

The Impact of High Deductibles on Revenue Cycle Management Best Practices



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What happened in the industry to bring us to this point?

The Affordable Care Act (ACA) brings with it a new delivery of health care that significantly increases

- Insurance costs
 - Pressure on employers
 - Pressure on individuals
- Patient Responsibility
 - Copays, deductibles, coinsurance
 - Increasing credit risks
 - Escalating bad debts
 - Less favorable payer mix
 - Increased percentage of self-pay



What happened in the industry to bring us to this point?

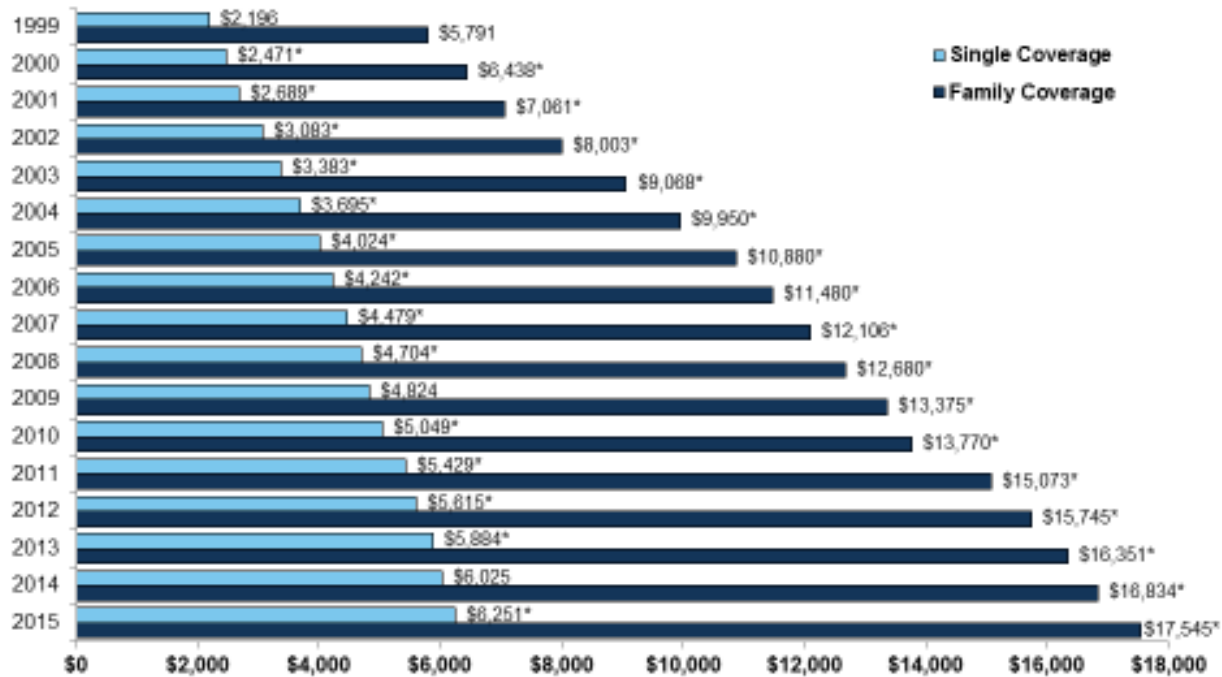
Estimated individual's annual deductible has increased 146% from 2003 to 2013

1 in 3 Americans struggling to pay medical bills and 70% who do are insured



What happened in the industry to bring us to this point?

Average Annual Premiums for Single and Family Coverage, 1999-2015



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2015.

