



Boost Self-Pay Collections with Data Analytics

STRATEGIES FOR SELF-PAY SEGMENTATION

March 25, 2014



Presenter: John Hansel, MedeAnalytics



As Vice President of Healthcare Provider Solutions, John Hansel is responsible for the development and marketing of new analytics and business intelligence solutions for hospitals and health systems.

Over the past eight years, he has worked with hundreds of leading healthcare organizations to turn disparate healthcare data into meaningful insights.

Agenda

- 1 Industry Perspective: Self-Pay Populations in a New Era
- 2 Challenges: Identifying Coverage and Focusing Collections Efforts
- 3 Solutions: Determine Eligibility, Predict Propensity to Pay, Ensure Patient Satisfaction
- 4 Success Stories
- 5 Key Takeaways
- 6 Q&A



“Implementing a self-pay revenue cycle strategy is probably one of the biggest challenges facing hospital financial executives... Yet, many senior hospital executives are trying to meet this challenge with obsolete tools and the wrong mindset.”

~ Hal Stern, *Healthcare Finance News*, April 2013

Self-Pay Populations in a New Era of Healthcare

The Affordable Care Act adds a layer of complexity to self-pay populations

- More patients are eligible for coverage
- Rising self-pay receivables stem from high deductibles, co-pays, and cost-shares

Healthcare Transformation Requires New Mindset

Self-pay accounts result more from underinsured than uninsured

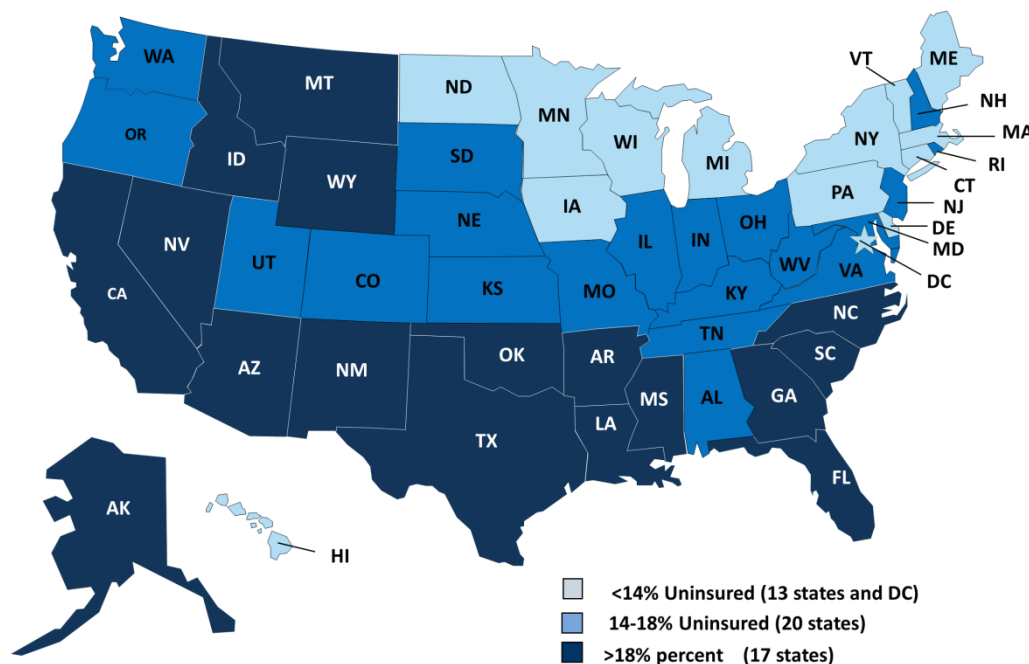
Calls to action:

1. Segment self-pay accounts by risk
2. Implement financial counseling workflow to identify patients eligible for Medicaid and coverage in the health insurance marketplace
3. Eliminate costly, inefficient self-pay collection strategies
4. Ensure self-pay patient satisfaction

Then: Self-Pay Patients Were Largely Uninsured

- Over 47 million non-elderly individuals were uninsured in 2012
- More than 4 million more than when the recession began in 2007

Uninsured Rates Among the Non-Elderly, 2012



Source: Kaiser Family Foundation

Now: Out-of-Pocket Spending Boosts Self-Pay Receivables



\$4,701

Healthcare costs
per insured
(younger than 65)



16.3%

Percentage of
out-of-pocket
medical
expenses



\$768

Out-of-pocket
costs per person
per year



\$1,265

Out-of-pocket
costs for
adults age
55-64



4.8%

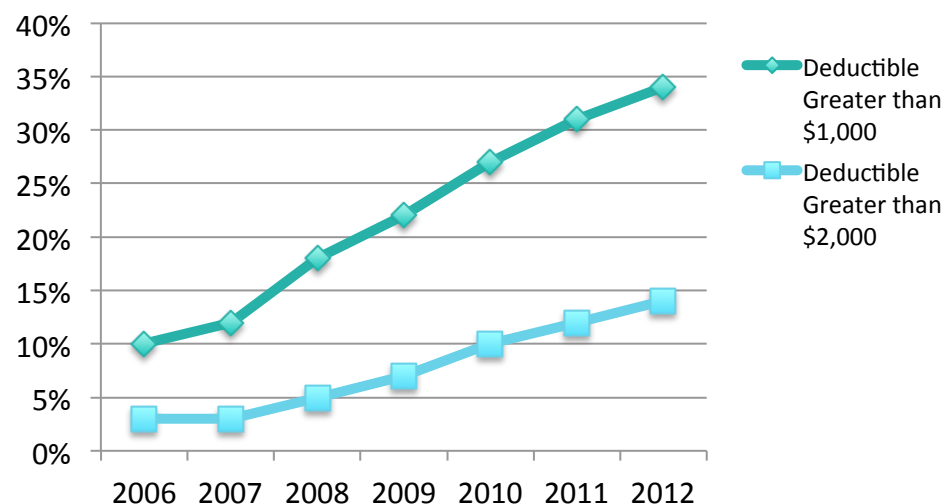
Growth in per
capita out-of-
pocket spending

