WHITE PAPER

How to improve patient satisfaction and financial health upfront

Business issue

Rising patient bad debt

Problem

Inaccurate cost estimates and low POS collections

Solution

Put the patient at the center of the process

Value

Approach Patient Access holistically

WHITE PAPER

How **Patient Access** can improve satisfaction and financial health

Insuring more of the population, particularly **patients with chronic illnesses who account for 80 percent of medical expenditures**, has led to a dramatic rise in patient deductibles, resulting in high out-of-pocket costs. Helping patients manage costs helps to relieve stress and improve patient satisfaction.

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To make educated health care choices, **patients need to know what their obligation is upfront**, alleviating the stress of unanticipated charges following discharge.

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Screening patients upfront to determine their credit worthiness can also help hospitals predict those who are at potential risk for nonpayment, **better forecasting impact on the bottom line**.

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To streamline processes and achieve optimal results, the highest performing health care organizations **implement a broad range of technology** in an integrated or point solution approach.

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We know that when people, process and technology challenges are addressed at the point of service, **everything improves**.

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Business issue
Rising patient bad debt

Hospitals are experiencing a fundamental shift in how they get paid, largely due to health care reform and rising patient deductibles.

Insuring more of the population, particularly patients with chronic illnesses who account for 80 percent of medical expenditures, has led to a dramatic rise in patient deductibles, resulting in high out-of-pocket costs. According to a February 2017 article in HFM Magazine, "Bad Debt Expense Benchmarks," the amount of bad debt reported by U.S. acute-care hospitals in 2015 was more than $55 billion, due largely to the increased cost burden placed on patients by high-deductible insurance plans.

Although patients are now expected to cover more of their cost for care, many can't – or won't – depending on whether they are insured, underinsured or uninsured, and this ultimately impacts cash flow, which directly affects the financial health of hospitals. The problem is further compounded by claim denials due to registration errors, which inaccurately document or omit benefits insured patients are entitled to receive.

Hospitals have often been slow to recognize and act on the impact of rising patient bad debt, with most attempting to offset it by continuing to focus on "the big dollars" from claims, which are traditionally collected on the backend of the revenue cycle. However mounting cash pressures, as well as government regulations calling for greater transparency – with some states now requiring patient estimates within 24 hours for out-of-pocket costs – have begun to elevate patient bad debt as a strategic priority.

The new age of Patient Access requires strategies that address the patient as an individual consumer with cost and quality choices, positioning the front office as both a revenue generator and a key determinant of patient satisfaction. Health leaders consistently emphasize that patient satisfaction drives profitability. Satisfaction begins when patients first engage with the health care system.

Why is bad debt escalating?

- More insured patients, including those with chronic illnesses, which account for **80 percent** of medical expenses, are driving up patient deductibles
- Higher patient out-of-pocket costs, which place a greater financial burden on patients, are making it difficult to collect the patient's obligation
- Bad debt reported by U.S. acute-care hospitals in 2015 was more than **$55 billion**

How are hospitals reacting?

- Most are attempting to offset bad debt by going for "big dollars" on the back end
- Meanwhile, cash flow is shrinking and government regulations are demanding greater pricing transparency
- Hospitals need new strategies to address bad debt, focusing on patients as individual consumers with cost and quality choices
- It is key to position the front office as a revenue generator that is integral to patient satisfaction

Problem
Inaccurate estimates and low collections

One root cause of patient bad debt is an inability by the vast majority of hospitals to give accurate cost estimates upfront for their services.

This makes it difficult to identify and recoup what a patient owes in co-pays and deductibles, either out-of-pocket, with a payment plan or through financial assistance. To make educated health care choices, patients need to know what their obligation is upfront, alleviating the stress of unanticipated charges following discharge. According to two independent health policy organizations, Catalyst for Payment Reform and Healthcare Incentives Improvement Institute, 43 states failed in 2016 to meet even the minimum standards for price transparency based on availability of accurate and usable price information.

Many organizations have yet to automate their estimating capabilities or redesign their processes to meet transparency requirements to better serve patients. Compounding the problem for Patient Access representatives, among the lowest paid hospital workers, is lack of training and skills to engage patients and ask for payment upfront.

Ultimately, poor estimating capabilities lead to:

- Low point-of-service (POS) collections and increased A/R days
- Poor staff productivity and high turnover
- Lack of price transparency creating a compliance risk
- Patient frustration leading to comparison "shopping" and low satisfaction scores

Look to the root cause

- Inaccurate estimates make it difficult for hospitals to identify and recoup what patients owe in co-pays and deductibles
- According to two independent health policy organizations, 43 states failed in 2016 to meet even the minimum standards of price transparency
- Most hospitals lack automation and processes to produce accurate estimates
- Patient Access representatives lack the skills to engage patients, asking for payment upfront

Poor estimating leads to:

- lower collections
- Increased A/R days
- Transparency compliance risk
- Patient frustration

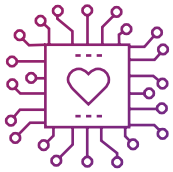
Solution
Put the patient at the center of the process

The solution to reducing bad debt revolves around people, process and technology, putting the patient at the center of all hospital work flows from the moment of their first encounter by tapping into their individual circumstance.

