



THE ReCOREder

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Editors Note: *Another season is upon us. As we look forward to Thanksgiving, let's remember to give thanks for the many freedoms we enjoy. Let's be mindful of those who are still stationed in Iraq defending those freedoms. As always, we welcome your comments and suggestions. Please email them to: Support@corerecovery.biz*

Ten Ways to Score PR Points as a Collector

As a collector, you are in a position to gain public relations points for yourself and your facility. On the other hand, anyone who works with the public runs the risk of upsetting or alienating a patient if he or she is not properly trained. This is especially true now that we are expected to incorporate a long list of privacy rules into our patient encounters. These rules are confusing at best, and sometimes may create misunderstandings. To better the chance of a positive patient encounter, incorporate the following customer relations principals into all of your dealings with patients.

1. **Communicate effectively.** Be careful to use words patients can understand. Avoid using jargon or technical language that may be unfamiliar to patients.
2. **Look like a professional.** If you have face-to-face dealings with patients, adhere to dress code.
3. **Act like a professional.** Whether face-to-face or on the telephone, avoid unprofessional behavior. Don't use slang and don't raise your voice.
4. **Be aware of nonverbal communication.** When meeting with patients, make eye contact; watch your posture and your body language.
5. **Be perceptive.** Anticipate the patient's needs and respond. Be aware of common questions and concerns of patients, and cater to them.
6. **Handle irate or complaining patients** calmly and responsibly. Let an irate patient calm down, and then address his or her problem immediately. You probably cannot expect to receive payment until any complaint is resolved.
7. **Respect the dignity of all patients.** All patients deserve your respect. Never say or do anything that might embarrass a patient.
8. **Be tolerant.** Many patients are elderly or very ill. Consider how you would want to be treated if the situation were reversed.
9. **Smile.** This is true whether you are talking on the telephone or meeting with a patient in person. A smile comes through.
10. **Avoid using terms of endearment** when addressing a patient. Address a patient by his or her last name, using Mr., Mrs., or Ms. as a sign of respect. It is never appropriate to address patients as "honey."

Bad Debt Increases as Self-Pay Grows

Can you offset the impact?

Hospitals are reporting higher amounts of bad debt as the year progresses. According to reports, hospitals will likely face even higher amounts of bad debt as patients accept responsibility for a greater percentage of their health care costs. As more evidence of this, the Hospital Accounts Receivable Analysis quarterly report (HARA) for the third Quarter of 2003 indicated that collectibles (bad debt and charity care) were up once again. (See Figure 1). Third quarter bad debt write-offs increased to 3.43 percent of total gross revenue, up nearly 4 percent from the 3.30 percent of revenue written off in the second quarter. Charity write-offs also increased to 1.97 percent from 1.66 percent. Bad debt has risen as high as 10 percent of revenue for some investor-owned hospitals.

“More people are uninsured or underinsured. Sixty percent of American families do not budget for healthcare expenses. The entire reimbursement system is confused and hospitals and clinics are paying the price,” says industry consultant Tom Hajny of Accelerated Receivables Management in Chicago. “The Department of Health and Human Services has issued guidance on allowing and encouraging healthcare facilities to discount charges for self-pay portions of bills. This will allow hospitals to have proactive time-of-service collection programs, which should help reduce bad debt.” Not surprisingly, a study released in December by Susquehanna Financial Group found that receivables from individuals are the primary source for bad debt at the nation’s hospitals. This is not expected to change any time soon. “While the companies may be able to offset some of this impact in other areas, our conclusion is that earnings will be negatively impacted,” the report said.

Factors Combine to Contribute to Bad Debt

Toni Shamblin, accounts receivable analyst for Summa Health Systems in Cuyahoga Falls, OH, reports an increase in bad debt. “Our bad debt is rising as a result of the economy & the managed care environment. The economy factor can be attributed to an increase in the working uninsured or underinsured. In these cases, we are working to assist them in obtaining Medicaid medical benefits to cover the hospital expenses,” she says. “The managed care environment is creating a persistent obstacle as it steadily increase the cost of co-pays and deductibles. As managed care companies continue to extend larger out-of-pocket expense to the patients, they are also increasing the premium for coverage. We are finding patients are not financially able to absorb these out-of-pocket expenses in bad debt,” she adds.