Source: 2012 Health Care Cost and Utilization Report,
Health Care Cost Institute, September 2013

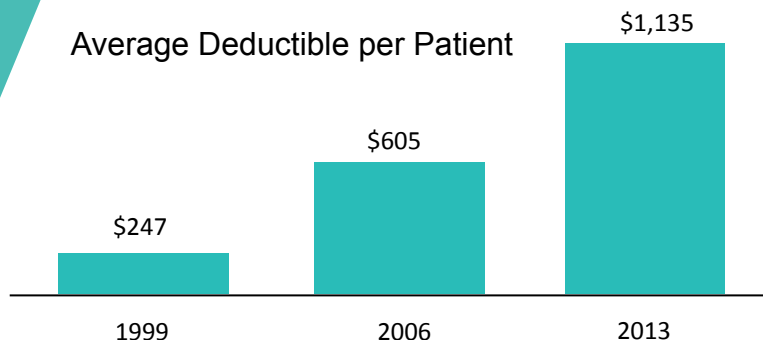
Rising Deductibles in Employer Plans

- In 2012, 34% of covered workers had a deductible of \$1,000 or more (vs. 10% in 2006)
- 14% had a deductible of \$2,000 or more in 2012 (vs. 3% in 2006)
- The average deductible in 1999 was \$247 per person and by 2013 it had grown to \$1,135

Annual Deductible for Single Coverage (2006-2012)



Average Deductible per Patient

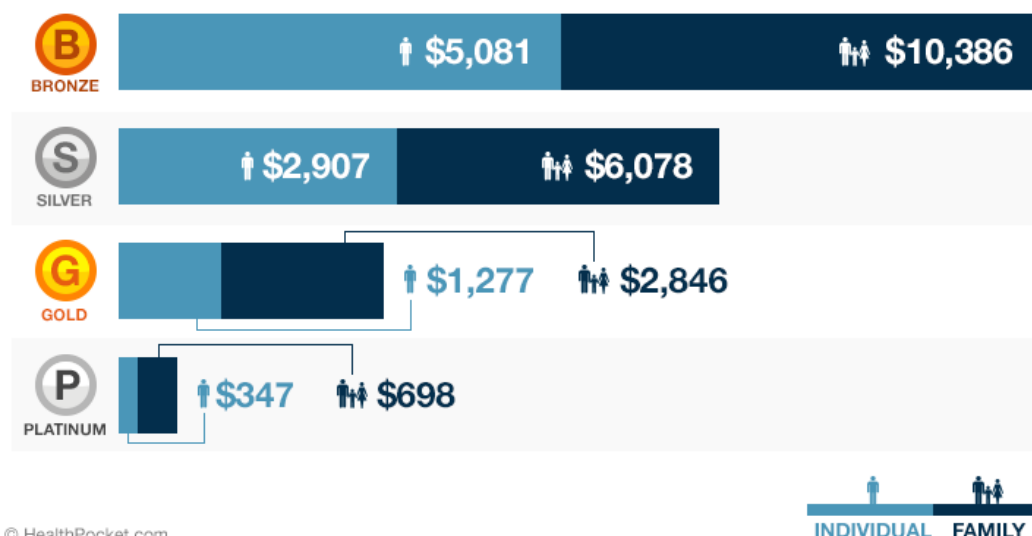


Source: Kaiser Family Foundation

Affordable Care Act: High Out-of-Pocket Costs

- Entry-level bronze plan deductible is 42% higher than the 2013 average (\$5,081 vs. \$3,589) for individually purchased health insurance
- Average coinsurance rate for the bronze plan is 33% (vs. 20% national average)

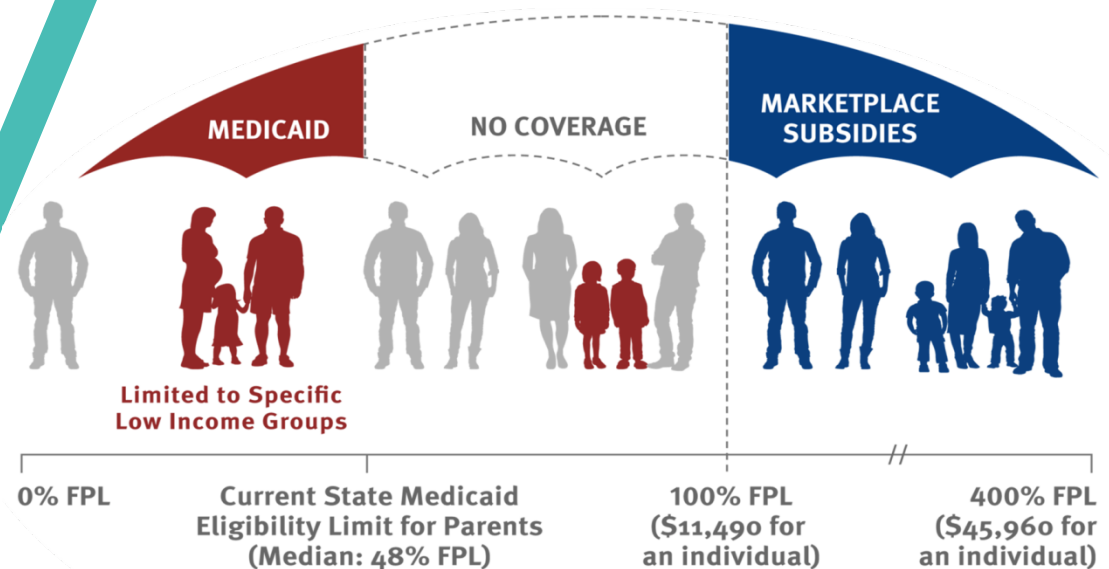
Average Deductible Amount for Each of the Four Metal Plans



Source: HealthPocket, December 12, 2013

Affordable Care Act: Gaps in Coverage

- ACA provides for the expansion of Medicaid to adults with incomes up to 138% of the federal poverty level (FPL)
- 25 states expected not to expand Medicaid
- Low-income (100-400% of FPL) eligible for subsidies in the health insurance marketplace



Source: Kaiser Family Foundation

POLL

Are you beginning to see these changes in your healthcare organization?

