Patients are Payers, Too – What You Need to Know about Collections

By Elizabeth Woodcock, MBA, FACMPE, CPC

Speaker Background

Elizabeth W. Woodcock, MBA, FACMPE, CPC
Speaker, Author, Trainer
www.elizabethwoodcock.com

- MBA, Wharton School of Business, University of Pennsylvania
- BA, Duke University
- Fellow, American College of Medical Practice Executives
- Certified Professional Coder
- Author, 14 textbooks and more than 500 Articles
- Founder and Principal, Woodcock & Associates
- Former Consultant, Medical Group Management Association; Group Practice Services Administrator, University of Virginia Health Services Foundation; Former Senior Associate, Health Care Advisory Board
Agenda

- New payer in the market
- Call to action
- Strategy
- Pre-visit
- Time-of-service
- Post-visit
- Conclusion

New Payer in the Market

Your Patient
The Rise of High-Deductible Health Plans

72% 81%

of large employers offer at least one consumer-directed plan in 2014...in 2015

Collecting from patients costs 2 times what it costs to collect from a payer!!

~$8,000 per provider


1 $7,931, based on 25 patients per day, 47 weeks per year, 4.5 days per week, 2 statements per patient @ $.75 per statement in processing and mailing costs.
Call to Action

The market has changed – so you must align your processes accordingly

Strategy

1. “Happies”

2. “Nudgers”

3. “Refusers”
Strategy

- Define what you are allowed to collect
  - Coinsurance
  - Unmet deductible
  - Non-covered services
  - Pre-service payments

Pre-Visit

Financial Clearance

- Insurance coverage
- Benefits eligibility
- Financial responsibility
Pre-Visit

When?
- In concert with scheduling the appointment
- 2 to 3 days in advance of appointment
- At the visit

Impact on time to schedule?
Impact on patient flow?

Pre-Visit

Appointment scheduling and confirmation
- Reveal expectations regarding time-of-service payment
- Collect balances
- Request pre-payment for scheduled services*

*Check with your payer contracts regarding ability to collect on a pre-service basis. If concerns, state: “This is a voluntary pre-payment. It will be refunded to you in the event that your insurance pays more than is estimated or in full.” Consult with an attorney.
Pre-Visit

Every Employee of Your Practice is a Member of the “Business Office”

Welcome to the Business Office!

Pre-Visit

• Don’t limit yourself to “past”-due balances
• Train staff to collect bad debt
  • How to identify it
  • Reverse the bad debt and apply the payment

Balance transferred to agency.
Time-of-Service

‘If not, why not’ report

<table>
<thead>
<tr>
<th>Time</th>
<th>Patient</th>
<th>Amt Due</th>
<th>Status of Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:45 a.m.</td>
<td>Janet Jones</td>
<td>$10</td>
<td></td>
</tr>
<tr>
<td>8:15 a.m.</td>
<td>Ellie Scot</td>
<td>$123.45</td>
<td></td>
</tr>
<tr>
<td>8:30 a.m.</td>
<td>Cade Williams</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>8:45 a.m.</td>
<td>Virginia Jacobs</td>
<td>$45.21</td>
<td></td>
</tr>
</tbody>
</table>

When you bring up money, you don’t care about me

When you can’t tell me what I owe, you don’t care about me

How much will this cost?

Transparency
We appreciate your choosing Dr. Smith for your health care. The cost of your visit may vary, as Dr. Smith may decide that she needs to order some tests or other services may be necessary to help her provide you with the best care. As an estimate, an appointment with Dr. Smith typically costs $100 to $250. Because I see that we contract with your insurance company, you will receive a discount. I strongly recommend that you contact your insurance company to determine the status of your out-of-pocket responsibility. Their phone number is on the back of your insurance card.