Glenn M Martin is director of patient financial services at Danville Regional Medical Center in Danville, VA. Martin also reports bad debt write-offs are resulting from balances due after insurance has paid. “I have noticed that we have seen an increase in our bad debt, due to patients not being able to pay their out-of-pocket portion. Some say it is also because of higher premiums being paid by the employees, leaving less take home pay. Some employers are no longer covering the employee’s spouse and family on the employee’s company-sponsored insurance,” he explains.

God gives us faces; we create our own expressions.

Figure 1: Bad Debt as Percent of Revenue

4 th Quarter 2002	1 st Quarter 2003	2 nd Quarter 2003	3 rd Quarter 2003	4 th Quarter Average
3.20	3.42	3.30	3.43	3.34

Source: HARA Report on Third Quarter 2003

Hospitals Make Changes

In this environment, hospitals are being forced to consider some unorthodox methods of working with patients to pay off their balances. One hospital has taken a very unusual step toward helping patients pay off debts, according to an article on Reuters News Service. Amid stories about growing unpaid bills, a rural Maine hospital said it is benefiting from allowing patients to barter to pay their debts.

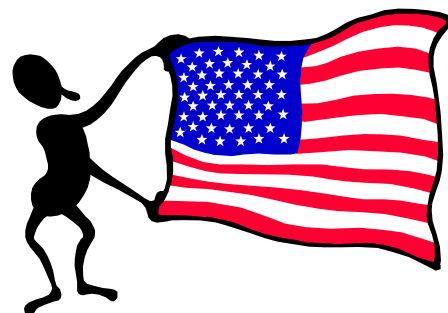
Franklin Memorial Hospital in Farmington, ME, developed a plan called Contract for Care in 1998 for the working poor that would otherwise be unable to pay their bills. According to the article, “Memorial still writes off the bill for patients participating in the Contract for Care program, but patients perform voluntary work, and 98 percent fulfill their obligation to the hospital.”

The voluntary program covers people who are between 100 and 200 percent of the federal poverty guidelines. Maine’s Medicaid program covers people earning up to 100 percent of the poverty threshold, the U.S. Census Bureau said was \$18,660 for a family of four with two children. Community goodwill is very high, according to spokesman for the hospital.

Other hospitals are expanding their charity guidelines to help cover more uninsured and underinsured patients. “Our bad debt

has held relatively steady; we have not seen increases,” say Todd Cole of TriHealth in Cincinnati, OH. “We have recently expanded our charity guidelines, so we are hoping to see some reduction in bad debt. While the increased copay and deductibles are an issue, I still believe that the people that can pay will pay if we present a correct bill that reflects the insurance payment,” he says.

Cole’s department is working on an aggressive level to get as many patients as possible qualified for financial help, such as Medicaid. “In the past, charity did apply to those folks with incomes up to 200 percent of the federal poverty guidelines. We moved our sliding scale to 300 percent of the guidelines.”



Perspective

“We always admire the other fellow more after we have tried to do his job.”

--William Feather, author

One Person's Trash, Another's Treasure

The next time employees miscalculate, ask them to think of ways to profit from their mistakes—the way one key maker did.

One day a customer waiting to have a key cut noticed a sign: "Baby keys \$1." "What are baby keys?" she asked.

"Well," the key maker explained, "for years I threw away the keys I messed up. Then one day I saw a mother dangling her keys in front of her baby. The baby loved those keys—and she sure did cry when the mother took them away to drive home. That's when I got the idea to sell the useless keys as baby toys. Why not put my mistakes to good use?"

Victors

The real winners in life look at every situation with an expectation that they can make it work or make it better.



A Good Time to Collect

A good time to collect an account is when the patient calls or stops in for an explanation of the bill. A good collector has an understanding of how and why the charges are generated and can explain them to the patient in a way that the patient understands. At that point, the conversation can turn to requesting payment and making financial arrangements. The key is to satisfactorily answer the patient's questions about the bill. If they don't understand, they probably will not pay.

Source:

Ten Ways to Score PR Points: Taken from the "Health Care Collector," June 2004

Bad Debt Increases as Self-Pay Grows: Taken from the "health Care Collector," May 2004

Disclaimer: This information is not presented to be used as legal or professional advice on specific facts or matters. Readers with specific questions should refer them to their own attorneys for guidance.