When patients enter the system a complex series of actions should occur, from determining their status – insured, underinsured or uninsured – to verifying eligibility and benefits, estimating their financial obligation and seeking upfront payment. Screening patients upfront to determine their credit worthiness can also help hospitals predict those who are at potential risk for nonpayment. This provides better forecasting to assess impact on the bottom line.

Much of these low-touch steps can be automated using the latest technology and gaining efficiencies through workflow redesign. Because employees drive engagement, organizations should also involve Human Resources (HR) on changing staff requirements, incorporating more training and education to better facilitate high-touch patient interactions. Organizations are also advised to create a formal, cross-functional feedback loop with downstream departments to leverage patient information, as well as to integrate ambulatory and acute scheduling, billing and collections efforts. This ensures all bases are covered to provide the highest level of service and care.

Ultimately, collecting payment for co-pays and deductibles at the POS is shown to be more effective than billing after-the-fact. To facilitate the process and provide patients with more choices, many organizations are offering multiple payment options, including the ability to pay in part or in full through an online self-service portal.



Redesign and automate

- Focus on people, process and technology to innovate
- Put the patient at the center of the work flow
- Determine the patient's status upfront
- Verify eligibility and benefits
- Estimate out-of-pocket
- Attempt to collect, either in full or through a payment plan

Don't forget the power of human touch

- Involve HR on changing staff requirements
- Incorporate training and education to facilitate high-touch interactions
- Create a formal, cross-functional feedback loop to leverage information
- Integrate ambulatory and acute scheduling and billing efforts

Remember

- Collecting patient payments upfront is more effective than billing after-the-fact
- Patients appreciate an accurate estimate and multiple payment choices

Value
Adopt a holistic approach

Leverage the latest technology and process improvements	Consider outsourcing if you don't have the internal expertise	Educate your staff to better engage patients	Be the patient's advocate	Extend your capabilities beyond the acute care environment

Five ways to take Patient Access to the next level

Today's highest performing health care organizations implement a broad range of integrated or point solutions to improve their Patient Access operations. At nThrive we call this Patient-to-Payment,℠ which includes:

Experts to optimize performance 1

- Enhance existing processes
- Improve resource skills
- Leverage full business outsourcing for maximum impact

Technology for greater accuracy, efficiency 2

- Produce the industry's most accurate estimates
- Forecast, calculate and capture all net payor revenue owed
- Automate lean processes to increase collections and reduce denials

Education that helps grow workforce skills 3

- Learn the intricacies of Patient Access
- Equip staff to utilize technology
- Increase staff confidence to engage patients

Advocacy to support patient financial needs 4

- Assist uninsured with Medicaid eligibility, charity support
- Provide insured with concierge service to manage complex billing scenarios
- Improve overall patient satisfaction

Ambulatory helps health care organizations shift to value-based care 5

- Extend revenue cycle from acute to non-acute care
- Leverage electronic records from referrals to scheduled visits
- Facilitate care coordination and field patient requests

Why **nThrive**?

nThrive's holistic Patient-to-Payment℠ approach enables health care systems to utilize a single vendor to achieve transparency and meet the demands of today's savvy consumer.

We know that when people, process and technology challenges are addressed at the point of access, everything improves – from increasing payments to reducing bad debt and improving efficiencies across the board.

However, don't take our word for it. Here are some of our clients that have achieved significant results. At Kettering Health Network (Kettering),[1] an eight hospital system in Ohio, nThrive helped to substantially reduce bad debt by $36 million over a four year period. Accurate estimating, which now averages within 10 percent of the final bill, is credited for a $6.1 million increase in upfront collections (year two) and has also improved patient satisfaction, relieving the stress of surprise charges and enabling better planning for out-of-pocket costs. In addition, Kettering has worked with nThrive to capture substantial revenue from underpayments, recovering 95 percent in seven years to return $40 million in revenue.

Another nThrive client, Oklahoma State University Medical Center (OSUMC)[2], which is the largest osteopathic teaching hospital in the nation, has had similar success. Thanks to a 45 percent improvement, OSUMC's estimating accuracy is now in the 98 percent range and point-of-service collections have increased seven-fold. The organization has also had success identifying $5.9 million in payor underpayments over the past two years and reduced missing charges by 19 percent.

We get results!

Kettering Health Network

$6.1 million increase in upfront cash collections in **year 2**

$36 million in reduced bad debt

$40 million
in underpayments identified with **95% recovery** in **7 years**

Oklahoma State University Medical Center

98% estimate accuracy resulting in seven-fold increase in POS collections

$5.9 million
identified in underpayments

Missing charges reduced by **19%**

Want to achieve similar results?

Visit us at www.nthrive.com to learn more on how nThrive can help you revitalize your Patient Access operation to reduce bad debt, increase collections, improve efficiency and more.

1 nThrive case study: "Kettering Health Network maximizes reimbursement and optimizes revenue cycle processes," 2016.
2 nThrive case study: Oklahoma State University Medical Center takes patient, payor collections to the next level," 2017.

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Engage with nThrive

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From Patient-to-Payment,℠ nThrive empowers health care for every one in every community.℠