

Technology and data-driven decisions are driving best practices for patient collections

New research shows commonalities, opportunities for continued improvement



An Experian Health perspective

HFMA surveyed healthcare leaders at the Annual National Institute (ANI) in June 2017 on the use of patient portals and business processes for pre- and post-service patient collections. Conversational interviews also touched on how organizations are using data analytics to support patient financial responsibilities and transactions, such as automating charity applications, estimates of patient care, online bill payment, scheduling and patient statements with personalized data-driven alerts.

Responses among those interviewed — mainly CFOs and other financial executives — indicate that while market forces continue to raise the importance of patient payments in organizations' overall financial strategies, their specific approaches have become more patient-friendly, with most organizations aiming for a balance between financial performance and intelligent, data-driven patient engagement.

Technology is a clear and common thread enabling that balance. Unique features within self-service online portals and data-driven charity and payment plan alerts are improving workflows, reducing administrative burden and facilitating more strategic patient collections.

To better understand how health organizations can improve patient engagement, Experian Health, an industry-leading technology solutions company serving nearly 60 percent of all U.S. hospitals, followed up on this initial feedback with a more robust survey of its own customers in November 2017.

Complementary findings from these two research projects validate best practices and offer unique insight into the successes and shortfalls of the patient financial experience at health organizations.



38% of healthcare leaders reported that 2016 patient collections represented at least **25%** of total revenues.

Source: Experian Health customer data facilitated by third party TechValidate.

Using patient portals to increase engagement

Healthcare organizations are adopting the concept of patient portals. Nine out of 10 financial executives interviewed at HFMA ANI have some type of portal in place, and those who have implemented portals appear satisfied with the value the portals offer their patients and the organization itself.

Patient portals can reduce administrative burden while increasing patients' engagement and access to medical staff.

Still, there is much opportunity to expand and improve upon the use of patient portals as business practices catch up to available technologies and healthcare organizations update their policies to allow for more interoperability between systems.

Organizations seem to be limited in how they are using portals, with 94 percent indicating to HFMA that they only accept patient payments. The most common combination of features includes payments, scheduling appointments, communications, selecting

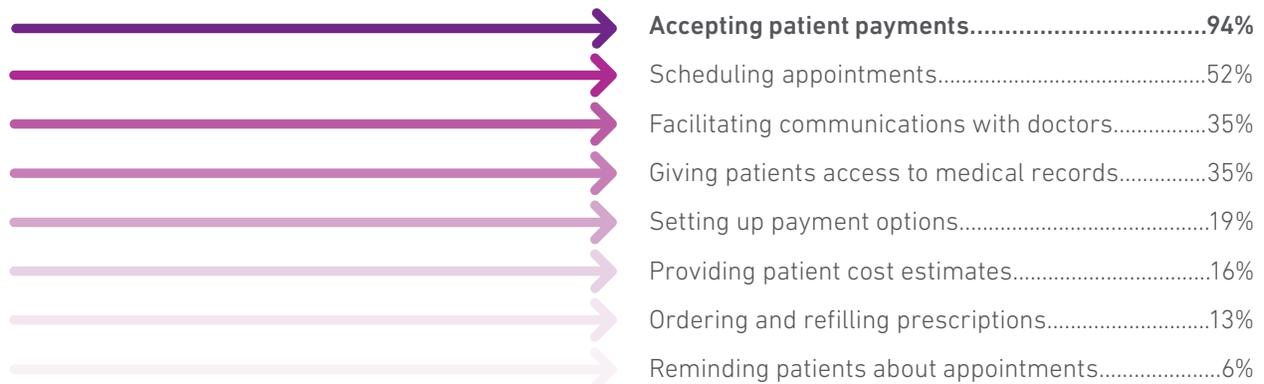
payment plans and patient estimates, and that was fewer than 13 percent of respondents.

Online bill payment ranked as the most important and widely used feature in Experian Health's customer research. In the same survey, 86 percent of respondents said creating a self-servicing environment via a patient portal is an important organizational priority.

A major weak spot obstructing broader patient portal use and value is an issue plaguing all of healthcare — limited interoperability. Providers are unable to give patients robust information on their own healthcare because of limited access to disparate sources of data, either between providers and payers or even within their own organizations.

