SEE YOUR REV CYCLE DIFFERENTLY

EMBRACING CONSUMERISM IN HEALTHCARE

How successful hospitals leverage analytics to transform patient financial engagement, increase patient satisfaction and improve the bottom line

WAYSTAR

Patient Financial Experience

There's a new payer in town. That payer is the patient. Today's providers find a larger portion of their revenues coming directly from patients, and that number is expected to increase by as much as 50 percent by 2019.[1] Insured patient responsibility has grown to nearly 27 percent for outpatients and more than 12 percent for inpatients.[2] According to the MGMA ACA Exchange Implementation Survey Report, 75 percent of patients with insurance coverage through ACAs have HDHPs.[3]

Those patients now face deductibles of more than $2,000 a year, a 67 percent increase since 2010 and 255 percent since 2006.[4] And $2,000 more in deductibles per patient means $2,000 more in receivables per patient. The impact to hospitals is growing. Hospital bad debt is now growing at a rate of 30 percent per year.[5]

Patients as consumers

More money coming from the patient's pocket forces every healthcare enterprise to embrace new operational realities. Whereas a handful of patients historically might have been interested in what their care could mean in terms of financial obligations, now it is virtually every patient, and it is both an interest in top-line service price and the patient's specific share. Questions start well before service is delivered, often utilized as part of a shopping effort to select the treatment provider. Responding to these challenges is not easy, given the complexity in contracts and the inherent uncertainty that is often present in a healthcare treatment.

While the trend has been long underway, many hospitals have been slow to adopt key tools to deliver the pricing and billing transparency to patients across the care relationship. According to a 2016 Black Book Market Research survey of hospitals and independent physicians, 90 percent claim they are not yet positioned for the shift to increased patient payment responsibility.[6]

Fortunately there are proven solutions in the market to close the process gaps. At their core are routines that leverage analytics to engage and support patients in what feels more personalized over the extended relationship. The most effective are based on analytics that deliver accurate, timely, actionable information tied to the specific time in the patient-provider process and designed to motivate the patient to make positive aligned choices.

Provide better patient guidance through better understanding

Hospitals are deeply committed to community service and care to all. Yet they cannot remain fiscally viable in this new healthcare ecosystem without the ability to assess patients' ability to pay. As the old saying goes, "no margin, no mission."

According to the American Hospital Association, hospitals in the U.S. have given away nearly $500 billion in uncompensated care since 2000. And the total amount is increasing, with $46.4 billion given away in 2014.

This increase can be attributed to a rise in the underinsured population. PwC Commonwealth Fund estimates twenty percent of middle-income people under age 65 are either uninsured or underinsured.[7] This result in many patients holding off seeking care until their condition becomes more critical, which leads to even higher costs and increased write-offs for the hospital. More importantly, it leads to worse care outcomes.

Propensity to Pay and Financial Assistance Scores. Hospitals, while committed to community service and care to all, cannot remain fiscally viable in this new healthcare ecosystem without analytics solutions that help identify patients' ability to pay, their qualification for possible financial assistance programs, and segments the growing number of patient accounts based on the insight. Such technology compiles socio-demographic and economic behavior data in the context of hospitalspecific policies and use this insight to identify the right type of follow-up, collection or enrollment. This is a first step in sorting patients to ensure fair treatment and consideration for all those in need.

To mitigate potential revenue erosion that can accompany the shift to consumerism, providers need to adapt and apply the same patient engagement strategies they use in clinical settings to their financial settings.

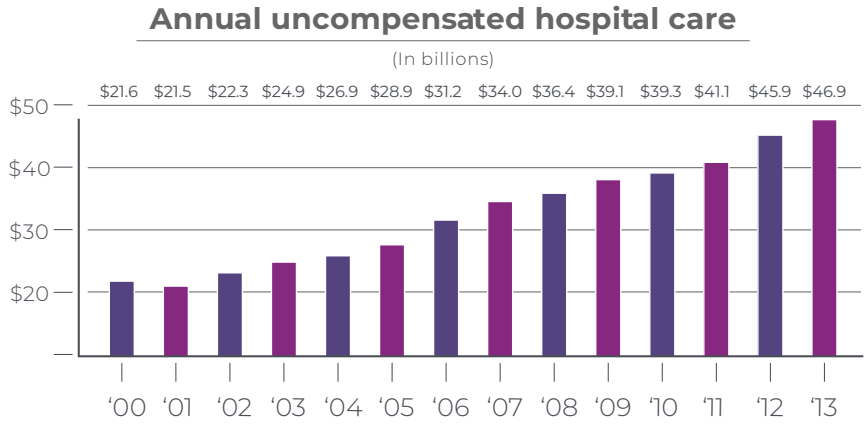
Engaging patients early in the process, assessing each patient's unique needs, creating the most appropriate care plan, and developing tools for ongoing communication and follow-through.

