

Hospital Changes to “Retail-Like” Revenue Cycle

Up-front collections, self-pay receivables improve

Like hospitals all over the country, Upson Regional Medical Center in the Atlanta, Georgia area, has been struggling to operate more like a business with a “retail-like” revenue cycle. This has become necessary as patients take on a growing amount of financial responsibility for their care, forcing providers to focus more effort on their front-end processes.

Recent surveys have revealed that self-pay receivables have been increasing and smaller hospitals are seeing the greatest increases. For example, findings from a 2009 Healthcare Financial Management Association (HFMA) study indicate that “receivables are now growing faster than patient revenue at nearly a third of hospitals and another third of hospitals have seen self-pay grow by 10% or more. With such a significant increase, many financial leaders are . . . working toward optimizing point-of-service collections. . . .”

The 115-bed Upson Regional has experienced an increase in the number of uninsured patients,

who currently make up one third of the facility’s patient population. It has also seen an increase in the number of insured patients with higher out-of-pocket costs (copays, deductibles, etc.). And, because Upson did not have effective tools and processes in place, the registration staff was having a difficult time handling up-front processes, such as verifying insurance and discussing benefits, determining ability to pay and amounts due, classifying and documenting charity care, collecting payments, consistently offering discounts, and more. The result: the bottom line was suffering and the CFO and director of patient financial services was on a mission to improve it.

Revamping Point-of-Service Processes

In late 2008, Upson Regional’s director of patient financial services, Diane Oglesbee, along with other management team members, attended a HomeTown Health meeting to learn about available solutions for improving upfront processes. HomeTown Health is an organization of more than 50 rural and small hospitals, located throughout the state of Georgia,

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that collectively pursue ways to help Georgia hospitals survive in this environment of tremendous budget cuts at the state and federal level.

At that meeting, Oglesbee and Upson Regional CFO John Williams and others learned about an intriguing point-of-service collection solution. Oglesbee saw a demonstration of nTelagent’s Retail Application for Healthcare program, and believed that it could give her staff the technology they needed to improve up-front collections and other tasks they were being asked to perform every day, all the while ensuring that truly needy patients received the financial assistance they required through government or social services programs. They hoped that the program could be their answer.

It isn’t as though Upson Regional had been ignoring point-of-service collections up to that point; they just were not very effective, according to Oglesbee. “We did do up-front collections, but that mainly meant making phone calls to insurance companies while patients were registering. We didn’t have the processes in place that we needed,” she said.

Oglesbee notes that the ease of working with nTelagent’s Retail Application is what really caught her and William’s attention—that the company would help Upson Regional accomplish exactly what they wanted to do on the front end with “a simple, surprisingly easy system that was not difficult to learn or maneuver.”

Operating Like Retail

Over the years—and especially in the recent past—industry experts have advised hospitals and other health care providers to treat their operations more like a business. Along those lines and similar to applications used in the retail industry at the point of sale, nTelagent’s system provides health care registrars and financial counselors with real-time scripts, telling them exactly what to do and what to say to each patient at the point of service regarding financial responsibilities. The Retail Application settles all accounts on the front end—regardless of whether

the patient is insured, uninsured, or qualifies for charity care or assistance programs.

This system helps providers receive the correct compensation for services so they can continue to provide exceptional community benefits. It also helps ensure that patients receive the financial information and assistance they need. For patients, the Retail Application system makes sure accounts are handled properly and consistently at the point of service, creating a proactive dialogue from the beginning about a patient’s financial responsibilities.

A series of questions are asked on the front end, just like in a retail setting, as shown in Exhibit 1.

Implementing the Retail Application

Soon after Upson Regional partnered with nTelagent, the nTelagent implementation specialists worked with the hospital’s business office to review policies that were in place regarding payments, and to tailor the system to meet Upson’s unique needs.

As one might expect, there was some initial resistance from staff when the new system was being implemented. Oglesbee relates that any time there is a change in procedure—“especially within a hospital”—there is some concern. However, now the patient access staff realizes that nTelagent’s application is a tool the hospital is giving them to help them do a better job, and that it ultimately makes their jobs easier and less frustrating. These days, they “fly right through” the Retail Application, says Oglesbee, having learned to use the system extremely effectively and efficiently.

After the system was up and running on the facility’s computers (the system is Web-based, so there’s no need to purchase additional equipment), Upson Regional’s team of nearly 20 patient access staff members was trained to use it in a matter of three weeks. The patient access staff at Upson Regional is pleased to now have the tools and technology they need to better manage patient accounts—whether insured, uninsured, or charity.

Exhibit 1. Up-Front Questions	
For the Health Care Provider:	For the Patient:
How much will I be paid?	How much will it cost?
Who is going to pay me?	What is my financial responsibility?
How am I going to get paid?	What are my payment options?

Upson Regional used only nTelagent's core products at first: the address verification tool, capacity-to-pay module, and discounting feature. In December 2009, however, Oglesbee decided to add the insurance verification module. Currently, Upson is using an Interface Engine that connects all systems in the hospital and the Healthcare Cash Register for online payment processing. They also purchased enough credit card "swiper" machines to have one at every point-of-service station in the facility.

The Retail Application system is being used throughout the hospital, including the emergency department (ED), the physical therapy division, and the wound care center. All registration personnel, regardless of department, attend regular meetings for training, tips, and best practices. Registration staff are now expected to do one or more of the following: collect payments up front, establish payment arrangements, or begin the financial assistance processes.

