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### **Advise and collect: Helping patients pay for surgery**

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Long gone are the days when employer-based health insurance covered most, if not all, of patients' healthcare bills. Insurance companies and employers expect individuals to pay a larger chunk of healthcare costs themselves.

The 2018 benchmark Kaiser Family Foundation (KFF) Employer Health Benefits Survey found that "a quarter (26%) of all covered workers are now in plans with a deductible of at least \$2,000, up from 22% last year and 15% 5 years ago. Among covered workers at small firms (fewer than 200 workers), 42% face a deductible of at least \$2,000."

That \$2,000 or higher deductible is increasingly common in employer plans, says Gary Claxton, a KFF vice president and director of the Health Care Marketplace Project, a KFF initiative that focuses on trends in employer-sponsored health insurance, healthcare costs, private health insurance, and consumer out-of-pocket costs. "The bills can pile up quickly for workers who require significant medical care."

### **Avoiding bad debt**

What happens when patients do not pay their share of high deductibles, copays, and coinsurance? Healthcare facilities must either obtain those payments or be saddled with bad debt. "The patient is now one of your payers, and this revenue stream is getting as large as that of some small insurers," says Mary Herweyer, business office manager for the Copper Ridge Surgery Center in Traverse City, Michigan.

Experts say ambulatory surgery centers (ASCs) can collect more of that revenue up front by using tactics that do not make patients feel they are being strong-armed or cheated. The most frequently cited best practices include:

- reviewing current policies for bill collection and how they can be improved
- educating all front desk staff about current and new collection policies and practices, and training them to be comfortable with up-front collections
- hiring dedicated staff to manage bill payments and collections
- developing plans to more aggressively collect payments before patients enter an ASC for treatment
- ensuring patients are authorized for surgery, and verifying their copays and coinsurance
- discussing payment with patients well before the day of surgery, including the bills they will receive for procedures, which costs their insurance plans will cover, and how much they may need to pay out of pocket
- explaining financial options, such as payment plans, for patients who cannot afford deductibles and other expenses
- ensuring patients understand the information they have been given.

## **Set expectations**

Many people do not pay attention to how their insurance policies work until they require serious medical treatment. They may be surprised to learn how much their plans do not cover and how much they must pay out of pocket, says Richard L. Gundling, FHFMA, CMA, senior vice president, healthcare financial practices, Healthcare Financial Management Association, headquartered in Westchester, Illinois.

He recommends having a clear discussion about a patient's insurance coverage before seeking preauthorization and then helping to get the preauthorization for the surgery.

"Patients who know their costs going into surgery are more likely to pay their out-of-pocket expenses," Gundling says. "Misunderstandings about their healthcare bills may cause them to delay paying."

Jeffery Dallas, MBA, Epic certified applications analyst, Epic Access Team, Valley Health System, Winchester, Virginia, agrees that most people want to pay what they owe. But when patients receive multiple bills from multiple providers for the same surgery, they often can't discern what they really owe, and consequently they don't pay anything.

"Many patients are not familiar with finances in general, let alone healthcare bills," Dallas says. "In their defense, the healthcare industry has some opportunities for improvement when it comes to itemizing and describing medical bills" (sidebar below).

Reed Martin, chief operating officer of Surgical Management Professionals in Sioux Falls, South Dakota, recommends telling patients well before the day of the surgery that full payment is expected up front. If they cannot pay the deductible amounts, they can be asked to pay 25% of what they owe and the remainder can be paid through a payment plan.

He also advises checking with area hospitals to see what percentage of payment they require up front.

## Best practices for financial communications

The Healthcare Finance Management Association (HFMA), headquartered in Westchester, Illinois, offers this list of guidelines when discussing finances with patients.

- Compassion, patient advocacy, and education should be part of all patient discussions.
- Providers should have standard language to guide staff on the most common types of patient financial discussions.
- Where appropriate, provider organizations should utilize face-to-face discussions to facilitate one-time resolutions.
- Availability of supportive financial assistance should be communicated to patients. Provider organizations should make financially supportive policies available to the community.
- Service provider should take initiative to communicate with patient.
- All personnel engaging in patient financial discussions (eg, registration staff, financial counselors, financial clearance representatives, and customer service staff) will receive annual training on patient financial communications best practices, financial assistance policies, common coverage solutions for the uninsured and underinsured, and customer service.

The entire list of HFMA best practices is available at:

<http://www.hfma.org/Content.aspx?id=20083>.