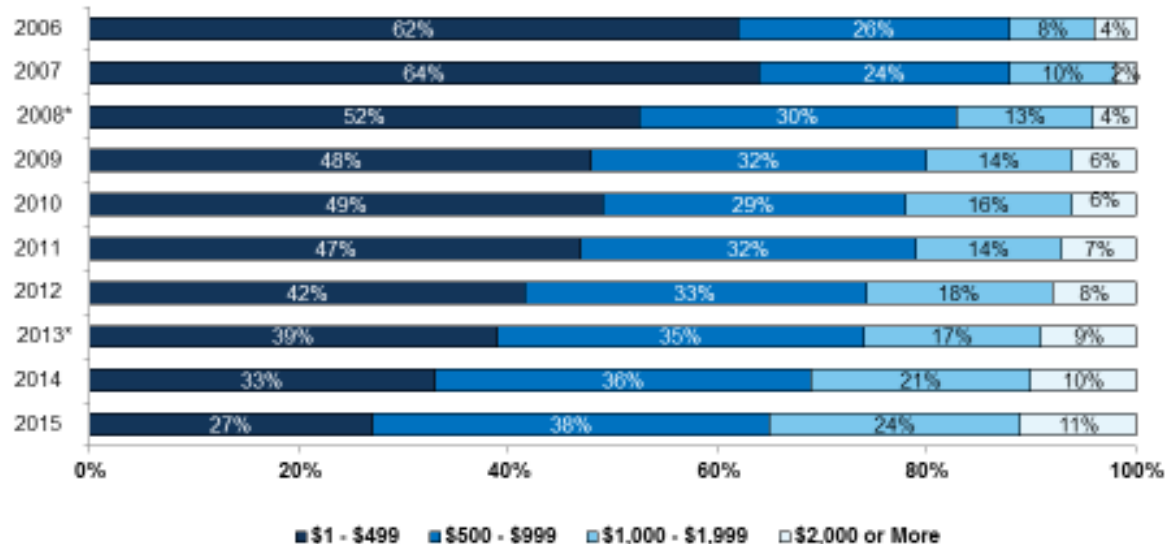


Premiums have increased 3 times from 1999 to 2015



What happened in the industry to bring us to this point?

Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006-2015



* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

NOTE: Deductibles for PPO plans are for in-network services.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008-2015.

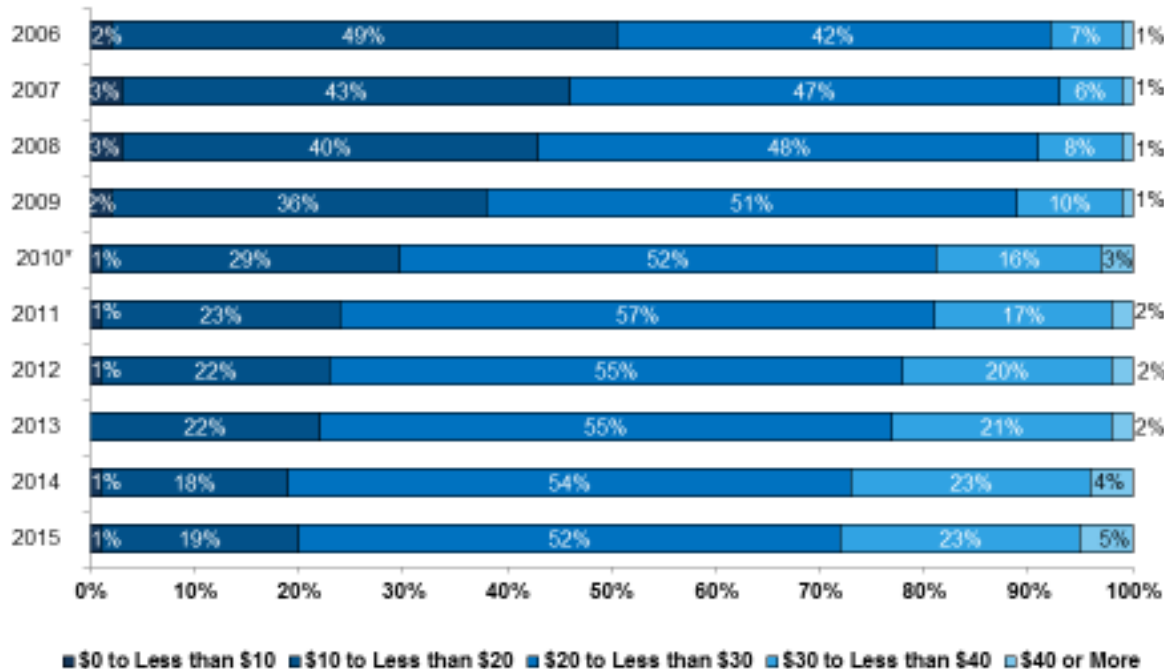


The majority of deductibles have moved from under \$500 in 2006 over a third of deductibles over \$1,000 in 2015



What happened in the industry to bring us to this point?

Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, 2006-2015



* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

SOURCE: KaiserHRET Survey of Employer-Sponsored Health Benefits, 2006-2015.



The majority of office copays have moved from under \$20 in 2006 to over 25% of deductibles over \$30 in 2015



What happened in the industry to bring us to this point?

Affordable Care Act

- Employer mandates
- Health care exchanges
- Medicaid expansion

Expanded coverage leads to:

- Patients with insurance for the first time
- Frequently little to no understanding of the concept of out-of-pocket obligations
 - “What do you mean I owe money on my visit? I have insurance!”
 - Patients confuse coverage with “first dollar payment”



Importance of implementing a strong charity care plan

The current landscape of healthcare is forcing the importance of implementing a strong charity care plan

- The focus here is not denial of care
 - Collect from those able to pay
 - Charity to those that cannot (must be willing to demonstrate inability to pay and willingness to apply for Medicaid, etc.)
 - Cannot collect from someone who truly has no financial means



Importance of implementing a strong charity care plan

The current landscape of healthcare is forcing the importance of implementing a strong charity care plan

- The focus here is not denial of care
 - Benefit of a strong, consistent and fair charity program
 - Revenue cycle team identifies early in the process those patients they have a potential to collect from
 - Charity program helps fulfill non-profit mission



Charity Care/Discount Policy Considerations

Consider a sliding fee scale discount program at your organization

- Adjusts amount patient owes based on ability to pay
 - Can range from a percentage of the total charge to a 100 percent discount
 - Addresses the need for equitable healthcare for all people



Charity Care/Discount Policy Considerations

Methodologies of implementation can vary

- Typically the discount amount is based on the Federal Poverty Guidelines
 - Annual income and family size
- Developed in accordance with local rates and charges
- Should be designed to cover the facilities cost of operation



Charity Care/Discount Policy Considerations

Best case scenario – the discount program is integrated into the practice management system

- Ease of use
- Availability of data
- Real-time information



Charity Care/Discount Policy Considerations

Reason to implement a charity care/discount program

- Early detection of collectable account balances
- Compliance with the 501(r) regulations
- Reduction of bad debt
- Reduces administrative burden of collection on balances that will never be collectable



Upfront Revenue Cycle best practices for collections

Collections should be done consistently across the organization

- All service areas
 - i.e. nursing, laboratory, radiology
- All visits
- All hours (including nights and weekends)



Upfront Revenue Cycle best practices for collections

Collection efforts should start prior to the patient's visit

- Obtain prior authorizations if necessary
- Complete insurance verification and eligibility screening
 - Obtain plan copay, coinsurance and any remaining deductible amounts
- Opportunity to remind patient about obligation to pay
 - Request payment in full or setup a payment plan



Upfront Revenue Cycle best practices for collections

Upfront collections rely heavily on the ability to provide patient estimates

- Need to have processes and tools in place
 - Varying levels of accuracy
 - Importance of communicating patient “these are only estimates”
- Consider a “right size” chargemaster
 - Per procedure charge structure for highly shopped services
 - i.e. cataracts, colonoscopies



Upfront Revenue Cycle best practices for collections

Scripting is essential for upfront collection success

- Delivers a consistent message
- Helps with staff confidence when having financial conversations with patients
- Should be used during visit reminder calls



Best practices for collections

Increasingly larger amount of annual payment related care is coming from patient versus insurance company

Resulting in significant cash flow implications

- Little commercial payor cash flow in first quarter of calendar year
- On top of payor pressures on overall payment levels
- Must address where the cash flow will come from?



