

Financial Viability Begins Upfront

Hospital boosts time-of-service collections despite difficult economy

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Dorminy Medical Center, in Fitzgerald, GA, is a 75-bed acute care hospital that has been providing health care to patients in a three-county area for more than 30 years. Like many hospitals, Dorminy has struggled to adjust to a retail-like health care environment in which patients take on ever-increasing financial responsibility for their medical care.

In addition, Dorminy serves a community that is struggling economically due to the loss of major industries as companies shut down plants in the area. The community served by Dorminy has one of the highest unemployment rates in the state of Georgia – at 17 percent – and nearly 25 percent of Dorminy’s patients are uninsured. The impact on Dorminy includes: more patients seeking medical services without insurance, and more patients receiving medical services with fewer resources to pay the self-pay portion of their health care bills.

Yet, Dorminy is rising to meet and overcome the daunting financial challenges faced by patients and, in turn, the facility. The medical center is able to do so through its commitment to invest in patient access and develop processes that allow the facility to continue to provide exceptional service to its community while also ensuring financial viability for the institution, which, in turn, allows Dorminy to continue to best serve patients.

Dorminy is effectively managing in the current difficult economy as the facility’s management team recognized and responded to the critical need to focus on front-end processes. Specifically, the management team embraced a proactive front-end revenue management process that allows the facility to:

- help patients navigate the complex health care payment system;
- offer and/or apply -- on a consistent basis -- charity care, medical assistance and discounts to eligible patients in real time;
- give patient access employees the tools required to handle all point-of-service collections processes;
- reduce bad debt and increase cash on hand; and
- ensure the hospital receives appropriate payment for services provided.

Simply, Dorminy no longer solely relies on back-end business office processes for billing and collecting on patient accounts. The facility's management team realized that effective revenue cycle management requires integrating patient access through a commitment to effective time-of-service collections. The reason: Continuing to leave on the table money that could be collected upfront compromised the medical center's financial viability, as those dollars are difficult if not impossible to collect later in the revenue cycle.

No Upfront Collections Process

Dorminy is a member of HomeTown Health, LLC (HTH), a Georgia-based organization that serves 50 small and rural hospital members and that includes more than 50 business partners. HTH seeks to assist its hospital members to cut operating costs, improve bottom-line results and thus improve long-term financial viability. An HTH representative visited Dorminy to evaluate current processes and offer recommendations for areas of improvement.

A key challenge identified during this review was that Dorminy did not have front-end collections capabilities, which threatened the facility's financial viability. The HTH representative urged Dorminy to develop a point-of-service collections process, and further suggested the facility consider automating the process through a point-of-service collections solution offered by an HTH business partner, nTelagent, Inc.

Dorminy viewed an on-site demonstration of nTelagent's Retail Application for Healthcare, and, in late 2009, opted to invest in the system. Within two weeks of signing a contract, Dorminy was able to go live with the system due to its compatibility with legacy systems, which allows providers to simply "bolt on" the retail application platform to create a one-stop application that allows for efficient and cost-effective front-end accounts receivable management.

Implementation of the new system includes patient access staff training. This training continues through online modules as new features are added to the system or as additional training is needed.

Prior to implementing the new front-end revenue cycle management system, Dorminy did not attempt collections from patients at the point of service except for self-pay payments for a few specific services. Holding Dorminy back from implementing a front-end collections process was difficulty in finding a system that would allow patient access employees to accurately estimate patient-pay balances prior to or at the time of service. The nTelagent system provided the needed patient-pay estimation capabilities, allowing patient access employees to confidently communicate to patients an accurate estimate of the self-pay portion of their medical bills, thus setting the stage for front-end employees to collect those self-pay balances at the time of service.

System Capabilities

Dorminy opted for the nTelagent retail application as it is an automated system that provides patient access employees with the tools necessary to succeed in collecting from patients at the time of service. A key feature: Real-time scripts tell patient access employees precisely what to do and what to say to each patient at the point of service based on real-time data regarding a patient's financial responsibilities.