Using this data, provider teams can automate workflow such that the right types of staff work on the right patient with the right message. Financial counselors with skills in enrolling patients in safety-net insurance programs focus on those patients predicted to qualify or on reviewing the specific qualification criteria most likely to determine enrollment success. Patients with financial responsibility and not likely qualified for assistance plans can be segmented and prioritized for follow-up by more traditional payment teams. Using analytics for workflow assignment and reducing judgement in the assignment process ensures all patients are treated fairly and with dignity throughout the process.

Gathering accurate patient data using predictive technologies also simplifies and expedites the financial clearance process, making it less stressful for the patient. Staff can target their conversation to specific open items, perhaps a confirmation of income or coverage, and be more supportive to the patient as they work through the financial implications. The engagement can also begin well before the patient arrives on site, thereby further reducing stress around the clinical treatment.

The financial assessment process should be completed before patients arrive, and needs to include:

- **Verifying patient identity**
- **Verifying any existing insurance coverage and establishing the estimated amount the patient may owe**
- **For those without coverage, evaluate possible eligibility for government mean-tested programs like Medicaid**
- **For those with larger balances, even those with insurance, test for eligibility under the hospital charity policies.**



Source: American Hospital Association

Make it easier for patients to pay by providing multiple personalized options

The main reason patients cite for not paying their bills is that they lack financing options.[8] Yet for those that do have payment plans, 40 percent go into default.[9] Forcing patients into one-size-fits-all payment plans decreases the likelihood hospitals will be paid in full. It also creates a negative payment experience. When patients have no means to pay prior to, or at the time of service, hospitals can take advantage of analytics to create customized payment plans to meet the patient's unique financial circumstance. Offering attractive financial options also encourages patients to return for future healthcare needs, leading to increased revenue for the hospital.

Payment Plans and Loans. Utilizing the results of the financial assessment, hospitals have a clearer picture of the types of payments plans more suitable to each patient. The options in structuring a payment plan are more than simply dividing the balance by a set number of payment periods. Being able to offer more options to a patient gives them more control and enables them to make better financial decisions. And when patients know the provider is working to create financial solutions that fit their circumstances, they're more likely to show up for their appointments, and are more likely to use—and recommend—the hospital for future healthcare needs.

Providing patients a higher level of financial assistance can help relieve stress, while strengthening the patient-hospital relationship. Models and other analytics provide the data needed to help find the right financial plan for each patient. These models can then be promoted either through counselors, mail and printed content, or other technology platforms.

Financial payment solutions should include:

- **Discounts and payment incentives based on balances tied to earlier resolution**
- **Credit card processing and pre-authorization routines**
- **Tiered payment plans, with more than a single option in the ready**
- **No-interest and no-risk loans**
- **External lending referrals**

A word of caution on financial options pre-service and the potential for inadvertently triggering a credit event in the context of a lender. Critically, resolution solutions need to be policy driven and not a reaction to a patient's specific credit or financial situation which might be construed as denying credit to a patient under fair lending regulations.

Focus on clear, comprehensive and understandable communications

Hospitals that guide patients through the financial planning process are viewed as advocates and trusted advisors. Those that surprise them, adversaries and perhaps out of control. Predictability and forewarning is valuable. In a single clinical treatment, there is certain to be substantial amount of paper, to-do's, and checklists; the volume becomes quickly overwhelming to patients and their support network. Making what can feel like chaos seem stable and routine is critical.

From the patient financial perspective, communications should build as the patient event builds. Make sure the details of any balance due and financial resolution are documented in language that the layperson understands. It shouldn't take a payor expert to understand the bill and expected payment obligation. Try to keep the encounter information together, so that the patient can keep track of the bills the same way that they experienced the care. Imagine going to a grocery store and the bill for vegetables comes weeks after the bill for the meats and pasta.

Central to a positive process is clarity about:

- **Outstanding balances and payment history**
- **Reconciliation of any initial fee estimate with final patient responsibility**
- **List of possible financial assistance**
- **Proposed payment arrangements tailored for each individual; and**
- **Agreement on terms and patient acceptance**

Engage using multiple mediums and over time to be accessible but not burdensome

Today's consumer expects the same options in paying their healthcare bills as they do their other bills, including the option to pay online using patient portals.[10] Digital communication tools like interactive text systems and emails complement a portal as well as traditional patient call center. By utilizing advanced propensity to pay analytics and social determinant information, the mix, message and timing across these mediums can be tailored to each individual and the provider's specific payment policies. It is easy for a reminder phone call soon after the bill was sent to be perceived as aggressive by a patient who was intending to pay, even though the call intent was to be helpful. Different mediums have different patient impact and value; leverage them to craft the patient experience over time.

Patient Portal. Consumer-friendly patient portals are one new technology to deliver a better patient experience. Portals provide advanced self-service bill payment options such as credit card optionsor setting up automatic payments and payment plans. Patients can view current balances, payment history, and upcoming expectations, allowing them to take ownership in their payment responsibility and plan their financial decisions. Providing patients convenience and flexibility in their payment options not only improves the likelihood providers will be paid faster and in full; it also streamlines the collection process, reduces costs, saves staff time, and increases patient satisfaction and loyalty.