The Results

Oglesbee is happy that she now has a tool her patient access specialists can use to "receive instructions about how to handle the various situations that occur at point of registration in order to maximize cash collections. nTelagent has allowed us to show improvement in cash collections up front based on each patient's true capacity to pay."

The real proof of success is that, after implementing the Retail Application system, Upson Regional's collections at the time of service increased significantly. Over the first quarter of 2009, Upson collected close to \$189,000 at the time of service. After Retail Application was in place, there was a 79 percent increase in collections at the point of service—up to nearly \$340,000 in the first quarter of 2010. And, the days in accounts receivable are improving, as well.

Training and managing staff were critical elements to Upson Regional's success, which was made easier because the program is so user friendly, according to Oglesbee. After implementation, she named one of her registration staff the "In-house nTelagent Guru." This employee now conducts ongoing in-house training on the system. The goal is that all current registrars eventually will become financial counselors, in recognition of the new skills and knowledge they've learned via the nTelagent system as well as other recently implemented processes.

Setting Goals

Oglesbee shares totals and results (cash collected, payment plan amounts, collections by registrar, etc.) with Upson Regional's management team, the business office, and the registrars—everyone who's involved. She notes that the registrars are very interested in learning how their numbers stack up to their colleagues,' and in hearing about ways to do an even better job.

In the ED, Oglesbee shows the number of collections versus the actual amounts because the ED is "a different world" where up-front collections are much more difficult and many times not possible.

Recognition of a job well-done is extremely important according to Oglesbee. She and her staff had set an ambitious goal in late 2009: to collect \$100,000 in one month in up-front collections. At the end of March 2010, the patient access staff had met this goal—and was rightly rewarded with a celebration on Cinco de Mayo.

Categorizing Accounts

Properly identifying patients who qualify for charity care is a big help to hospitals in the current economic climate and Upson Regional is certainly no different. CFO Williams notes, "Of course, all hospitals would rather have an account be classified as charity care than bad debt. nTelagent helps us accurately categorize and report the charity care we provide, so both our facility and the patients we serve benefit." The Retail Application program gives staff the ability to automatically screen patients for charity care or assistance programs and to print out application forms for patients to begin the enrollment process as quickly as possible.

Red Flags Rule Compliance

In addition, the system serves as Upson Regional's sole tool for Red Flags Rule compliance. The program makes Red Flags compliance easy by:

- Helping providers lessen the risk of identity theft from the outset—unlike some systems, nTelagent does not collect or house vulnerable data elements such as credit reports/scores, Social Security numbers, or dates of birth to verify patient identity or to determine patient capacity to pay;
- Allowing patient access staff to immediately verify and validate patient identity at the point of service, reducing the risk of fraudulent activity;

- Automatically alerting the registrar or financial counselor to any Red Flags regarding patient identity or fraudulent activity; and
- Providing online reports of patients who have fallen into the Red Flags category.

Happier Staff, More Informed Patients

Oglesbee notes that the staff's favorite part of nTelagent's Retail Application is the insurance verification module, making those "paper nightmares" things of the past. The staff members now have tangible documentation—"something they can print out, hold in their hands, share with patients"—about benefits, deductibles, copays and more. In general, she says they really appreciate having a "roadmap" to follow, a tool that allows them to easily and immediately share important information with patients regarding financial responsibilities.

Patients at Upson Regional appreciate knowing that all accounts are being managed consistently and accurately—that no one patient is getting a "better" or "worse" deal on discounts or amounts due. The patients like how the registrars now can immediately show them what savings they qualify for (using the discounting feature), based on Upson Regional's policies and a patient's unique situation.

Patients' Reaction

How patients react to what Upson Regional is doing at the front end is of critical importance, too.

Registration staff report that patients want to know what they owe at the front end, so there are no big surprises after care is delivered. With the new system, patients can work with hospital staff to spread their payments out over a few months or more—and even negotiate with the staff member for terms.

Ultimately, it comes down to good customer service. "We at Upson Regional are big on providing excellent customer service to our patients. We know that good customer service retains current patients, attracts new ones, and generally makes what can be an unpleasant hospital visit a better one," Oglesbee explains.

Oglesbee's advice to other facilities looking to improve their point-of-service processes: "The hospital's management team, business office, and patient access staff must join forces and work together. Everyone involved must be educated on the importance of point of service and how to effectively address the challenges the front end presents. You'll see amazing results—well worth the effort." ■

Editor's Note:

The foregoing report was adapted from an nTelagent, Inc. Case Study, published June 2010. For more information about nTelagent, Inc.'s Retail Application for Healthcare, see www.ntelagent.com.

Three-Day Payment Window ...

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On June 25, President Obama signed into law the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Act). Among other provisions, the new law is supposed to help clarify Medicare's policy to be consistent with how hospitals have largely been billing the program as far back as 1991, according to a press release from CMS.

The statutory change adopts a new definition for "other services related to the admission" that must also be billed as part of the inpatient stay. Under the new definition, effective for services provided on or after June 25, hospitals should bill as part of the inpatient stay "all services that are not diagnostic

services (other than ambulance and maintenance renal dialysis services) for which payment may be made by" Medicare that are provided by a hospital to a patient:

1. On the date of the patient's inpatient admission; or
2. During the three days (or in the case of a hospital that is not a subsection (d) hospital, during the one day) immediately preceding the date of admission unless "the hospital demonstrates (in a form and manner, and at a time, specified by the Secretary) that such services are not related to such admission."

The statute makes no changes to the billing of diagnostic services.