The real-time scripts also incorporate Dorminy's unique business policies and rules, and give patient access employees a tool to handle each patient account appropriately and in a non-discriminatory manner, irrespective of a patient's financial profile, insurance status or health care condition. The results:

- Front-end employees are equipped to settle all accounts with self-pay balances on the front end, regardless of whether a patient is insured, uninsured or underinsured.
- Front-end collections are on the rise, providing an immediate improvement in cash flow.
- The percentage of revenue written off as bad debt is reduced, and the days in accounts receivable average is improved.

Such results are possible as the system allows for price transparency, insurance verification, patient address and identity verification, and payment processing. The system also integrates non-credit score patient information with Dorminy's particular business policies and rules, which generates for front-end employees the discounting and/or payment plan options available for each patient, as well as a patient's potential eligibility for medical assistance programs and/or charity care, ensuring that all patient accounts are consistently handled appropriately.

Dorminy also opted to implement other features from nTelagent to supplement the retail application system. These additional features allow patient access employees to scan registration records to determine which are complete and accurate, which are missing information, which have errors, and/or which contain "red flags" that suggest the potential for medical identity theft and require intervention to confirm a patient's identity or thwart an attempt at medical identity theft, in compliance with the Federal Trade Commission's new Red Flags Rule.

The system also allows for automated insurance verification, which ensures, for example, that payer identification information is properly entered and that guarantor information is verified. This capability allows patient access employees to identify and correct errors at the time of service, which prevents registration errors from moving into billing and collecting functions and, thus, curbs claim rejections, payment delays and payment denials.

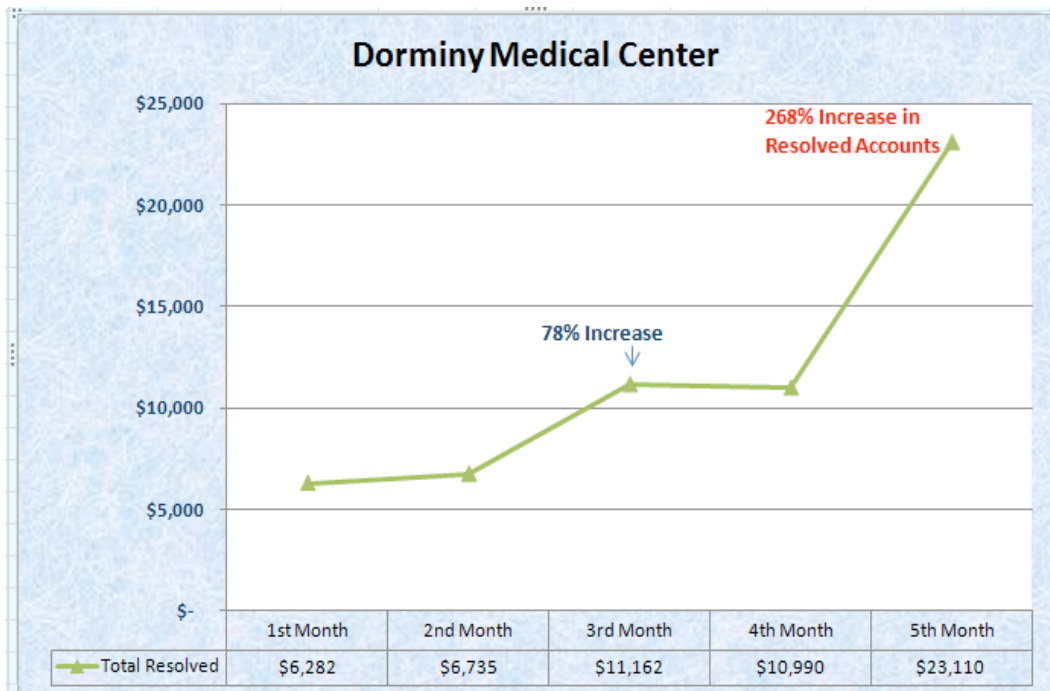
Front-Line Focus Generates Bottom-Line Results