- Yes
 - Somewhat
 - No
-

Self-Pay Collections Challenges

- Increase self-pay collection rates
- Reduce the cost to collect
- Improve productivity and efficiency for in-house collections personnel
- Increase point-of-service cash collections
- Reduce bad debt
- Identify charity care to maintain non-profit status
- Ensure patient satisfaction

Challenge: Determine Insurance Eligibility

What are the patient's coverage options?

- Medicaid
- Health insurance marketplace coverage
- Charity care (screening and application)

Challenge: Identify Propensity to Pay

Which patients are most likely to pay their hospital bills?

- Risk segmentation
- Collections priority
- Early-out collections agency

Challenge: Ensure Patient Satisfaction

How can you ensure a positive experience for self-pay patients?

- Streamline financial counseling and reduce paperwork
- Identify coverage options and charity care
- Offer peace of mind regarding the patient's financial responsibility



“Technology innovation, like predictive analytics, can help hospitals leverage their own data... Predictive analytic models can accurately estimate a patient’s propensity to pay with accuracies of 90% or higher.”

~ Becker’s Hospital Review

Best Practices for Self-Pay Revenue Management

Primary objectives: accelerate cash collections, identify charity care, and reduce bad debt

1. Determine coverage eligibility in financial counseling
2. Identify patients' propensity to pay: the science of self-pay
3. Ensure a patient-friendly experience

Best Practice: Determine Coverage Eligibility

What are the patient's coverage options?

- Identify coverage opportunities in the patient registration process
- Determine eligibility
- Counsel patients on their coverage options
- Streamline the financial counseling workflow
- Automatically generate applications populated with patient data
 - Medicaid
 - ACA coverage
 - Charity care

Streamline Financial Counseling Workflow

- Automate the financial counseling process
- Identify coverage opportunities
- Predict which patients qualify for charity care
- Initiate charity applications sooner
- Anticipate and avoid needless bad debt write-offs
- Improve patient satisfaction



Financial Counseling Workflow: Income

[Applicant](#)[Household](#)[Income](#)[Assets](#)[Eligibility](#)[Charity Determination](#)

STEP 3: INCOME

Total Annual Income: \$54,400.00

Household Member	Type of Income	Amount	Period	
Faraday, Daniel	Salary/Wages	\$2,000.00	Bi-weekly	Edit ✕
Faraday, Sarah	Unemployment Compensation	\$200.00	Monthly	Edit ✕

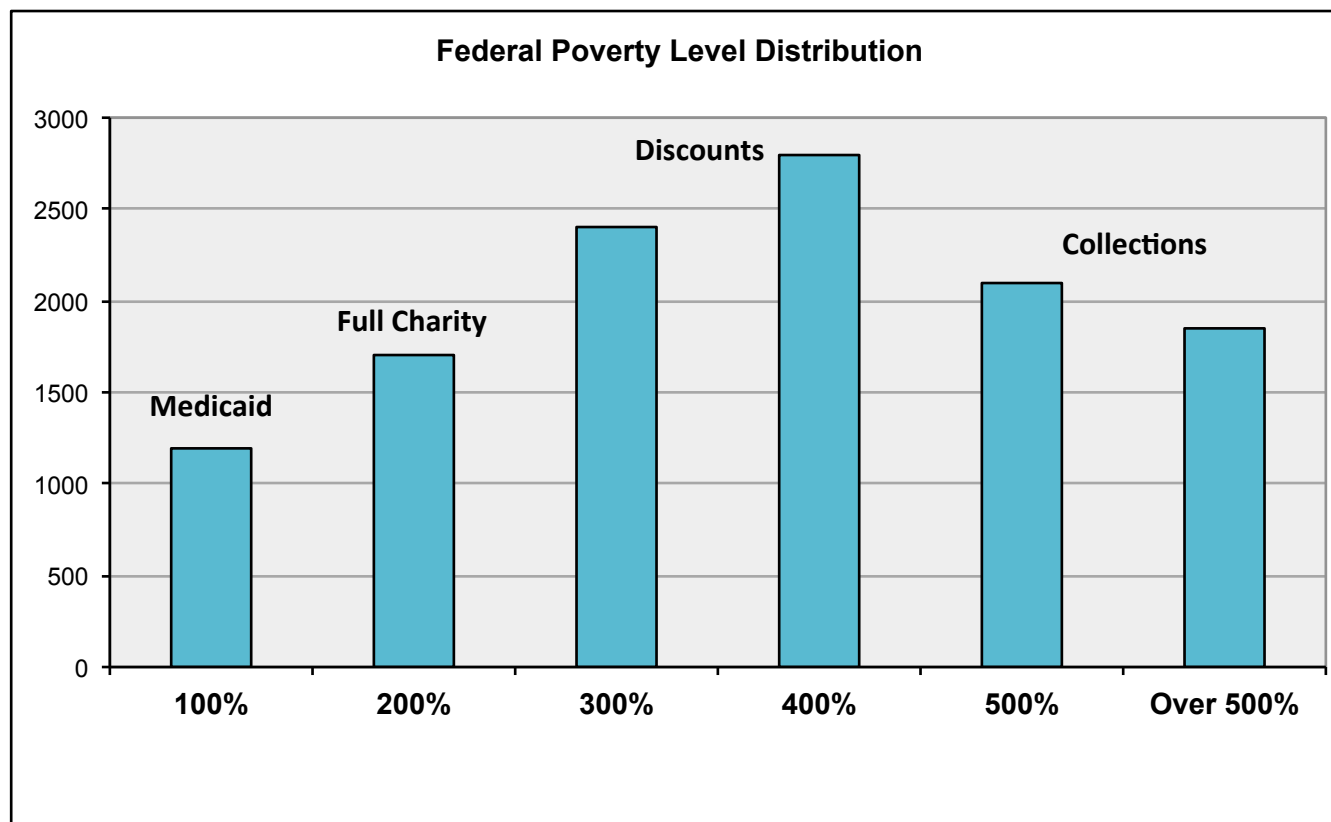
Household Member *Income Type *Other Type

