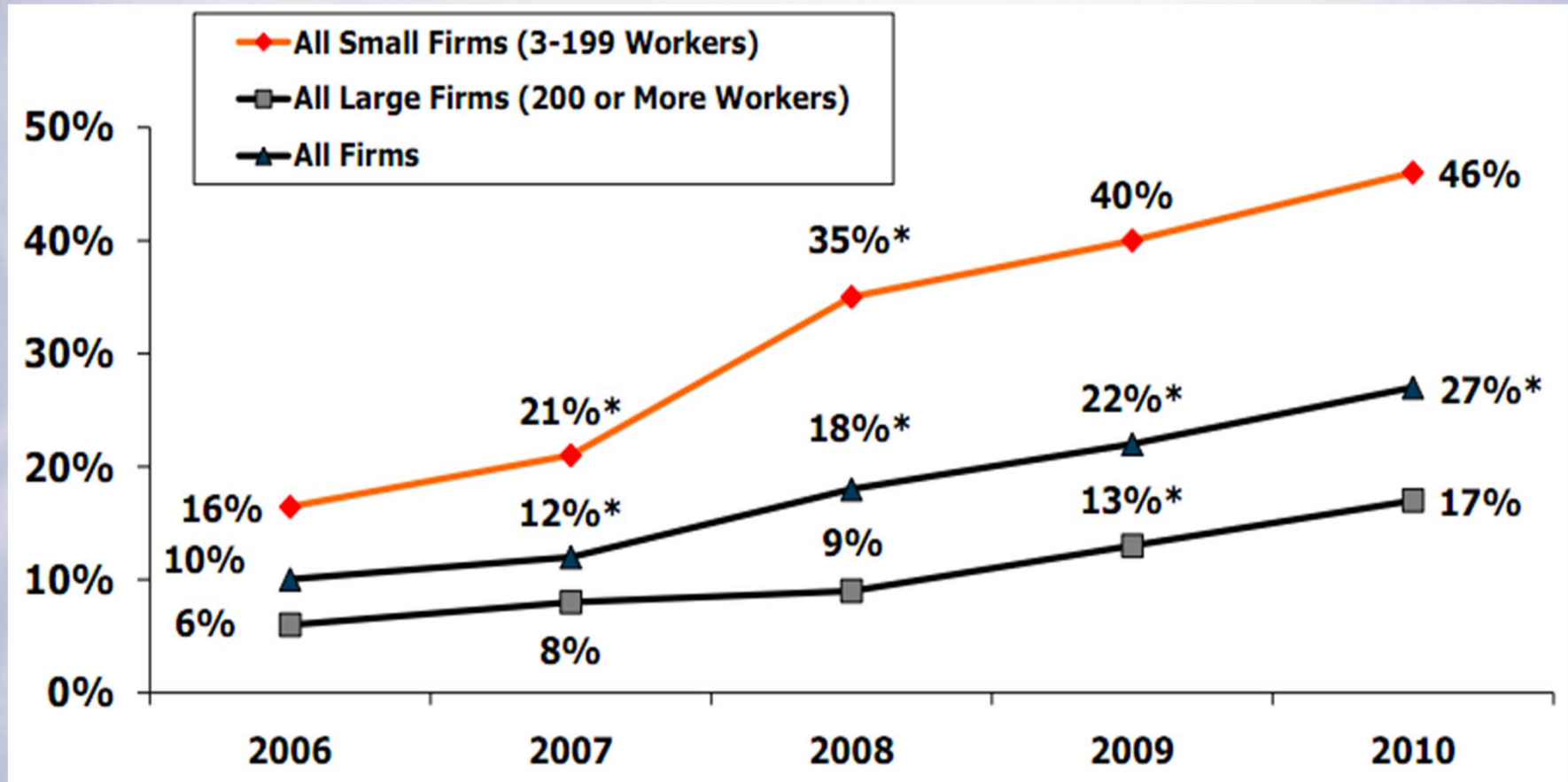
*\*1% increase results in 1M new Medicaid/CHIP enrollees and 1.1M uninsured*

	Oct-07	Jan-08	Apr-08	Jul-08	Jan-09	Apr-09	Jul-09	Oct-09	Jan-10	Apr-10	Jul-10	Oct-10
Series1	4.80%	5.00%	5.70%	6.50%	7.60%	8.90%	9.40%	9.50%	9.70%	9.90%	9.50%	9.60%

Bureau of Labor and Statistics and the Kaiser Family Foundation

# Increasing patient out-of-pocket

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage



Note: These estimates include workers enrolled in HDHP/SO and other plan types.  
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2010.