In adding a front-line focus to its revenue cycle management, Dorminy has experienced significant bottom-line results. Specifically, integrating patient access into the revenue cycle management process by implementing a time-of-service collections process allows Dorminy to improve cash collections and, thus, cash flow. Key highlights of these improvements include:

- a 268 percent improvement in cash collections within the first five months of implementing a time-of-service collections program (see Exhibit 1); and
- ongoing, steady month-to-month increases in upfront cash collected and/or payment terms established on the front end. (Even in December, when collections normally slow as patients focus on the holidays, Dorminy still saw a significant increase in cash collections.)

Such results are possible by committing to a revenue cycle management approach that begins with and effectively incorporates patient access. As Mavis Rowe, a patient access supervisor at Dorminy, notes, “All hospitals should know they have the capability to improve upfront collections. You just have to make it a priority.”

Exhibit 1



The People Part

Not to be overlooked is the critical people part of adopting a time-of-service collections process, which includes, but is not limited to, patient access employees, managers and, of course, patients. Key, however, is to first gain the buy-in and support of patient access employees by educating front-end employees about the value and merit of a point-of-service collections program.

At Dorminy, many of the one dozen registration employees were nervous and apprehensive about collecting from patients at the time of service, even with an accurate automated system that would guide them in doing so, as they simply never before had requested payments from patients. Employees were worried about saying the wrong thing, or giving patients inaccurate information, or requesting an incorrect payment amount. With training and hands-on support from managers, however, Rowe says “a light went on” for front-end employees once they understood the need for such a process. Rowe reports that patient access employees then “really went to work” to make it happen -- and to make it succeed.

Developing real-time scripts, Rowe says, is key. “The scripts ... (tell employees) exactly what to say and what to ask for and what information they need to pass along to the patient,” she notes. Further, Rowe says, “Patient access staff members now rest in the knowledge that the real-time scripts are based on Dorminy’s own policies and rules, and everything is handled consistently and accurately.”

It also is important to note that the point-of-service collections process at Dorminy involves far more than asking for and collecting the proper amount of money from patients. Front-end employees also inform patients of the cost of care, applicable discounts, and patients’ eligibility in qualifying for charity care or other medical assistance programs, as well as other critical information. Other elements that have bolstered employee confidence and, in turn, success in Dorminy’s point-of-service collections effort include:

- Web-based payment processing, allowing front-end employees to remain with patients and simply key in patients’ credit card payment information, rather than having to leave patients to process credit card payments via a manual credit card swipe machine in another area; and
- automated insurance verification, allowing front-end employees to swiftly determine real-time if additional information is needed and precisely what additional information is required. Automated insurance verification, Rowe says, “makes what can be a painful process very easy and streamlined.”

Managers value reports available from the new system that allow them to monitor every patient-due amount on demand. In addition, Rowe and other financial managers can track real-time how each staff member is using and performing under the new system, which allows managers to determine which employees may need additional training.

Patients, as noted, also are critical to the people part of an effective point-of-service collections process. Although front-end employees at first had reservations about requesting payments from patients, employees discovered patients actually appreciate knowing what their financial obligations will be upfront, at the time of service. Patients also appreciate learning about their payment options and whether they may qualify for some type of financial assistance.

Key to ensuring a point-of-service collections process is embraced by patients is providing front-end employees with thorough education and training on the process and the related nuances of determining self-pay balances. Notes Susie Salinas, controller at Dorminy, “Some of our insured patients didn’t know what a deductible was before, and now our (patient access employees) know exactly how to explain all aspects of financial accounts” to patients prior to or at the time of service.

Salinas cites anecdotal evidence that reveals that a point-of-service collections process -- one that illuminates the cost of care, patients’ financial obligations and payment and/or discount options -- is a big hit with patients. For instance, Salinas notes that “patients love the idea of finding out what kind of discount they qualify for” and, in some cases, will pay an entire bill upfront once they learn of discount options, which provides an immediate boost in Dorminy’s cash on hand.