Net Amount *

Period *



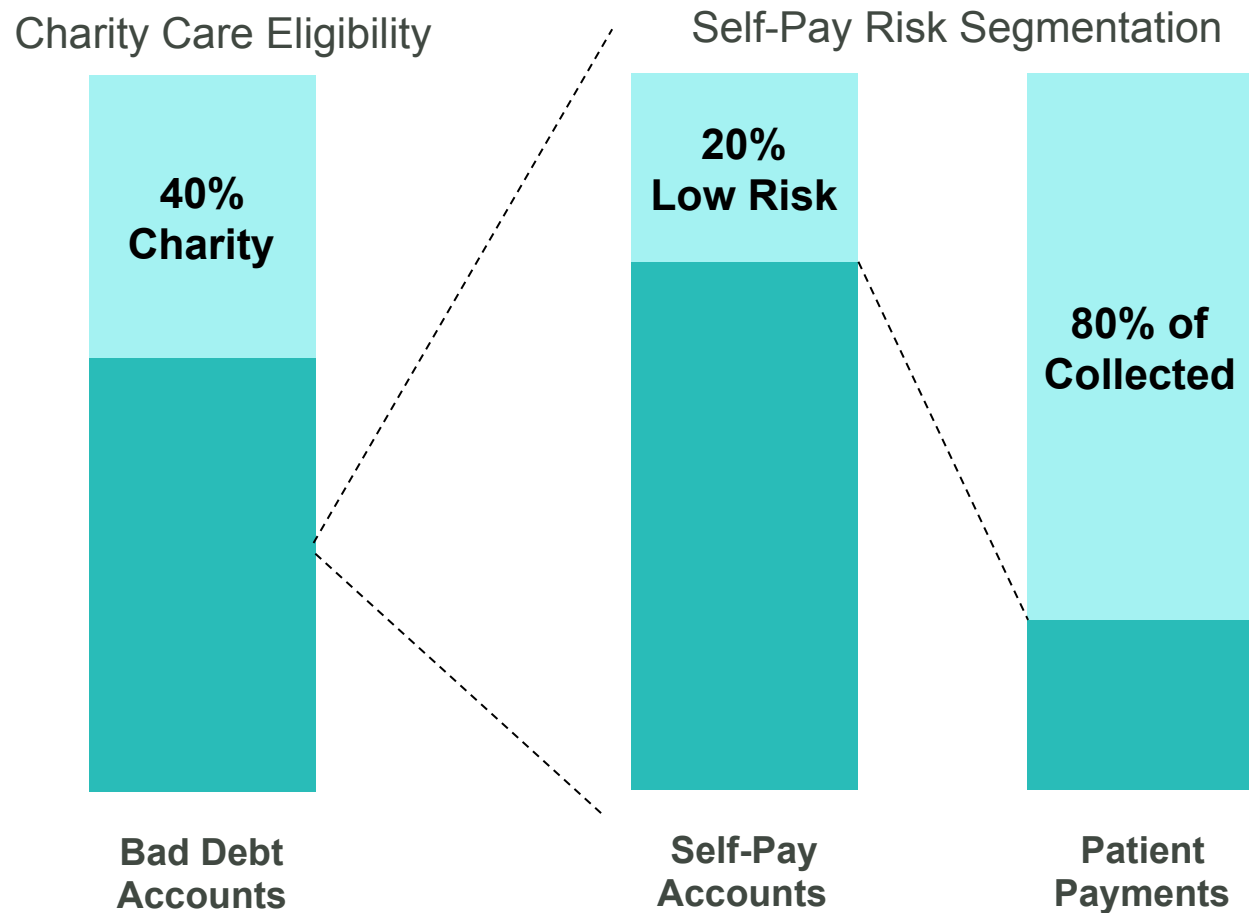
Automated Eligibility Calculator



Special Circumstances

- Pregnant
- Disabled
- Children
- Crime Victim
- County Resident
- Employment
- High Expenses