# Increasing PO\$ Collections: Why the Focus?

Significantly improve the bottom line of your organization through:

- Reduce cost to collect
- Reduce uncompensated care
- Reduce self-pay receivables
- Increase overall cash flow
- Improve patient satisfaction
- Reduce call volumes
- Reduce patient confusion about their bills



# PO\$ Collection Facts

- Cost to collect is typically reported between 2-3% of revenue
- Front-end processes are important ... due to increase in patient out-of-pocket
- Post discharge, cost to collect increases, likelihood of collection decreases
- Educating the patient of their financial obligation in advance improves patient satisfaction

# PO\$ Collections – Best Practices, is this possible?

	Outpatient	Inpatient	Outpatient Surgery	ED (not admitted)	Total Annual	Total Monthly
Total Annual Visits	52,200	4,500	13,800	27,000	97,500	
% Commercial Visits	31%	31%	31%	31%		
Annual Commercial Visits	16,182	1,395	4,278	8,370	30,225	
Average Patient Responsibility	<b>\$169.00</b>	<b>\$1,225.00</b>	<b>\$798.00</b>	<b>\$122.00</b>		
Total Collection Opportunity at POS	\$2,734,758	\$1,708,875	3,413,844	\$1,021,140	\$8,878,617	<b>\$739,885</b>

<b>Annual Net Patient Revenue</b>	\$57,015,738
Current Annual Collections at POS	\$480,000
Current Monthly Collections at POS	\$40,000
Current Collections as % of Net Patient Revenue	0.84%
Current Collections as % of Total Collection Opportunity	5%

HFMA Best Practice 2-3% of Net Patient Revenue	Best Practice Monthly Collections at POS	Current Monthly Collections	Monthly Increase from Current	Annual Increase from Current	% Total Opportunity
<b>POS Collections at 1%</b>	47,513	\$40,000	7,513	\$90,156	5%
<b>POS Collections at 2%</b>	\$95,026	\$40,000	55,026	\$660,312	11%
<b>POS Collections at 3%</b>	\$142,539	\$40,000	102,539	\$1,230,468	16%

# Collection Technology

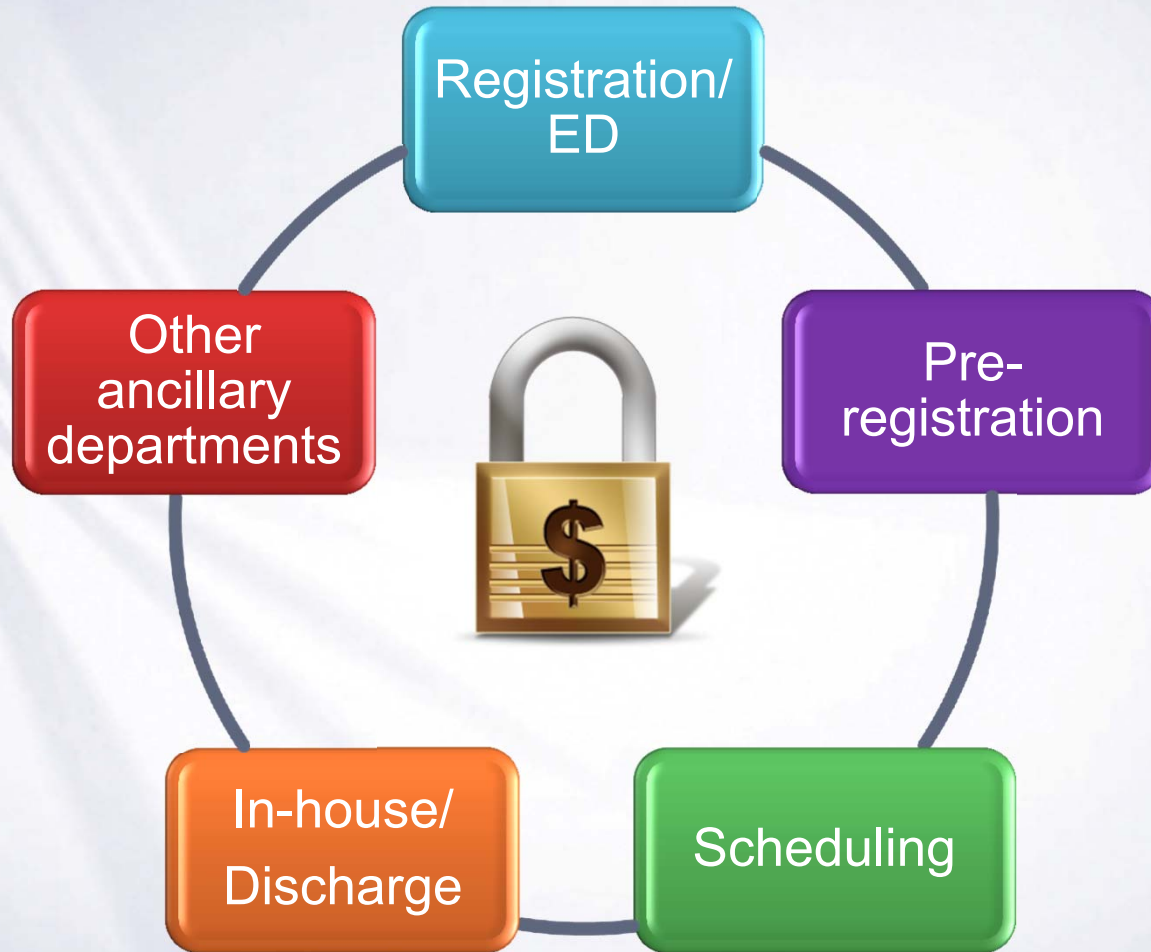
- Detailed eligibility – 271 data is not enough
- Medical necessity verification
- ABN notification
- Financial responsibility estimator
- On-line payments
- Integrated credit card authorization system
- ATM accessibility
- Propensity to pay score
- Scripting