With the new system, patient access employees’ new abilities and capabilities include how to: inform patients upfront about the cost of their medical care, offer appropriate and consistent discounts (both prompt-pay and low-income), help set up payment plans within patients’ budgets, identify and enroll patients in medical financial assistance programs for which they may be eligible, and identify patients who may be eligible for charity care, among other things.

Next Steps

Dorminy initially concentrated on using the nTelagent retail application system in the outpatient and inpatient areas of the facility. The system also will be applied in the emergency department, which, once fully implemented, will further bolster cash collections.

“First and foremost, the system has helped us help our patients be more informed about their options when it comes to the cost of their health care, such as financial assistance or discounts,” Rowe notes. “As far as our bottom-line results ... we are working toward ensuring that Dorminy can continue providing the highest-quality health care to the community.”

Readers' Resource

For more information about Dorminy Medical Center, go to www.dorminymedical.org. For more information about nTelagent, Inc., go to www.ntelagent.com.

Case Study Highlights

Key challenges, solutions, results

Dorminy Medical Center, a 75-bed acute care hospital in Fitzgerald, GA, like many hospitals across the country, is facing difficult financial challenges exacerbated by a recession that has fueled a 17 percent unemployment rate in the area. Dorminy has responded to these financial difficulties by implementing a front-end focus to revenue cycle management, including collecting self-pay balances from patients at the time of service.

Although collecting money from financially strapped patients may at first blush seem to be a curious response and even an impossible undertaking, Dorminy has done just that -- with significant positive results that accrue to patients and the facility. The process to implement a time-of-service collections process is outlined in detail in the case study that begins on page 3 of this issue. Following are highlights of the major challenges, solutions and results.

The Challenges

A key challenge for Dorminy was that the medical center did not have a point-of-service collections process. Once the facility decided to implement time-of-service collections, two key challenges loomed:

- a need to focus on front-end processes and educate patient access employees so that patient accounts management could begin at preregistration and continue at the point of service, in order to ensure financial viability and continue providing exceptional health care services to the community; and
- a need to educate all patients -- insured, uninsured, underinsured and those eligible for charity care or other assistance -- about their financial responsibilities, payment options and options for assistance through charity care or other medical assistance programs.

The Solutions

The Dorminy management team identified an automated solution that would allow patient access employees to consistently and accurately identify self-pay balances and to work with patients to collect those balances, make payment arrangements and/or determine patients' eligibility for some type of financial assistance. The automated solution:

- provides real-time scripts for registration employees, based on Dorminy's unique business policies, so that patient access employees can verify insurance, identify patient-pay balances, pursue upfront collections and process payments;

- allows patient access employees to offer discounts, as appropriate, as well as to identify patients who may be eligible for medical assistance programs and/or charity care; and
- ensures appropriate and consistent handling of all patient accounts.

The Results

Since implementing an automated system to facilitate time-of-service collections, Dorminy Medical Center has experienced steady month-to-month increases in upfront cash collections as well as an increase in establishing payment arrangements at the point of service. The bottom-line results include a 268 percent increase in upfront collections within five months. In addition, the results include that:

- patient access employees experience improved job satisfaction as they are able to assist patients by consistently providing accurate information to patients about financial expectations, patients' particular financial obligations and options in managing those financial obligations; and
- patients experience improved satisfaction as they understand prior to service what their financial responsibilities will be and how they will be able to manage their portion of their medical bills, including payment options and whether they qualify for assistance through charity care or other medical assistance programs.

It is important to note the improvements in employee and patient satisfaction, as these positive results relate directly to the bottom line. Front-end employees are knowledgeable and thus comfortable in pursuing time-of-service collections, and they have the necessary tools to do so, which is essential for success. Patients, in turn, realize improved satisfaction as the complex medical payment system is demystified, allowing patients to partner with the facility to manage and more timely pay their portion of medical bills.