



Collecting the Ever Growing Patient Responsibility Portion

Tips for shifting patient expectations and optimizing payment collection



Patients are responsible for an increasing portion of their healthcare costs. That undeniable upward trend demands a shift in patient mindset and practice collection operations.

The percentage of total healthcare revenues represented by patient payments has steadily increased for the past 15 years. In 2002, patient payments represented 10 percent of the industry's total revenue; now that number exceeds 23 percent.

The increase in patient responsibility for healthcare costs can be attributed to two major factors: enrollment in high-deductible health plans has tripled since 2009, and 85 percent of employers have increased employee cost-sharing in medical plans—or are considering doing so within the next three years. Today, it is not uncommon for patients' deductibles to range between \$5,000 and \$10,000.

The burden of more healthcare costs falling directly to patients impacts both patients and healthcare providers. Unfortunately for providers and medical billers, patients do not dependably pay their medical bills the way government payers and private insurers do. Providers can expect a recovery rate of only 13.8 percent for unpaid patient bills sent to collections. In other words, as patient responsibility increases, so too does financial risk for healthcare providers.

Despite the risk this poses for providers, more patient responsibility doesn't have to mean lost revenue for your practice. **In this whitepaper, we outline practical strategies for:**

- Developing and communicating a crystal clear payment policy.
- Retooling your collections workflow, leveraging technology to encourage timely patient payment.

Develop and communicate a clear patient payment policy.

A concise, well-communicated patient payment policy will help your practice consistently handle payment issues, support collection efforts, and avoid legal risks, ultimately enabling open communication lines, unclouded expectations, and stronger long-term patient relationships.



Guidelines for developing your payment policy:

- Consult with a legal expert to ensure your policy complies with local, state, and federal regulations.
- Consider any payment issues unique to your facility's specialty(s). (Including pre-payment requirements if your facility performs many high-cost procedures and/or ancillary services.)
- Factor in the financial demographics of the community you serve.
- Opt for a short, easy-to-read policy your patients will actually read and understand.

WHAT TO INCLUDE IN YOUR PATIENT POLICY

- **Give patients an overview/introduce the purpose of your payment policy.** Include an explanation of why you have a policy, what it covers, and who can answer any questions patients have about the policy.
- **Be clear about patient responsibility expectations.** Establish that your practice holds patients responsible for all co-pays, program deductibles, and any other charges not covered by insurance or a government program. Also, be clear about when you expect payment.
- **What types of payments will you accept?** Be up front about the methods of payment sanctioned at your facility.
- **Determine your policy for handling late or missed payments.** Outline when you require payment and any repercussions for missing payment deadlines. This should include any late fees and details about if/when you will employ a collection agency for non-payments.
- **Include any discounts for prompt payment.** Consider incentivizing patients with a discount if they pay in full at their visit and/or if they make their payment in cash. Although incentives can be effective, tread lightly here. This type of incentive can come with legal hurdles and logistical drawbacks as estimating what a patient owes at the time of service can prove difficult due to the role of secondary payers. As with all aspects of your policy, be sure to consult a legal expert before implementing.
- **How will you present changes to patients (mail, email, and/or phone)?** Inform patients where they should look for changes in your patient payment policy.
- **What will your patient acknowledgement process be?** Consider having patients sign and/or otherwise acknowledge that they've reviewed and understand the policy.

Alerting your patients and staff of your policy.



If your patients and staff aren't aware of your payment policy, then your efforts to implement it will be futile. Your success in collecting patient payments hinges both on how well you communicate with patients about their financial responsibilities and how consistently your staff enforces your policy. Ambiguity is the enemy of your payment collection strategy. Invest time in developing a firm communication and follow-through plan to make sure that patients know what your practice expects and that your staff feels empowered to carry out your policy.

Guidelines for announcing your policy to your patients:

- Include the policy in literature provided to new patients.
- Prominently display the policy in all waiting and exam rooms.
- Provide the policy for patient review at each patient visit.
- Send mail and/or email communications to patients when any policy changes are made.
- Empower your staff to talk with patients about the policy by phone and in person before patient appointments, at time of service, and after patient appointments.
- Follow up with patients by phone and by mail to alert them to outstanding balances.
- Post the policy on your website and patient portal. Your portal should display any outstanding balances and allow for online bill payment.

