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Moving the Collections Process Up Front

One hospital system's initiative for early conversations about payment minimizes the chance of 'sticker shock' later

by John DeGaspari

If there is one constant in the ever-changing world of U.S. healthcare, it's that there is a huge squeeze on profit margins—a fact that affects even not-for-profit hospital systems, which need operating funds to continue their mission of providing care. That's the observation of Lori Szymonowicz, senior director of patient financial services at Thomas Jefferson University Hospitals (TJUH), a Philadelphia-based academic medical center with 1,020 beds in four primary sites.

She notes that her organization recognized that it was not deploying point-of-service collections in many of its departments, including the ED. She says that initiating the collections process early benefits both the hospital and the patient. "We have an obligation to educate our patients and work with them pre-service, so we can address financial matters separate from their clinical experience and improve their experience overall at Jefferson," she says.

The initiative at TJUH reconfigured the collections process so that the patient meets with a representative from the finance department before undergoing a scheduled or emergency treatment. (Szymonowicz notes that the collection process for patients admitted into the ED does not interrupt or impede stabilizing the patient, and adheres to EMTALA, or the Emergency Medical Treatment and Labor Act, legislation that ensures the public's access to ED services regardless of the patient's ability to pay.) The hospital's financial representatives who meet with the patients already have information, and the patients are informed about their insurance liability.

The hospital uses an analytics solution (supplied by Austin, Texas-based Experian Health) that provides the finance department with information about the patient's ability to pay. The hospital provides demographic and financial information to Experian, which returns information about the patient's propensity to pay, along with scripting and recommendations, based on that information, for use by the financial representative in conversations with the patient. The purpose of scripting is to build rapport with the patient as well as to educate the patient on the expectation on payment of copays and open balances owed.

Being ahead of the curve in introducing the conversation about payment gives the hospital the opportunity to have financial counselors to interact with the patient and, if necessary, provide the best financial solution for a particular circumstance, Szymonowicz says.

She observes that many patients who are newly insured under the Affordable Care Act (ACA) do not understand their financial responsibilities. In her view, the hospital, as a partner, should help the patient navigate through the payment scenario. That might take the form of referring the patient to a financial counselor or seeing if the patient qualifies for aid under the hospital's charity program. "We want to assist them so they don't have a negative experience at their last touch with our organization," she says.

Szymonowicz says the process has involved training of the collections staff, including role-playing that encourages open-ended discussion with patients. "We have educated and gone through a culture change with that group to enable them to use the technology to engage the appropriate financial conversation with the patient, regardless of the setting," she says.

Results of the initiative so far have been impressive. Point-of-service collections increased by 30 percent for the 2013 fiscal year compared to the previous fiscal year. That resulted in a savings of $1 million during a period when the program was being rolled incrementally, she notes. For the three-month period beginning Jan. 1, 2014, there was a 40-percent increase in collections compared to the previous three months, which equated to $500,000, she says.

Also beginning in January, the hospital system introduced accountability measures that are tied to productivity goals. Reporting is done on a monthly basis, which fosters friendly competition among departments, says Szymonowicz. There is also an incentive for meeting goals that is paid out quarterly.

The end result, she says, has been positive. Patients now are much less likely to be blindsided with a bill they didn't anticipate, which would also be a patient dissatisfier and negatively affect their ability to heal. "If you have a heart attack, you don't want to have another one when you get your bill in the mail," she says.