Not All Self-Pay Accounts Are Created Equal



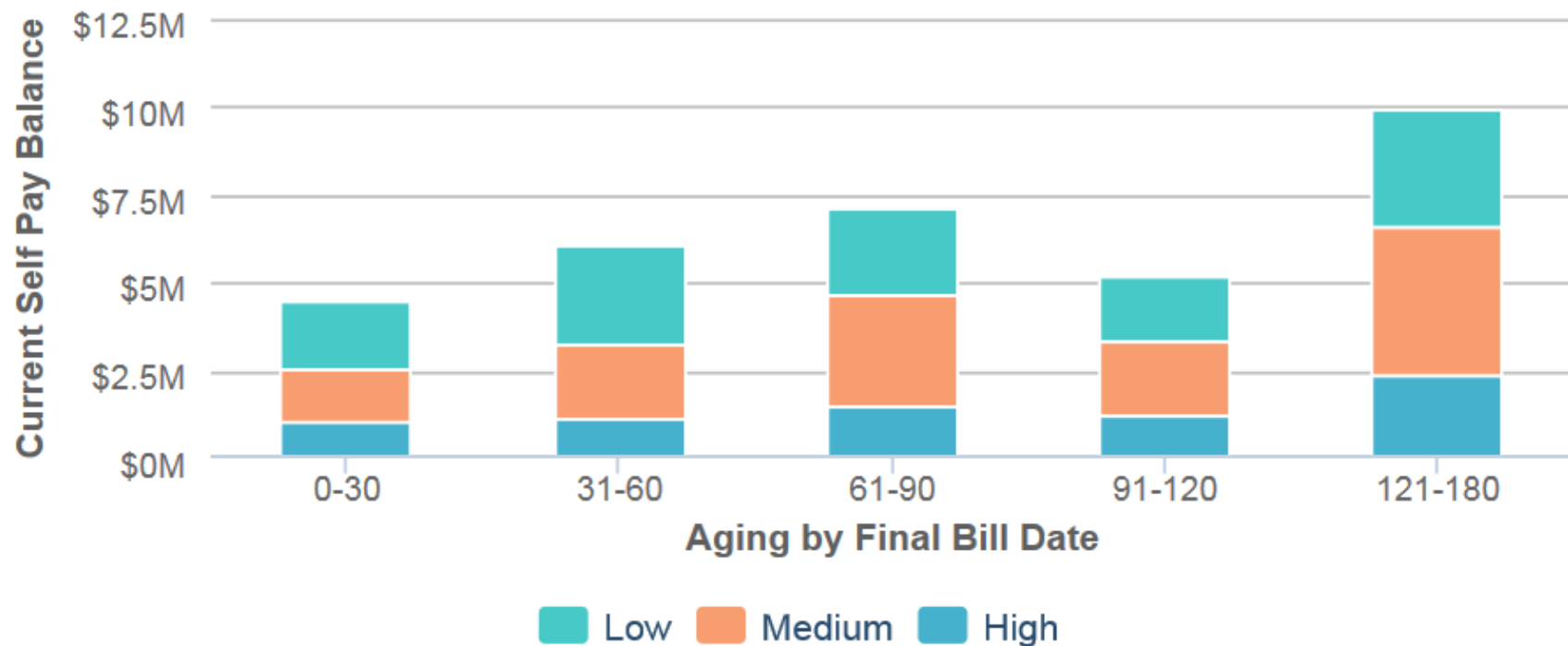
Best Practice: Identify Propensity to Pay

Which patients are most likely to pay their hospital bills?

- Prioritize collections efforts: improve efficiency and the likelihood of payment
- Use sophisticated tools: science of the self-pay revenue cycle
- Reduce the cost to collect
- Identify “frequent flyers” and their financial status
- Determine propensity to pay according to:
 - Healthcare credit score
 - Patient payment history
 - Federal poverty level
 - Zip code and demographics
 - Marital and employment status

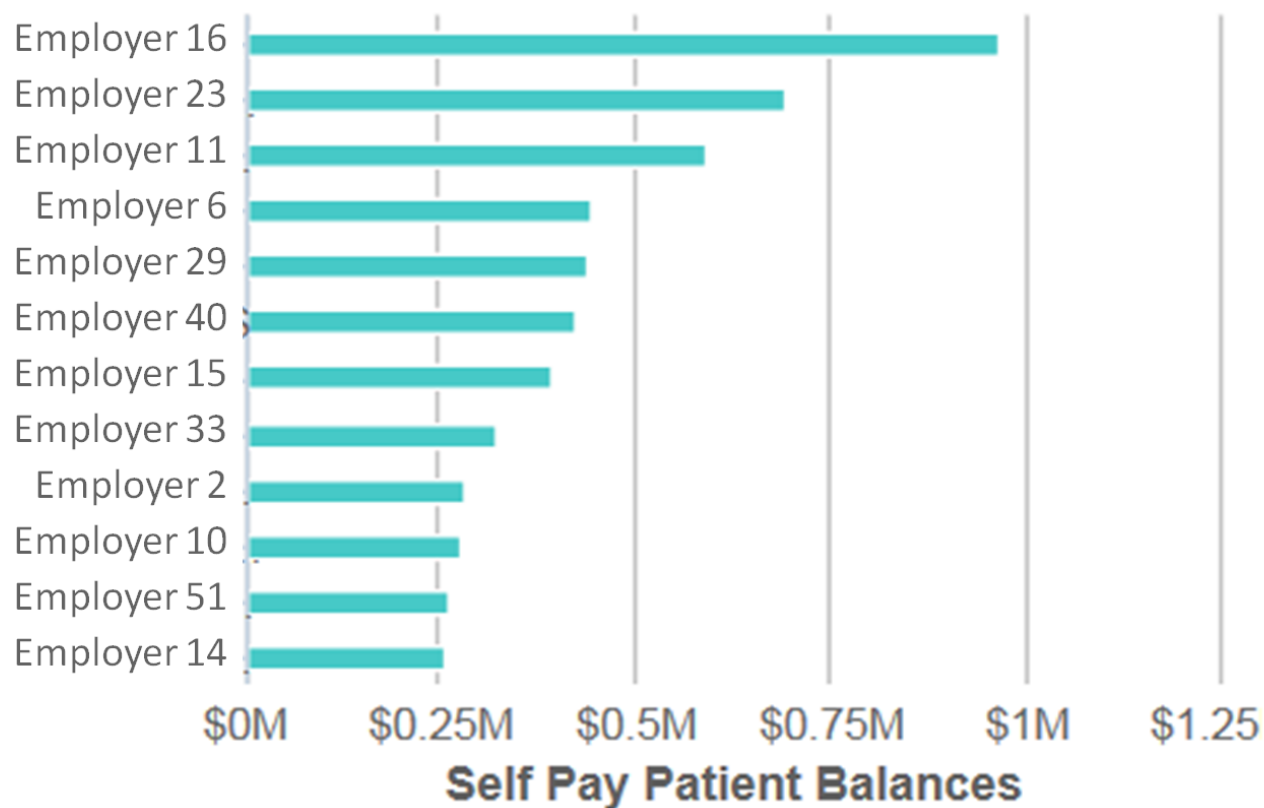
Stratify Patient Accounts by Payment Risk