Guidelines for empowering your staff to enforce your policy:

Clarity in your patient payment policy is crucial, but consistency in its execution is paramount. Educate all providers and staff about the policy and its impact on your facility's bottom line and make sure everyone is on the same page when it comes to enforcing the policy.

- Establish a patient accounts manager or other staff or provider leader to oversee implementation of any new policy.
- Discuss the importance of collecting the patient responsibility portion of patient bills in relation to your practice's financial stability.
- Equip your front desk staff with a script to guide them in asking patients for payment, such as co-pays, outstanding balances from a previous visit, or deductibles.

Retool your collections workflow.

After you have a well-established patient payment policy and you've educated and empowered your staff to enforce the policy, it's important to make small but significant changes in your facility's everyday workflow to increase time of service payments.

We recommend integrating the following workflow measures to increase patient collections at time of service: eligibility verification, date of service collections, and credit card tokenization.



Automatic Patient Eligibility Verification

Your practice management system should provide a tool that automatically verifies insurance eligibility several days before a patient's appointment. The eligibility verification should include the amount of the patient's co-pay, co-insurance, and deductible. This valuable information should be updated automatically in the patient account. Put a follow-up process in place for any patients who fail the insurance eligibility verification. The process should include contacting each patient who failed the verification, requesting updated insurance information, and setting payment expectations for patients who indicate that they are no longer insured. When a patient checks in at the registration desk for their appointment, their insurance and demographic information should be verified again.

Patient Payment at Time of Service

Patients are more willing to pay for medical services the day the services are provided. On the day of service they have a high perception of value, and with each passing day that value diminishes. Additionally, it is significantly less expensive for your facility to collect on the day of service than it is to bill a patient after insurance adjudication. Consider there is no statement cost, no collection agency cost, and you don't have to wait 90 days to receive a smaller percentage of your money.

Determine how much to collect at time of service using your practice management system's payment estimator tool. The tool references your patient's insurance eligibility verification and estimates the patient's copay and deductible. When you collect payment at the time of service, explain that this payment is only an estimate and they may receive an additional bill if the amount collected is less than the amount insurance assigns.

Credit Card Tokenization

Store your patient's credit card payment information in your system to automatically bill patients for the outstanding balance that remain after insurance is adjudicated. Your practice management system should have a credit card tokenization capability that allows you to store cardholder data without storing a patient's exact credit card number.

Previously, many practice management systems used end-to-end encryption to make credit cards indecipherable to anyone who didn't have a key to decode it. However, with encryption, the original credit card data remains on your practice's internal networks, making it vulnerable. Tokenization is considered more secure because it removes all credit card data from your internal network and replaces it with a unique placeholder (the token). Actual credit card data is stored at a secure off-site location. Additionally, since the token is randomly generated rather than algorithm-generated, the tokens are useless to anyone attempting to hack them.

To implement credit card tokenization, you'll need to have patients sign a patient consent form indicating that you reserve the right to bill their credit card for any outstanding fees after insurance adjudication. Work with an attorney and your vendor to draft a consent form.

What is Tokenization?

The process of replacing a sensitive piece of data with a randomly generated, non-sensitive value referred to as a token.

Benefits of Tokenization

- Original credit card data is not stored in the network
- Security risk is reduced
- Sensitive data is protected
- Helps meet PCI security compliance requirements

Conclusion

Collecting the mounting portion of your revenue that patients are responsible for demands a commitment to developing and enforcing consistent policies and workflow measures that encourage timely patient payment. It also requires persistent pre- and post-visit communication with your patients to alert them to their financial responsibility. By implementing the strategies outlined in this paper and leveraging your practice management vendor's technology, this seemingly tedious process of shifting collection processes and patient expectations can be painless for your practice.

RESOURCES

¹ HFMA

² 2014 PwC Health Research Institute Touchstone Survey

³ <http://www.mgma.com/industry-data/survey-reports/best-practices-of-successful-medical-groups>

Clinix Medical Information Services is a Nashville, Tennessee-based medical software development company that processes more than \$2 billion in healthcare provider charges each year. Its automated and customizable practice management/medical billing software simplifies administrative work flow and boosts cash flow for physician practices and revenue cycle management companies across the country. Offering a winning combination of cutting-edge technology and industry-leading U.S.-based customer service, Clinix has earned its reputation as reliable, revenue-boosting practice management and medical billing solution backed by knowledgeable people who understand your business.



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