

healthcare registration

ASPEN PUBLISHERS

July 2009 • VOLUME 18, NO. 10
EDITOR: LAURA J. MERISALO

How Would You Like to Pay for That Today?

What health care can learn from retail

By Earl T. Winter

Meet Andrea. Like most working moms, Andrea's to-do list never stops growing. Over the next few weeks, however, she has identified three items on her list that simply must get checked off. She's finally going to bite the bullet and dole out her hard-earned cash, because she has put these three things off for far too long.

First, Andrea needs to purchase a new refrigerator. Second, she must make an appointment for Buster the dog to have a wellness exam, get all his vaccinations, and have his teeth cleaned. Finally, Andrea needs to see about a little health care for herself: She was supposed to have an ultrasound and mammogram at her local hospital months ago, per her OB/GYN's instructions, and she is just now following up.

She starts with the fridge. Using her trusty computer, Andrea spends a couple of hours on a Saturday scanning online opinion sites, checking refrigerator reviews and price comparisons. She calls around to a few local appliance shops to verify pricing and make sure that the fridge she has decided upon is in stock. One store tells her they have the item she wants and it's on sale, plus the store is offering free delivery through the weekend. Andrea jumps in the car and heads to the store to check out the item in person. For Andrea and her family, a high-cost item like a refrigerator can take a big chunk out of

their budget, so she's hoping she can negotiate a payment plan with the store. Half an hour later, the clerk has used the store's automated application to set up a monthly payment plan, and the fridge is set for delivery.

Feeling pretty good about the way things are going, Andrea skips to number two on her list: calling the vet. She's really dreading this one, because she knows veterinary care can be expensive. Over the phone, the receptionist at the vet hospital walks Andrea through all the medical services Buster needs, giving her an almost exact estimate for the cost of each service. Although the vet doesn't offer a payment plan option, Andrea is at least a little relieved to know what kind of charges she can expect. She even calls around to a couple other vet hospitals in the surrounding area to compare pricing, but they're all about the same. So she goes online, per the receptionist's instructions, and fills out Buster's "new patient" information, along with the requested services. She clicks off the preferred appointment time, and, once again, is feeling pretty pleased with the way things are going.

She takes a deep breath and focuses on the final task of calling her local hospital for her own medical care. She saved this task for last; it's the most nerve-wracking for her, because it's so personal. After 15 minutes of being on hold, and then being transferred and transferred again, she is finally connected to the person who can help her make the appointments. She's scheduled for one week out for the mammogram, then she has to go back to the hospital a few days later for the ultrasound.

When Andrea asks how much the diagnostic tests will cost (she has the most basic of health insurance plans and is sure her out-of-pocket costs will be huge), the scheduler tells her she will receive an explanation of benefits (EOB) from her insurance company—after the tests. Andrea can discuss pricing and payments then. “But I need to know what I should budget for, and if I can even afford the tests,” presses Andrea. “What will I need to pay the day of my service?” “I’m sorry, I don’t know what to tell you,” replies the scheduler. “I don’t have access to that information. Let me transfer you to someone who might.” Then the line goes dead.

Providers must completely change their revenue cycle model to survive in the current environment.

Andrea hangs up, a bit deflated. She pats Buster on the head and starts cleaning out her current fridge, getting ready for the new one. This, at least, is something she feels like she’s got a handle on.

Patients Are Consumers

The health care provider example of so-called customer service might be a bit extreme and stuck-in-the-past for some health care delivery settings. At some facilities, however, it remains a daily reality. Too often, front-end employees are unaware and/or unable to provide an accurate estimate of the costs of care and the patient’s financial obligations for their portion of those costs.

Likewise, Andrea’s approach to seeking health care services also might be a bit extreme, as not all

health care consumers—perhaps even very few—clamor to identify their portion of the medical costs that they will owe so that they can pay their bills up front, at the time of service. Still, most health care consumers today know that they will owe some portion of their medical bills and are anxious to identify that amount prior to service, for their personal budget planning.

Of particular note, however, are the financial implications of the various sellers’ approaches to working with customers in each of the three examples. Front-end staff members at the appliance store and the vet hospital know exactly what they are charging for goods and services, how much to ask the buyer to pay, and when they can expect to receive payment(s). This information is all automated, readily accessible to the front-end employee on the computer screen right in front of him or her as they schedule and execute the service transactions. The hospital, on the other hand, is left in the dark about these basic financial issues, just like Andrea.

Health Care Is Retail

The health care industry’s payment structure has taken a sharp turn down “Retail Road”—meaning that with a greater percentage of health care costs being placed on the individual patient, providers no longer can solely rely on the certainty of payments from private insurance companies or government programs. Revenue cycle management processes must be altered to focus on timely point-of-service interactions with patients about their financial responsibilities.