Self-Pay A/R by Risk Category ▾



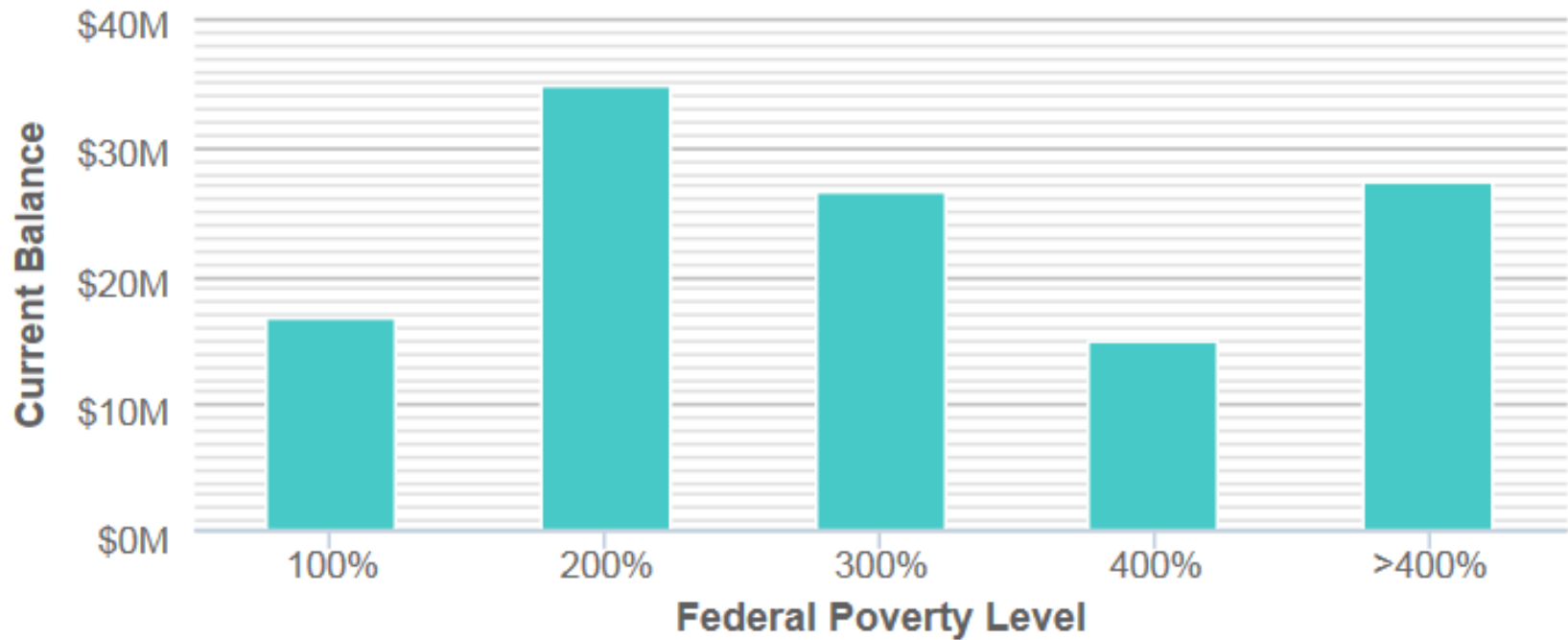
Evaluate Self-Pay Accounts by Employer

Self-Pay Balances by Employer ▼



View Self-Pay Accounts by Federal Poverty Level

Self-Pay A/R by FPL% ▾



Putting It All Together: Predictive Modeling

Low Probability of Payment

4 previous visits / 0 payments

Emergency room visit

Unemployed

Uninsured

120% of FPL

\$0 paid at registration

Single (HH=1)

