



Patient Collection Strategies that Work for New Plans

BY ERICA SPREY

Practices are dealing with increasing numbers of patients with high-deductible health plans, requiring them to collect larger patient balances from patients — some of whom are likely struggling to pay for healthcare. Jeff Wood, vice president of product management for Duluth, Ga.-based, revenue cycle management company Navicure, says this change has been a jolt to many practices.

“What we’ve seen in the last decade or so is a real shift from the payer side in terms of reimbursement to the patient side ... You could count on a practice seeing about 10 percent to 15 percent of revenue coming from individual patients, now over 30 percent or almost a third of revenue is coming from individual patients,” he notes.

This sea change means practices must re-examine their billing and collection processes and even reconsider basic practice policies, such as when to send a patient account to an external collection agency for nonpayment. It also means the triangulation between the physician, the insurance company, and the patient has taken on a new dynamic. No longer can practices expect their revenue stream to flow largely through payers. They must give patient collections equal attention.

A NEW ANIMAL

The healthcare insurance exchanges created by the Affordable Care Act are now in

their third year. Despite an initially slow roll-out, 12.7 million Americans have purchased health insurance through the federal or state healthcare exchanges as of Feb. 1, 2016, according to data released by CMS. For some patients, this is the first time that they have ever had health insurance coverage; so terms like deductibles, copays, and coinsurance are essentially meaningless. That puts the burden for patient education on already overwhelmed practice staff. And consider for example, a Bronze plan (which typically carries the lowest premiums, yet highest out-of-pocket costs) purchased through the healthcare exchange could come with an annual deductible of more than \$6,500 for a single individual. That could be a princely sum for low- or middle-income patients, and sometimes it’s completely unexpected.

Mary Pat Whaley, president of consulting firm Manage My Practice, based in Durham, N.C., calls high-deductible plans “first dollar plans, because the first dollar that you spend after Jan. 1 applies to the deductible,” she says. “So people getting medications in some cases, people going in for the flu to primary-care doctors, who never had any of those types of things apply to their deductibles, suddenly do.”

A scenario like this, handled awkwardly, could mean angry patients and stressed-out practice staff. So how can your practice approach these delicate negotiations, while

preserving the doctor-patient relationship and ensuring that practice revenue flow is not negatively affected? Practice management experts advise practices to establish clear policies that govern how both patients and staff will approach the collection and payment of patient financial responsibilities, like copays and deductibles.

COLLECTION BASICS

The Woodlands, Texas-based practice management consultant Owen Dahl says any collection strategy should start with the basics, whether it is for a high-deductible plan or not. "I think it is very important that a practice have a financial policy," he says. "I think you should have a financial policy posted on the website, posted in other places [around the practice], that basically explains to the patient that they have an obligation to pay [their portion of their bill]." Dahl says by creating an expectation of payment on the part of the patient, upfront, practices should be able to establish a clear payment procedure that goes a long way in eliminating stress for both patients and practice staff.

Another important document that practices should have is a collections policy (not to be confused with the financial policy). The collections policy is essentially a way of formalizing the physician's instructions to staff on how and when they should collect payment from patients. If decision making is left up to whoever is sitting at the reception desk on any given day, you will have inconsistent collection practices and could waste significant staff time seeking guidance from the physician or practice manager, says Dahl.

Many practices are small enough that they don't formalize financial or collection policies. But that could be a handicap when it comes to maximizing revenue. Matthew Parker is a family physician practicing in Birmingham,

Ala. His practice, Heritage Medicine, consists of himself and a small, part-time staff that he says is often overwhelmed with administrative duties. Parker says that his staff will verify patient insurance eligibility, collect copays, and inform patients of their unmet deductibles prior to the physician visit, but often they do not collect the whole patient responsibility.

"We don't require full payment for [patients] to come in, because most people are not really prepared to do that. I wouldn't be. And so, I guess we probably are too heavy on the relationship and too light on the economics," he says. "But I've always felt very awkward sort of poisoning the environment with that discussion right before they come in and tell me something really sensitive."

COLLECTION ASSISTS

Many physicians, like Parker, do feel conflicted mixing medical care with patient financial discussions. That's why it is so important to create guidelines and provide support for staff that will make collecting patient accounts a matter of course. Here is a short list of tools that your practice won't want to be without:

Financial transparency

One of the most important things a practice can do, says Dahl, is set up an expectation of payment. Letting patients know upfront that your practice expects payment at the time of service or a commitment to pay, not only shows your patients that you respect them, but empowers staff to do their job without feeling bad. It isn't enough to create a financial policy for patients — your staff must display that information prominently around the practice and also make it available to new patients. And rather than "sticker-shock" patients who may not realize their deductible is greater than they thought, make sure to inform them upfront about your expected fees.

"I think having a level of transparency [is best]," says Wood, "If you are going to be collecting from patients you need to give them more information than they've had in the past. So the ability to use care estimation software or other ways to manually research that if necessary ... you really need to be able to provide some form of estimate so that patients know what they are on the hook for..."

Staff scripts

Aside from dedicating a private area of the practice where staff can have confidential financial discussions with patients, one of the most important things a practice can do is create "collection scripts" for its staff members, says Wood. "If you are making these changes where you are going to be a little more upfront in terms of requesting some form of payment or a commitment to payment, make sure that the staff knows exactly what they should say," Wood advises. He goes on to note that staff should not be embarrassed or nervous about asking a patient to pay his portion of the physician's bill. Despite greater and more variable costs, you as the physician are providing a service, and like most other industries, payment or a commitment to a payment plan is expected at the time of service.

Insurance eligibility and estimation tools

It is critical for practices to conduct insurance eligibility checks prior to the patient visit, says Wood. Gone are the days that your front-desk staff can simply ask for the copay on the front of the insurance card and consider their job done. And because high-deductible plans can kick in with the "first dollar," staff should provide patients with a financial estimate of care so that there are no ugly surprises. Wood says that conversation should go something like, "I

see you have \$200 of your deductible remaining and this procedure is going to be \$300 for a mole excision ... so [you'll have to pay] \$200 plus the 20 percent copay. Therefore, we expect \$220 payment."

Point-of-care payment systems

As more patients are saddled with higher deductibles and copayments it is more important than ever that practices collect patient payments at the point of care. One way to do this is to have credit card scanners or check readers at the front desk, so payment is instantaneous. Parker says his practice is open to just about any type of payment and is even thinking about adopting Square, a payment technology that works with Apple devices. There is also payment technology that is paired with a patient portal, says Wood.

Credit card on file

Another secure payment technology that is catching on is the credit card on file system (CCF). Whaley says there are multiple advantages to using this type of system. There is the ability to securely store credit card information in an encrypted format offsite; the ability to automatically charge the credit card once the insurance has paid its share; and eliminating the need to send paper billing statements. It is also kinder to patients because the practice has already discussed payment upfront. "I think it puts physicians in the same place as other businesses to actually say, 'These are our payment policies,' as opposed to, 'We'll send you a statement and you can take as long as you want to pay us,'" Whaley says.

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