Indeed, as the Andrea example highlights, patients are demanding clearer, more accurate information

Health Care Is Retail

Retail Shift Requires That Patient Access Answer Key Questions

As health care payment purse strings continue to tighten and the health care industry moves to a retail environment, there are critical information demands that must be met, up front, at the time of service. Equipped with the proper tools and training, patient access is first in line to provide such information and best serve patients and providers.

Providers and patients alike should know, up front, the cost of care and how those costs will be covered. More specifically:

Health care providers need to know:

- How much will I be paid?
- Who is going to pay me?
- How am I going to get paid?

Health care consumers need to know:

- How much will it cost?
- What is my financial responsibility?
- What are my payment options? ■

at preregistration and at the point of service. If health care service providers don't adjust their direction as they head down Retail Road, well, they just might hit a dead end.

Consider this assessment of health care providers' current status. A recent report notes:¹

Major changes in the health care market are sending out strong signals that health care providers . . . need to increasingly focus their revenue collections efforts on patients. Providers have been very slow to recognize these changes and continue to be mired in a culture where collections are not made at the point of service and where even asking for payment is done in a somewhat apologetic manner.

Although, by 2012, patients will account for 30 percent of providers' revenue sources, the overwhelming majority of providers are not equipped to collect at the point of care. In other words, the health care market is arguably the most 'unretail' consumer-facing industry in the [United States] today.

One thing is certain: In today's challenging fiscal environment—with bad debt and uncompensated care numbers on the rise—health care provider organizations must increase revenue and improve administrative and collections processes in order to remain successful and financially viable. Given current trends, it is “mission critical” that hospitals and other health care provider organizations take steps now to better manage and reduce bad debt, improve collection rates, and increase cash flow.

Revenue cycle management processes must be altered to focus on timely point-of-service interactions with patients about their financial responsibilities.

Outside forces, such as regulation changes, the growing number of uninsured and underinsured patients, and the consumer-directed health care movement, all will continue to shape how health care organizations manage their revenue cycles. Self-pay is an issue inherent in each and, in fact, is the phrase of the day.

With health care consumers increasingly taking on financial responsibility for greater portions of

their medical bills, taking pages from the retail industry's playbook on revenue cycle management can be the difference in a health care organization's—and maybe even the industry's—success or failure. Consider: The US health care payment system processes \$1.9 trillion a year, consuming 15 percent or more of each dollar spent on health care—compared with about 2 percent for the payment system in the retail industry.²

Many health care service providers are aware of the growing need to move collections from the back end of the revenue cycle to the front end, to, in effect, adopt a retail-based revenue cycle. Unfortunately, many of them want to do so by simply maintaining the status quo, making minor adjustments here and there. In fact, such large financial investments have been made to automate the back end of the revenue cycle that many health care service providers have been reluctant to abandon or significantly modify those back-end processes. Such an approach—to tweak rather than to significantly revise—will not work; providers must completely change their revenue cycle model to survive in the current environment.

Benefits of Retail Approach

Most providers at least recognize the benefits of a more retail-like revenue cycle. Just a few include:

1. Reduction of outstanding accounts receivable;
2. Cash in hand sooner, as copayments, coinsurance, and other out-of-pocket costs are collected at the time of service;
3. Decrease in the costs of follow-up billing and collections, as well as any expenses that may be incurred if claims management is outsourced to an outside agency; and
4. Better patient relations, because all parties are informed of their financial responsibilities on the front end, at patient access, so there are no “surprises” when the final bill comes.

Health care providers have an ally in adopting retail-based approaches to collecting revenue, one that has been right there all along. This ally is patient access.

Patient Access a Retail Asset

Patient access professionals are the first point of contact for most patients, and they have the best opportunity to engage patients in discussions about financial responsibilities and payment expectations at the outset. As revealed in the

Andrea example, however, while an appliance store gives its staff members a state-of-the-art, easy-to-use, automated system for handling financial transactions, health care service providers often fall far short in terms of equipping patient access staff members with the appropriate tools and technology to best serve patients and, in turn, the health care organization.

Indeed, an ability to effectively communicate an accurate estimate of the patient's financial responsibility—prior to or at the time of service—can result in dramatically improved patient relations, which is even more critical today as patients seek tools to “shop around” for health care.

Health care providers need unique tools that can capture, organize, and verify patient information in a secure, consistent, documentable way. The notion that 100-page manuals filled with hard-to-find guidelines is a useful resource for front-end employees is misguided. Instead, providers should seek an automated, dedicated, point-of-service collections program that can at once streamline, simplify, and clarify the patient access staff's responsibilities, as well as enable front-end employees to succeed in carrying out those responsibilities.