High Probability of Payment

3 previous visits / 2 payments

Scheduled inpatient procedure

Employed

Blue Cross Deductible

450% of FPL

\$100 payment already received

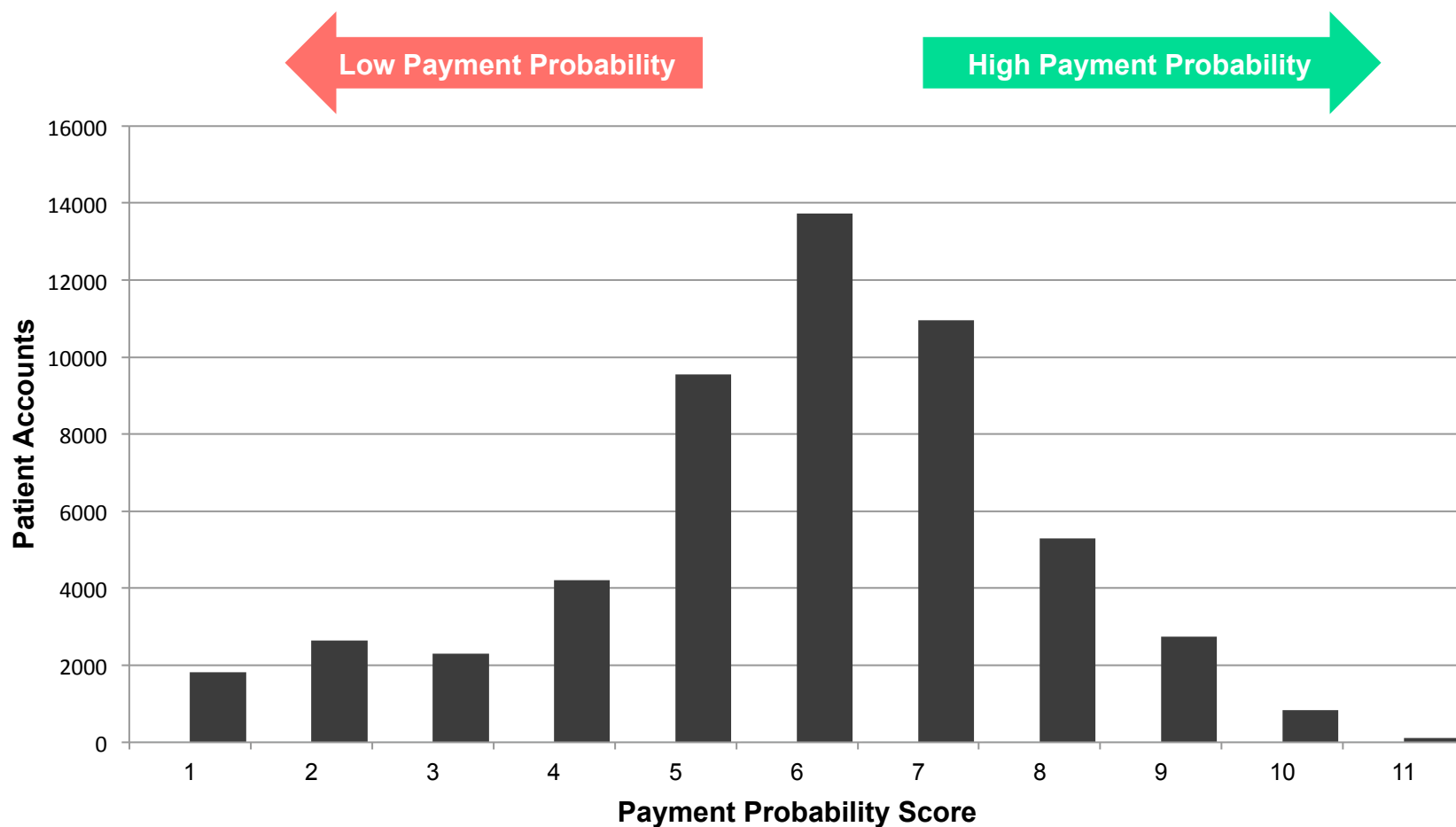
Married with 2 children (HH=4)

2.5

8.7

1 2 3 4 5 6 7 8 9 10

Risk Score Predicts Payment Probability



Best Practice: Ensure a Patient-Friendly Experience

How can you ensure a positive experience for self-pay patients?

- Automate charity care screening
- Aggregate previous/outstanding balances
- Generate credible out-of-pocket estimates prior to service
- Provide simple online payment options
- Offer payment plans and financing options

Generate Out-of-Pocket Estimates

ESTIMATE WORKSHEET	
Patient Name: Irene Adler Service Date: 3/25/2014 Account #: 100001773470 Policy Number: Group Number: Insurance Company: United Health	
Codes this estimate are based upon Facility Codes (MS-DRG): 470 : MAJOR JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W/O MCC ICD9 / CPT® Codes: 81.54 (Proc) : TOTAL KNEE REPLACEMENT 99.04 (Proc) : TRANSFUSION OF PACKED CELLS	
Deductible: \$350.00 / \$1,050.00 Deductible Met: \$350.00 / \$367.38 Out of Pocket Max: \$1,000.00 / \$2,000.00 Out of Pocket Met: \$63.62 / \$63.62 Co-Pay: \$0.00 Co-Insurance: 10%	
Co-Pay: \$0.00 Deductible: \$0.00 Co-Insurance: \$936.38 Total: \$936.38	Total Estimated Charges \$44,032.04 Total Estimated Patient Amount \$936.38 Amount Collected \$0.00

Aggregate Patient Balances

Collect Payment

Close X

Please review the patient liability estimate and collect patient payment.