This could and most likely will change, however, as government and commercial payers require information from multiple sources to maximize reimbursement. Theoretically, the functionality and usability of portals will improve as healthcare organizations change their policies and gain confidence in technology and security. The more robust features will enable them to maximize reimbursement and give their patients a better online experience.

Patient portals serve multiple purposes, but accepting patient payments is by far the most popular



Source: Responses from interviews conducted at HFMA ANI 2017.

Asking for upfront payment

Hospitals and healthcare organizations have moved on from the initial hesitation and uncertainty of asking patients for their out-of-pocket payment prior to service.

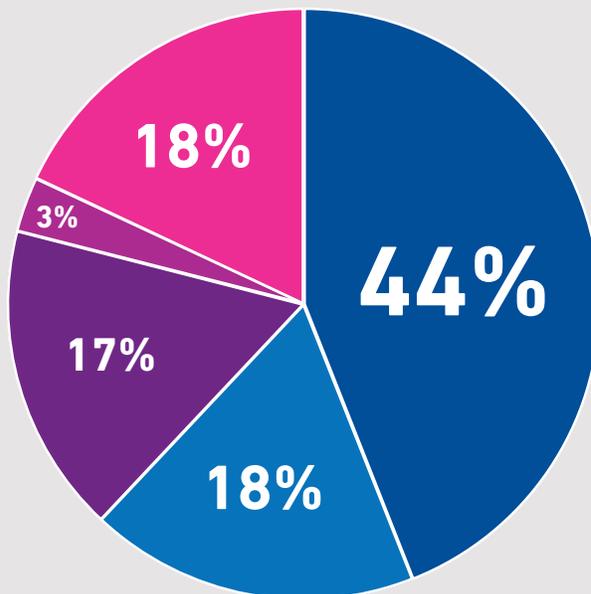
Today, more than half indicate they try to collect 100 percent of the patient's financial responsibility in advance, and almost all offer payment plans and other incentives to collect at least a portion. These trends are driven by a continued rise in patient financial responsibility.

Specific goals around when, how and how much to collect appear to be driven by organizations' business models. The organization's brand and mission in the community, financial goals, patient mix, available technologies and other factors all play a role in how successful organizations are at collecting in advance, or whether they choose to do it at all. Organizations that do collect upfront seem to be clear on their internal policies, procedures and workflows (all upfront, then payment plan, etc.).

Some organizations, like trauma centers serving large Medicare and Medicaid populations or hospitals in wealthy communities where patients are well-insured, may not put the same focus on collections as

Experian Health customer research

Which of the following best describes your organization's use of data and analytics to customize messaging and communication channels and engagement for each of your patients?



-  We reviewed this feature, but decided against implementing.
-  We are planning to consider doing this in the next year.
-  We are in the process of implementing this feature.
-  We are not considering this feature.
-  We currently do this.

Source: TechValidate survey of 116 users of Experian Health.



1 in 4 leaders
report no formal collections
process whatsoever.

Source: Responses from interviews conducted at HFMA ANI 2017.

68%

of healthcare leaders say
that self-servicing is a
revenue-generating and cost
reduction initiative
for their organizations.

Source: Experian Health customer data
facilitated by third party TechValidate.

Advance payments efforts



other, more typical organizations. The amount can also vary based on business model, patient demographics and expected medical procedure to be performed, but this is not a new concept, and most organizations have adapted business models to capture payment upfront through portals and other means.

This is not likely to subside, either, as patients' financial responsibility continues to rise. More than 70 percent of organizations told Experian Health that their total patient balances owed either stayed the same or increased the last fiscal year when compared with the year before.

Predicting engagement with personalized recommendations

Health organizations that leverage credit data to understand a patient's unique financial situation can move beyond the "one-size-fits-all" design approach to patient billing to create a "human-centered" approach to billing. These organizations can personalize and automate patient self-service through a platform that empowers the patient

to activate a pay plan or charity care. Predicting financial engagement at the individual level allows health organizations to provide personalized recommendations that remove the need for patients to think about billing and focus on their health.