Producing real-time, customized, scripted information based on a service provider's own business rules, an automated system can intuitively guide patient access staff through complex revenue cycle processes, such as insurance eligibility verification, patient demographic validation, payment assessment, Medicaid and charity care qualification, and pricing transparency—all at an employee's desktop. Such a system allows front-line employees to increase up-front cash collection—to begin to close the gap and collect patient-pay balances on the front end. Hospitals are learning that operational improvements on the front end often can result in dramatic bottom-line improvements.

Such a system also allows patient access staff members to know when and how to accept various patient payment options, such as cash, credit/debit cards, and e-checks, to make patient-pay collections more efficient. Again, health care providers need to start acting like other providers of consumer goods and services, and providing

convenient options to pay for those services is key. In addition, a successful system will allow for patient-negotiated payment plans, will automatically screen patients for their eligibility for medical assistance programs, and will consistently document and apply discounting and charity care policies, where appropriate.

With this type of automated solution, patient access staff members are empowered with actionable information; they are able to confidently interact with the patient about financial responsibilities—ranging from asking the patient, “Cash or credit card?” to telling patients, “You qualify for a discount,” or, “I can help you set up a payment plan.”—just as occurs in a retail environment.

Patient Access Role in a Retail Environment

Many patients find the billing process that takes place in the health care arena to be the number one area of dissatisfaction with health care services. With an effective point-of-service collection system in place, however, providers can ensure patients receive visibility into their health care costs, their specific financial responsibility, and their payment options.

At scheduling, preregistration, and/or registration, patient access employees need to provide patients with clear, easy-to-understand information about what they will owe.

Importantly, the ability to provide patients with such visibility on the front end is a breath of fresh air for patients. Indeed, an ability to effectively communicate an accurate estimate of the patient's financial responsibility—prior to or at the time of service—can result in dramatically improved patient relations, which is even more critical today as patients seek tools to “shop around” for health care. (In fact, the reality that patients now can go online to compare prices and quality ratings for some health care goods and services further punctuates the industry's move to retail.)

There are many steps providers can take on the front end to adjust to the retail model and help patients with their health care costs at the same time. Just a few include:

1. Begin a dialogue with patients about their patient-pay financial responsibilities at the outset, during patient access processes. At scheduling, preregistration, and/or registration, patient access employees need to provide patients with

clear, easy-to-understand information about what they will owe, what their insurance will cover, whether discounts are available, payment plan options, medical assistance eligibility, price transparency, and the like.

2. Give patient access staff members the technology to accept a variety of payment forms on the front end, including credit/debit cards, e-checks, and cash.
3. Combine financial counseling with registration/up-front collections. The integration of patient access with financial counseling is important so that patient-pay balances are identified prior to or at the time of service, which allows for patients to know what their payment obligations are and allows for patient access employees to work with patients to make payment arrangements for patient-pay balances prior to or at the time of service. Simply, integrating financial counseling with patient access processes also allows providers to know what the organization is going to be paid and when.
4. Provide patient access areas with the needed tools that enable front-end staff members to increase efficiency, automate work processes, and improve customer service. Providing employees with the tools they need to succeed also leads to greater staff satisfaction and, in turn, an improved work environment.
5. Consider developing a relationship with a patient loan company that can quickly approve and fund patient loans.

In Summary

Often, top executives in hospital management are not even aware of the problems and challenges

patient access staff and the business office face on a daily basis. It is important, however, to gain chief executives' buy-in to support the move to retail applications on the front end, in patient access.

As the health care industry continues to evolve and demands that health care providers begin in earnest to serve patients as the consumers that they are, it is important for patient access leaders to take the case to the top. Identify a "champion" within the facility to educate the chief financial and chief executive officers, as well as other top management executives, about what systems, processes, and technologies are lacking and which are needed to bring patient access into the retail realm.

With their front-line experience, patient access professionals are well poised to provide concrete examples of areas in need of improvement and recommendations for change. In the end, patients and the health care provider organizations will benefit as the journey down Retail Road continues. ■

About the Author

Earl T. Winter is founder, chairman and chief executive officer of nTelagent, Inc. nTelagent has created the "retail application" for the health care industry, called the Self-Pay Management System. For more information, go to www.ntelagent.com.

Notes

1. "The 'Retailish' Future of Payment Collections," Celent Report Press Release, Red Gillen, February 2009.
2. "Overhauling the US healthcare payment system," *The McKinsey Quarterly*, Web Exclusive, June 2007.

Reprinted from *Healthcare Registration*, July 2009, Volume 18, Number 10, pages 1, 8 to 11, with permission from Aspen Publishers, Inc., a Wolters Kluwer business, New York, NY, 1-800-638-8437, www.aspenpublishers.com.