Communications tools should allow for fast, customized patient financial engagement.
The full suite of digital tools should include:

- Digital communications
  - Email and SMS/Text
  - Statements that mirror the paper version
  - Balance notifications
  - Reminders of recurring payments or bank withdrawals
- Automated phone call reminders and options to speak to an expert
- Patient Portal
  - Account details
  - Balance due
  - Financial assistance options
  - Self-service maintenance of financial plans
  - Online payment history and receipts

Success stories

A large critical access hospital in the western U.S. found itself turning a high percentage of unpaid patient bills over to collection agencies. The majority of those bills were associated with the area's expansive tourist base. Because of the transient nature of tourists, the hospital found it challenging to communicate and engage with patients about their bills. With nearly 20,000 procedures being performed each year, the costs associated with collections, along with days in A/R, were substantial—and rising. The hospital implemented a patient payment solution through which it could send notification of balances due, along with payment reminders. Patients could easily view their statements in an online payment portal, pay their bills using credit or debit cards, or set up convenient payment plans. Fifty percent of patients receiving these notifications viewed their balances and made payments online less than 30 days after discharge—before receiving a single statement. **Today, 76 percent of the hospital's patient payments are completely electronic**, which has led to a 36 percent reduction in collection costs. The hospital has also experienced a 76 percent reduction in staff workload.

Essentia Health is an integrated health system headquartered in Duluth, Minnesota, which serves Idaho, North Dakota, Minnesota and Wisconsin. With 15,000 employees and 1,900 physicians and advanced practitioners, the organization includes 15 hospitals, 75 clinics, and several additional care facilities. Using balance and age sorts as the foundation for its collections follow-up processes, Essentia found itself touching the wrong accounts at the wrong time with the wrong message. They knew there had to be a better way. They implemented Advanced Propensity to Pay and Presumptive Charity predictive analytics from Waystar. Using these solutions, Essentia was able to segment followup routines for each account based on the patient's specific context and their need in resolving their liability. **The result was improved annual patient pay collections of $5.3 million as well as 83,000 accounts worth $170 million that qualified for charity care.**

Carolinas HealthCare System, located in Charlotte, North Carolina, is the largest vertically integrated healthcare system in the Carolinas, and the largest non-profit hospital management company in the U.S. Carolinas was looking for a way to improve its collections process approach to both deliver a better patient relationship over time and to improve overall financial performance. They truly wanted to change the tenor of their conversation with their patients and be sure that every customer knew Carolina's Healthcare valued their relationship. At the time, Carolina's process relied heavily on outsourced partners for patient collections and less on internal Carolina's employees. The system felt strongly that they wanted their patients to work with their employees, that the bond was important over time for the brand and loyalty. They chose Waystar Advanced Propensity to Pay predictive analytics solution, which enabled them to rebalance their outsourcing strategy. They moved to a blended approach, with an internal team focused on some segments of their population and partners working the remainder. Carolina's Healthcare also was passionate to identify people that merited financial assistance—either enrollment in safety net programs or charity treatment—and implemented Connance's specialized Presumptive Charity predictive analytics solution to complement the collection component. The result included an **overall improvement in collections of $8.0 million annually, $4.6 million from the internal work and $3.4 million from their external partners, plus a charity increase of $75 million annually.** Truly a win-win experience.

Turn the patient consumerism challenge into an opportunity

The rise of consumerism in healthcare adds yet another dimension to an already challenged revenue cycle. With ever-changing rules regarding patient benefits and payor reimbursement, providers need to find a way to successfully work around the uncertainty.

Embracing opportunities afforded through analytics and keeping focused on the patient experience over time can turn the problem into an opportunity. Use data to change where and how you interact with your most important community—your patients—to build positive and profitable relationships. This is a key step in the unfolding consumer healthcare market that ensures hospitals continue to serve their communities profitably and equitably for many years to come.

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EXPLORE OUR ALL-IN-ONE PLATFORM

Eligibility

Verify insurance coverage to reduce claims rejections and denials

Revenue Integrity

Find missing charges and capture revenue you're due

Claim Management

Automatically submit and track claims, and reduce AR days with intelligent-driven workflow

Denial Management

Prevent denials and automate appeals

Contract Management

Gain control over payer negotiations, manage your contracts and recover owed revenue

Patient Financial Experience

Collect patient payments, determine propensity to pay and improve the patient experience

Agency Management

Get insights into outsourced agency effectiveness

Social Determinants of Health

Use data on broad factors that influence healthy to improve clinical outcomes

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844-6WAYSTAR or waystar.com

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ABOUT WAYSTAR

Waystar simplifies and unifies the healthcare revenue cycle with innovative, cloud-based technology. Together, our technology, data and client support streamline workflows and improve financials for our clients, so they can focus on their patients.