# Collection Readiness

- Scripting, scripting, scripting
- Training
- Policies and procedures
- Set expectations and accountability
- Communicate goals and expectations
- Measure potential vs. actual cash
- Develop incentive plan



# PO\$ Collections Opportunity Areas



# Scheduling/Pre – Registration/ Registration

- Potentially the first point of contact with the patient!
- Verify eligibility
- Consistent pre-registration process
- Obtain benefits (coverage, co-pay, co-insurance and/or deductible, YTD accumulators)
- Inform patient of liability in advance
- Offer debit/credit card payment option

# Financial Counseling

- Plays key role in protecting the hospital's cash flow and exposure to bad debt and collection expense
- Medical assistance screening
- Alternative state funding application process
- Charity care screening
- Credit scoring (propensity to pay)
- Establish financial arrangements

# In House / Discharge

- Make in-house visits to patient rooms for third party coverage, collect patient financial responsibility, and/or payment arrangements
- Implement financially focused discharge control process for all point-of-service areas
- Ensure every account is financially evaluated prior to discharge

# Success Factors

- Hospital PO\$ collections policy
- Financially focused Patient Access Department
- Financial Counseling best practices
- Medicaid eligibility vendor
- Physician and physician office manager education
- Staff education and incentive program
- Consistency in front end process

# Tips to Motivate Payment

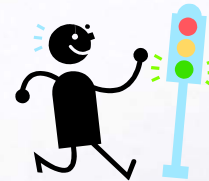
- Avoid

- I want you to...
- I need...
- We require...
- Our policy states...



- Use

- Here are some options for you...
- Did you know you could
- May I suggest...
- We have always encouraged



# Overcoming Excuses #1

## Patient Excuse

“I’ve never been asked to pay before.”

## Registrar Response

“Depending on service you had last time, you may not have had to pay a co-pay/co-insurance at that time. If the service was in a previous benefit year, maybe you had already met your deductible and/or OOP max. Maybe you also had a secondary policy that picked up where the primary left off. As you can see, there could be several reasons why you were not asked to pay at that time of service. We offer several payment options, will that be cash, check or charge”?

# Overcoming Excuses #3

## Patient Excuse

“I don’t have any money.”

“I can’t afford it right now.”

“I am not working. How can I pay if I don’t work?.”

“I’m going to file bankruptcy.”

## Registrar Response

“I understand. Why don’t I have you talk with our Financial Counselor and complete a Financial Analysis Statement. This will help us determine how we can assist you in resolving your account balance”

\*\*Although we want to collect from this patient, it is equally important to financially secure the account, if they will not pay. Therefore, ensure that all critical data elements are verified and document your account. ***This will help the collectors in the back office understand the account better.***

# Overcoming Excuses #4

## Patient Excuse

“I like to wait until my insurance pays, then I’ll pay.”

“My insurance pays first and then I pay when I receive the bill.”

“I don’t even have a Deductible/Co-Pay –my insurance is wrong.”

## Registrar Response

“As a service to you, we’ve contacted your insurance company regarding your coverage guidelines. We verified that your annual deductible is \$\_\_\_\_\_ and you’ve already met \$\_\_\_\_\_. Your co-insurance percentage is \_\_\_% or \$\_\_\_\_\_, etc, etc. The great news is, we have a contract with your insurance company which means they receive a discount. I’ll be glad to issue you a receipt today and your payment will be reflected on your itemized statement - which you should receive in about 10 working days. We have several options for payment, will that be cash, check or charge

# Overcoming Excuses #5

## Patient Excuse

“I don’t have my checkbook/cash/credit cards with me today.”

“They told me not to bring valuables with me so I left my purse/wallet at home.”

“I just wrote my last check.”

## Registrar Response

Ask if someone would be able to run home or to the bank and bring the payment back

Ask the patient, “when will you be able to bring the payment back?” and/or “how will you be taking care of this obligation today?” This puts the responsibility back to the patient to tell us how they plan to take care of their bill.

# **Best Practices: POS Collections**

*For additional information regarding today's presentation,  
please contact Jennifer Powers-Johnson at 435 659.9166  
or email [jpj@recondotech.com](mailto:jpj@recondotech.com)*