Patient Estimate

Estimate Amount: \$ 936.38

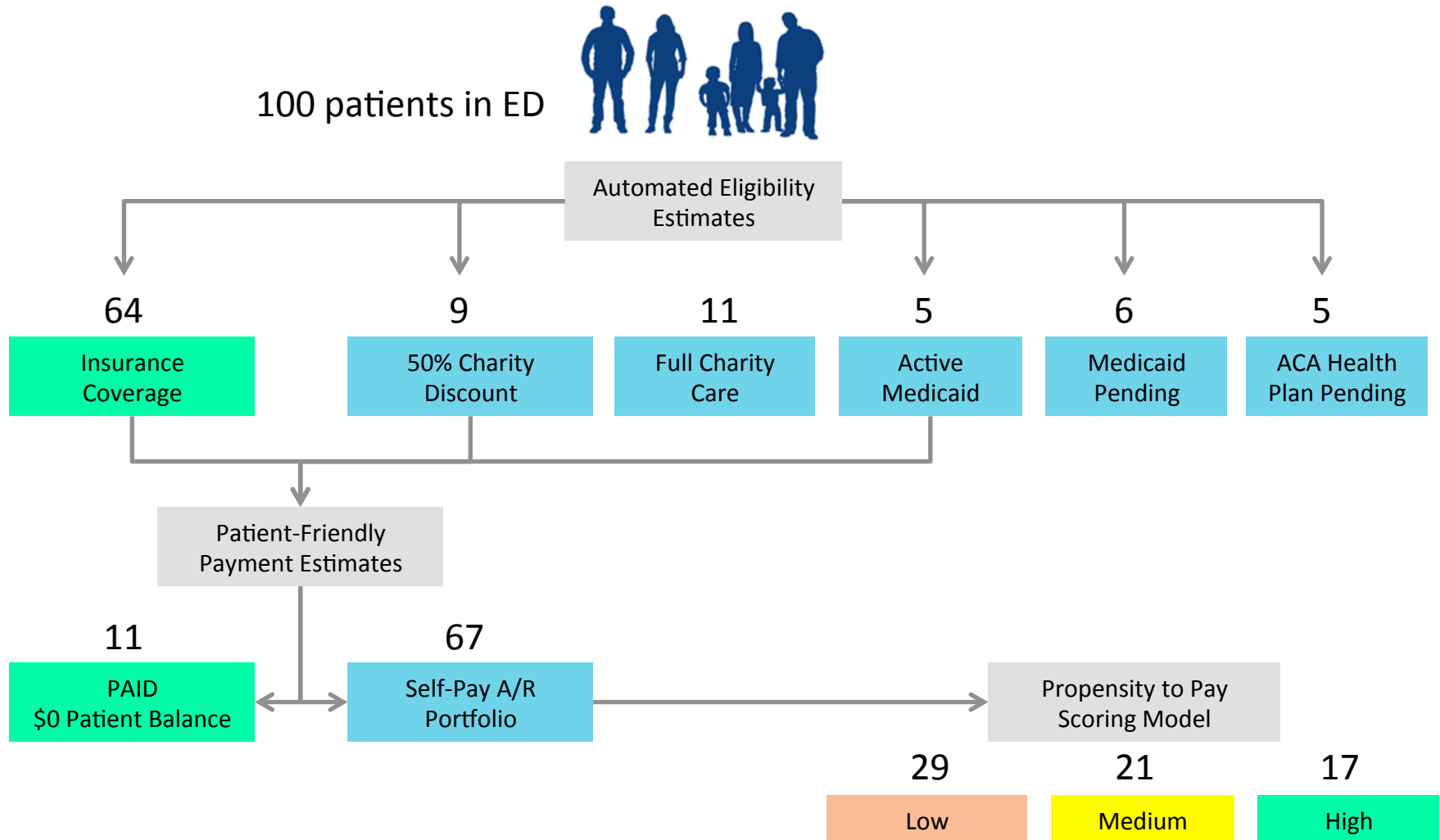
Collected: \$ 0.00

Payment: \$ 0.00

Account(s) with Outstanding Patient Balances

Date	Account Number	Visit Description	Patient Balance (\$)	Payment on Patient Balance
11/03/2000	100000464744	Unknown - FNR	256.00	\$ 0.00
11/03/2010	100000214273	Unknown - FPN	11.87	\$ 0.00
10/07/2010	100000503235	Unknown - FNR	205.66	\$ 0.00
06/03/2006	100000713494	Unknown - FNR	101.84	\$ 0.00
12/12/2001	100000283641	Unknown - FNR	175.09	\$ 0.00
Total (\$):			750.46	0.00

Differentiate Self-Pay Patients



SUCCESS STORY

Wheaton Franciscan Healthcare

CLIENT

- Catholic, not-for-profit healthcare provider
- Serves residents of Wisconsin, Iowa, and Illinois
- Includes 18 hospital campuses and several outpatient, long-term care and home health organizations



NEED

Identify patient coverage eligibility and streamline financial counseling workflow

SUCCESS STORY

Wheaton Franciscan Healthcare

Financial Counseling Workflow streamlines financial counseling and enables counselors to determine insurance coverage and charity care eligibility at the point of care.

- Medicaid eligibility questionnaire
- Health insurance marketplace online enrollment
- Charity care eligibility
- Status monitoring: pending, approved, denied

“With real-time reporting, we can analyze accounts receivable in ways we never could before.”

~ Michelle Jones, Director of Patient Financial Services

SUCCESS STORY

University of Maryland Medical System

CLIENT

- Private, nonprofit multi-hospital healthcare system
- Serves residents of Maryland
- Includes 9 hospitals and medical centers



UNIVERSITY of MARYLAND
MEDICAL CENTER

NEED

Focus collections efforts on patients most likely to pay
and determine charity care eligibility

SUCCESS STORY

University of Maryland Medical System

Self-Pay Analytics prioritizes accounts for collections and identifies accounts eligible for charity care before they fall into bad debt.

- Payment predictor scores determine collections priority
- Accounts are approved for charity presumptively
- Charity application process is facilitated by financial counselor
- Predictive scoring determines charity eligibility

Key Takeaways

- Affordable Care Act is transforming self-pay populations
- Self-pay receivables stem more from high out-of-pocket costs than uninsured
- Taking an active role in insurance eligibility improves coverage
- Determining risk and propensity to pay improves:
 - Likelihood of payment
 - Cost to collect
 - Efficiency and productivity in collections
 - Point-of-service collections
 - Charity care identification
 - Patient satisfaction

Q&A

About MedeAnalytics

- MedeAnalytics provides evidence-based insights to solve a real problem that plagues healthcare – how to use the immense amount of patient data collected along the care continuum to deliver cost-effective care and promote a healthier population.
- MedeAnalytics' cloud-based tools have been used to analyze more than 21 billion patient encounters in the United States and United Kingdom, providing better care to more than 30 million patients and better business for 900 healthcare organizations.
- For more information, visit www.medeanalytics.com.
- Contact John Hansel at John.Hansel@medeanalytics.com.



MedeAnalytics®

Thank you.