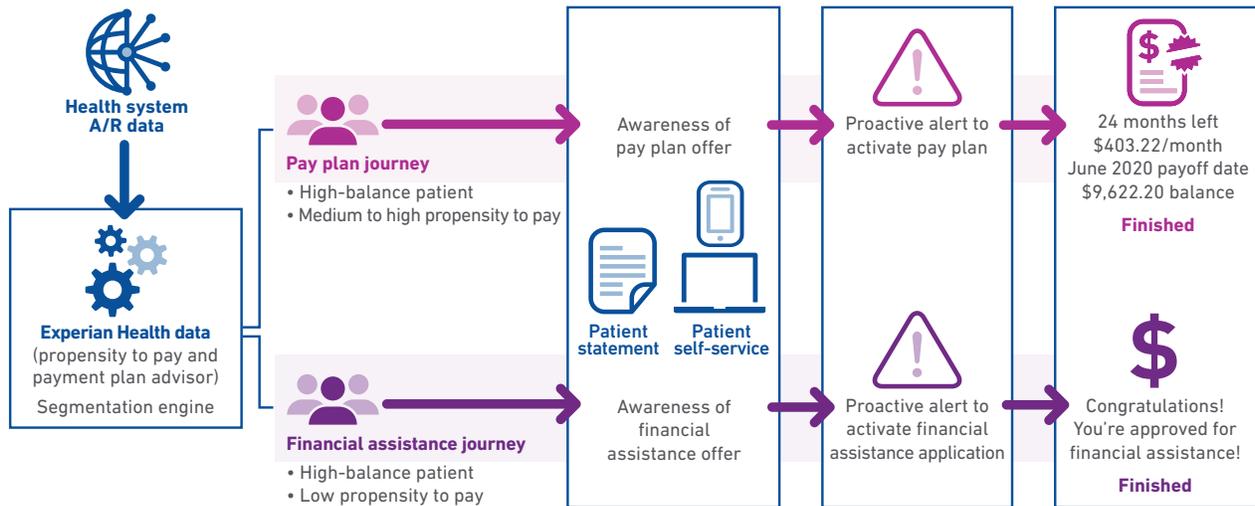
Collecting post-treatment

While collecting upfront from patients has become a much more widely practiced and accepted revenue cycle strategy, collecting on the back end still widely varies and can depend on a host of factors.

Some organizations view collections as a blemish on their brand in the community and not aligned with their overall mission. When and how a hospital attempts to collect from a patient or engage a third-party agency, for instance, affects the patient experience. A third-party agency making calls and sending letters on behalf of a hospital is still attached to that brand from the patient's perspective, and financial leaders are keenly aware that if the hospital wants a long-term relationship with the patient instead of just one episode of care, it needs to deliver a positive experience.

How long organizations wait before formal collections





What was a consensus among respondents at ANI was the need to align collections processes with their organizational financial objectives and changes to patient financial responsibility.

Larger systems, including those in urban areas, tend to be faster and more aggressive in their collections. Smaller community hospitals may not be able to afford back-end collections and may focus more on working with patients upfront. Organizations performing well on the front end with financial counseling, charity eligibility, discounts, payment plans and other strategies to capture patient A/R are less likely to need collections. Collection agencies often use payment plans, so it makes sense for organizations to offer the same service upfront and potentially avoid collections later.

Overall trends indicate a softening collections angle among hospitals, like longer payment terms and innovative third-party services to help patients with payments, such as partnerships with local banks and lenders. Some organizations reported waiting as long as eight months after final billing to begin collections.

Almost half (47 percent) of hospitals report using patient financial counseling as a part of their overall collections strategy. Effective patient counselors are viewed as valuable agents in setting appropriate expectations with patients, outlining payment options and sometimes determining whether patients have the means to pay. They are conduits between the front and back ends of the revenue cycle, working with patients to present options and incentives and structure payments to best fit their financial situations.

Poorly trained counselors, on the other hand, not only tend to underperform in collections but also can lead to a bad patient experience. Best practices suggest investing in qualified professionals who are trained and given all resources to accomplish the organization's goals.

Most organizations that employ financial counselors unnecessarily charge staff with designing a pay plan based on their one-on-one interactions with patients. Health organizations that leverage technology to combine collections and patient self-service billing into a single platform can optimize patient collections

39% of leaders say they offer patient payment plans.

Source: Responses from interviews conducted at HFMA ANI 2017.



by getting a complete and accurate picture of a patient's financial capabilities to take the guesswork out of the process by suggesting a range of possible solutions based on the patient's propensity to pay. This approach helps protect the health organization's brand while segmenting and automating patient collections based on individual needs.