Best practices for collections

Can you afford out dated payment plans that allow for payment of balances over multiple years

- \$5,000 for this year paid over two years
- Added to \$5,000 next year, etc.
- Hospitals cannot afford to be the bank

Cannot be held afraid to address payment with patient

- What is the value/cost of patient that does not or will not pay their balance?



Copay collection in the Emergency Department

Era of High Deductible Health Plans has shifted some patients from the primary care setting to the Emergency Room

- The U.S. Centers for Disease Control and Prevention estimates 8 % of ER visits can be handled in primary care
- Belief(often true) payment will not be addressed during the ER visit
- Fear of violating EMTALA – have been told that payment cannot be inquired about in the ER



Copay collection in the Emergency Department

Emergency Departments are assuming more patient responsibility as well as experiencing higher volumes, leading to;

- Increase in patient wait times
- Crowded emergency department conditions
- Decreased patient satisfaction



Copay collection in the Emergency Department

Patient must be triaged to determine if emergent or non-emergent medical services are needed

- Emergent care needed
 - Discuss payment obligations after emergent condition has been address and stabilized
 - All hours
 - All staff
 - No exceptions



Copay collection in the Emergency Department

Patient must be triaged to determine if emergent or non-emergent medical services are needed

- Non-emergent care needed
 - Discuss payment obligation after triage but prior to providing treatment
 - Redirect patient to non-emergency setting
 - Provider objections must be addressed
 - Patient is already here and we did the triage
 - All the work is done and no payment is received



Copay collection in the Emergency Department

Consider the following best practices to facilitate copay collection in the emergency department

- Create a “check-out” location for nursing and administrative staff
 - Have a PC and other equipment to;
 - Verify insurance information
 - Collect copayment
 - Third-party deductible estimation tool for deductible collection



Copay collection in the Emergency Department

Consider the following best practices to facilitate copay collection in the emergency department

- Mobile carts with a laptop that can perform all of the above functions
 - Allows the staff to go to the patient instead of hoping they will stop at the “check-out” location



Copay collection in the Emergency Department

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- Mobile carts with a laptop that can perform all of the above functions
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Summary of Collection Efforts

Charity care is an integral component of the process

Strong upfront collection processes

Emergency room services are not exempt

No longer an option



National Rural Health Resource Center Tools

Several tools are available to assist rural providers support a strong revenue cycle and to improve financial performance in challenging times

- [RCM best practice guide](#)
- [Road to Value webinar series](#)
- [Rural Hospital Toolkit for Transitioning to Value-Based Systems](#)



RCM best practice guide

Developed to provide rural providers with generally accepted best practice concepts in revenue cycle management

Designed to also assist States Offices of Rural Health directors and Flex Program coordinators to develop educational trainings

Tools

- [Guide](#)
- [4 recorded webinars](#)



RCM best practice guide

Addresses

- Scheduling and pre-registration
- Patient registration and admissions
- Emergency room admissions
- Charge capture and coding
- Timely filing
- Billing and collections
- Denial management
- Revenue cycle metrics

Includes

- Best practice checklist
- Recommended Key Performance Indicators



RCM best practice guide

Webinars

- [Keeping your Patient at the Heart of your Revenue Cycle](#)
- [Financial Clearance and Pre-Registration: Steps for Success](#)
- [Account Management: Move from Denial Management to Denial Avoidance with Process Improvement](#)
- [Becoming a Patient Focused but Metrics Driven Revenue Cycle Team](#)



Road to Value webinar series

A guide and three webinars designed to identify strategies for survival in the transition from volume based to value based reimbursement

- [Road to Value: What's the Financial Strategy to Survive the Transition to New Payment and Care Delivery Models?](#)
- [Road to Value: What's Most Important to Know and Do to Financially Position the Hospital for the Future](#)
- [Road to Value: What's Most Important to Know and Do to Financially Position the Hospital for the Future \(Continued\)](#)



Rural Hospital Toolkit for Transition to Value-Based Systems

This [toolkit](#) is designed as a self-assessment checklist

- Needs determination
- Best practices
- Action steps
- Successful examples

Direct links to:

- Strategies
- Recorded webinars
- Hospital peer calls
- Informational guides
- Action steps



Questions?



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Thank You!



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