### Time-of-Service

<table>
<thead>
<tr>
<th>CPT</th>
<th>Description</th>
<th>Practice</th>
<th>Allowable</th>
</tr>
</thead>
<tbody>
<tr>
<td>99201</td>
<td>Office/outpatient visit, new</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99202</td>
<td>Office/outpatient visit, new</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99203</td>
<td>Office/outpatient visit, new</td>
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<td></td>
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<td>99204</td>
<td>Office/outpatient visit, new</td>
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</tr>
<tr>
<td>99205</td>
<td>Office/outpatient visit, new</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99211</td>
<td>Office/outpatient visit, est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99212</td>
<td>Office/outpatient visit, est</td>
<td></td>
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<tr>
<td>99213</td>
<td>Office/outpatient visit, est</td>
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<tr>
<td>99214</td>
<td>Office/outpatient visit, est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99215</td>
<td>Office/outpatient visit, est</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Better? Automate the Process
Time-of-Service

Requires staff who can collect:

1. Mr. Walker owes $83.25 for his child’s care. His health plan requires a 20% coinsurance. How much does he owe?

   Answer: $16.65

2. Mr. Wood does not have insurance for his family, but he would like to take advantage of your discount for uninsured patients who pay in full at the time of service. His bill is $213, and your practice offers a 30% discount for payment in full. How much does he owe if he pays in full today?

   How would you like to take care of your copayment today, Ms. Jones?

   “Ms. Jones, our practice’s policy is to request payment at the time of service. Your insurance plan requires a copayment of $________. Will you be paying with cash, check, or credit card?

   [Wait for card.] I also note that you have a small balance of $________. Can we go ahead and run your card to take care of that balance?”

Time-of-Service

- Precede the question with a compliment
- Use the patient’s name
- Look the patient in the eye
- Demonstrate that you expect payment
  - Write out the receipt
  - Accept all forms of payment
What is a “contractual adjustment”??

Establish and collect a “minimum” deposit* for self-pay patients

Examples:
A. $100 for new patients; $50 for established
B. $10 for all patients
C. $50 (or average copayment)

* A reasonable manner of collecting some, if not all, of the payment for the services provided to an uninsured patient at the time of service
Time-of-Service

- Offer lending options
  - External vendor
  - Internal payment plan
    - Parameters (time and amount): e.g., 6 months; $25
    - Create plans using twice-monthly payments (lower)

Create a separate financial class for payment plans

Secure collection of credit card information

- “Credit Card On File”
  - Pre-authorized credit card transactions
  - Mechanics? Credit card is swiped and held securely; payment plan or one-time charge after insurer has paid
Time-of-Service

“Thank you!”

“Thank you for choosing Georgia Medical Associates for your care.”

Post-Visit

Automate!
Post-Visit

Collections

• Tighten your cycle

Send bi-monthly statements

Post-Visit

• Review language and structure

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>31 to 60</th>
<th>61 to 90</th>
<th>91 to 120</th>
<th>Over 120</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$100</td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

- Place an actual due date on statements (and letters)
- Maintain an open balance for your business office manager; send to his/her address
- Offer online payment; send statements electronically
Conclusion

The Time is Now!

Speaker

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Contact Ms. Woodcock at 404-373-6195 or elizabeth@elizabethwoodcock.com
You are scheduled for a XXXX on Jan 4, 2015. We will file the claim for this service with your insurance company, CIGNA. This financial worksheet outlines the estimated cost of the surgery*, your discount and financial responsibility, and what your insurance company is estimated to pay on your behalf.

Estimated Cost of Your Surgery:

<table>
<thead>
<tr>
<th>Your Discount: $XXX.XX (XX%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Financial Responsibility:</td>
</tr>
<tr>
<td>Your Insurance is Estimated to Pay:</td>
</tr>
</tbody>
</table>

50% of your financial responsibility is due prior to the date of the surgery. We would be happy to accept cash, check or charge. The remainder is due within 90 days after the date of the surgery. There is a $200 charge that will be applied to your account in the event that you do not present for your surgery. This charge will be deducted from any refund due as a result of the cancelled surgery.

Plan of Payment:

If you have any questions regarding your insurance coverage or your financial responsibility, which is assigned by your coverage, please contact your insurance company at 800-888-8888. We recommend that you have your insurance card handy when you speak with them.

Signed (Patient):

*This agreement is for the surgeon only. You may receive bills from the hospital and other health care providers. Please note that this financial agreement outlines our best estimate for what will be performed; however, additional or different procedures may be necessary to complete the treatment. We follow the national coding guidelines as issued by the American Medical Association. The estimate includes customary post-operative care in our office. Your follow-up care may result in additional appointments for unforeseen circumstances, and these may result in additional financial responsibility.