Using technology and data

CFOs of healthcare organizations are getting more involved in how data is being used optimally and efficiently, including collections.

When asked about the use of data analytics, two out of three indicated using some type of tools and processes to proactively identify and address any financial inconsistencies in real time, as opposed to looking at past financial data to make improvements. More respondents (30 percent) than not are unhappy with its current functionality.

The seemingly high rate of dissatisfaction may be a result of organizations using a combination of disparate systems that have to work together. Many use a combination of data management and reporting systems that are usually outsourced but may also include in-house systems. Overall internal and external interoperability remains a significant challenge.

Those who are happy with their technology (23 percent) reported excellent customer support, cross-platform data access and ease of use among the reasons.

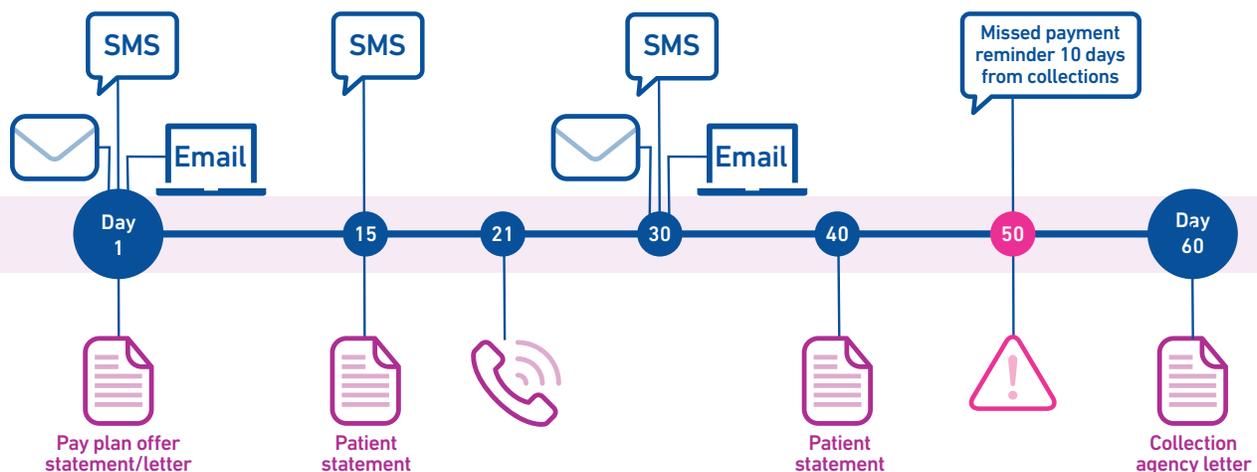


Executives' chief complaints with data analytics system(s):

- Outdated user interface
- Slow data processing
- Trouble communicating data between systems
- System features not specifically designed for healthcare
- Inadequate data management capacity

Source: Interviews conducted at HFMA ANI 2017.

Rethink collection agency communications Data-driven 10-day warning SMS/email message



Summary

There is widespread acceptance now across the healthcare industry that patients must be accountable for rising out-of-pocket costs, and a genuine demand among providers to understand how to successfully address it as part of a higher-touch overall patient experience.

Successful patient billing leverages credit data, SMS and digital tools to put patient needs at the center of billing with personalized communications that change behavior, as well as:

- Reduce costs by automating manual processes for charity and pay plans
- Eliminate bad debt and early-out collection fees by reducing placements
- Improve activation of charity care and pay plans to increase patient collections
- Enhance patient satisfaction when navigating complex healthcare billing

To create a human-centric approach to patient financial billing and protect their brand, health organizations should strive to leverage new technology that creates a single platform for patient billing and patient collections that can:

- Segment patients with high balances and push a personalized pay plan if they have a high-to-medium propensity to pay
- Set up and automate a payment plan that allows patients to self-manage new payment plans or modify existing payment plans with new accounts
- Use data to target monthly payment plans that fit a patient's budget



- Leverage multichannels for changing patient behavior and outcomes
- Visualize past-due accounts using infographics
- Aggregate eligibility data for a 360-degree view of health insurance finances
- Understand patient needs and target charity messaging to patients that drives action and changes behavior

Healthcare organizations leveraging technology and data to increase engagement, drive collections decisions and improve workflow are putting themselves in the best positions to treat their patients financially *and* medically.