### Offer payment plans

Providing payment plans for patients is a new but growing practice among hospitals and ASCs, experts say. Although Copper Ridge patients are asked to pay what they owe up front, “we work with the patient any way we can because we want to be able to provide service,” Herweyer says. But payment plans need to be carefully thought out. Carol Ciluffo, vice president of revenue cycle management at Pinnacle III in Lakewood, Colorado, a consulting company specializing in ASC development, management, and billing, advises ACS leaders to:

- Discuss with the governing board which types of payment plans to offer and what to do when individual patient payment needs conflict with established policies.
- Describe the types of payment the ASC accepts, such as cash, credit cards, automatic withdrawal from bank accounts, online bill pay portal, etc. Provide as many payment options as possible, and make it easy for patients to pay.
- Develop a well-defined policy for up-front collections. Statistics reveal the likelihood of patients paying before their visit is 90%. At checkout, that drops to 70%, and after their visit, it is just 40%.

Martin says payment plans extending past 9 months should not be offered. Billing statements in facilities managed by Surgical Management Professionals are sent every month for 3 months. One phone call is also made. If payment is still not forthcoming, the bill is referred to a collection agency.

The number of statements mailed and calls made to patients may differ depending on state regulations, Martin says. If bills are referred to a collection agency, it is important to use an agency with legal and ethical collection practices, he adds.

### **Find other alternatives**

If a payment plan is not an option for patients, an ASC may advise them to take out medical bank loans—unsecured, personal loans for paying medical expenses—or it may offer medical credit cards with short-term financing that allows patients to pay medical expenses over a longer period of time.

“Patients who either lack health insurance or opt out of insurance for privacy reasons are considered self-paying. They can be offered a discount on the bill if they pay the entire amount up front,” says Lori Tamburo, CASC, director of operations, Foothills Surgery Center, Boulder, Colorado. “The opt-out option comes with a caveat: The ASC cannot submit a claim to the insurance carrier, and the patient cannot apply the amount they paid to their deductible or out-of-pocket expenses at a later date.”

The amount of the discount is decided by the specific ASC. However, discounts that are provided to the patient must also be given to the payer, says Kylie Kaczor, MSN, RN, CASC, CMPE, CPHRM, ACHE, CPCO, CLSSBB, vice president, clinical and regulatory affairs, National Medical Billing Services, St Louis, Missouri. In other words, an ASC cannot give a discount to the patient but charge the full allowable/negotiated cost to the third-party payer. Hardship (charity care) must be guided by federal and state policies or guidelines and applied consistently, Kaczor says.

### **Use financial counselors**

Surgical case volume at Foothills Surgery Center, a Pinnacle III managed facility, has increased in the past couple of years. Previously, increased volume meant an increase in unpaid bills. But in 2018, the center’s debt decreased, largely because of a financial counselor who helps patients understand their bills before undergoing surgery.

To patients, the financial counselor at Foothills is part teacher, part advocate, and part problem solver. The counselor explains up front the different expenses related to the surgery and what a patient’s insurance will and will not cover, Tamburo says.

Benefits of having a financial counselor include:

- increased patient understanding of financial obligations, which leads to higher patient satisfaction ratings
- improved up-front collections
- decreased outstanding patient balances
- reduced amount turned over to collection
- mitigates loss by letting surgeons know in advance of a procedure if the costs will not be covered in full by insurance, leading to financial loss
- reduced denial rate through confirmation of insurance information.

The financial counselor helped one elderly patient save thousands of dollars on an eye procedure at Foothills. The patient was told the center was in her insurance network and that she would only need to pay \$300. But her insurance carrier said Foothills was not in network, and she would owe the center \$3,000.

The financial counselor investigated and discovered a glitch in the insurance carrier's system that was responsible for the discrepancy, and the patient did indeed have coverage. Without that intervention, the patient might have gone elsewhere for the surgery or received a bill she could not afford.

### **Collections policies**

At Copper Ridge, dedicating 2.5 full-time equivalents to collections has decreased bad debt by 1.5%, says Her-weyer, which compensates for the cost of hiring additional staff. "Our precollections rose by 50%. It was a big jump for us, and it brought down our bad debts," she says. "Collections is always something we are looking at, but right now we have a robust precollection system."

The facility's precollection process includes verifying insurance coverage for every boarded case and then determining the patients' responsibility. Telephone calls are made to patients 2 weeks before surgery to discuss the insurance coverage and their financial obligation.

"Once you have a refined collection policy in place, post it in your waiting room and on your website," advises Ciluffo. "Also, include it in your patient packets, and review it in person with patients and family members. Have patients sign the policy and any corresponding payment plan agreements, and provide them with a copy. Lastly, send the agreement to your billing department to assist with collection efforts. Displaying and consistently following your patient payment policies will lead to better outcomes in your up-front collections."