

Leveraging Intelligent Billing Practices to Increase Patient Collections, Lower Costs

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Increasing patient responsibility necessitates the seamless integration of patient access, claim processing, collections, and remittance to enable providers to proactively collect patient payment.

For years, insurance payments drove the majority of collections. So naturally, providers' billing practices were built around that process with a focus on insurance verification. Only after submitting claims would providers chase the remaining 5 to 10 percent of collections from patients.

With the rise of health savings accounts and higher deductible/higher copayment plans, patient responsibility has soared to represent more than 23 percent of total revenue ([Perspectives on Patient Payments](#), Medical Group Management Association [MGMA], 2010), making the focus on patient collections crucial for providers' long-term solvency.

Moving Patient Collections from Reactive to Proactive

The increasing patient to provider responsibility, which is predicted to exceed \$500 billion this year, is driving the transition from post-service patient collections to a more proactive up-front approach ([Are You Ready? Private Health Insurance Exchanges Are Looming](#), Accenture, 2013). However, a successful transition will require a unified vision; one that addresses patient access, claim processing, payments and collections, and remittance. Providers will need front-end tools that integrate with billing systems to achieve the following:

- Gain current, real-time understanding of patients' deductibles, coinsurance, and copayment information that automatically integrates with the services provided that day.
- Accurately estimate the percent patients will need to pay out of pocket.
- Determine a patients' propensity to pay.
- Identify the ideal amount to collect up front while also determining what payment options to extend.
- Offer point of service collection and merchant processing to collect payment before patients leave.

For example, certain patients may be good candidates for copayment collection before services are provided and then put on automated payment plans during check out to cover remaining balances. The key is identifying the final amounts due and taking steps to collect payments *before* patients leave: Once patients leave, their bills sit in accounts receivable for an average of more than two months before payments are received.

Offering Diversified Payment Options

With today's diverse patient populations and increases in patient responsibilities, providers must expand payment alternatives—and integrate them seamlessly into their billing systems—in order to optimize collections.

For some patients, collections can be maximized with short-term financing or monthly payment plans. Other alternatives include the ability to accept cash payments at off-site locations or set up electronic funds transfers from checking accounts—suitable for financing plans or for one-time payments. Patients' affinity to making online credit card payments or utilizing virtual payment methods such as PayPal, Google Wallet, and Apply Pay has soared in recent years. Providers should remain nimble and adapt to patient demands for payment options that ultimately drive collections.

Using Consumer-Preferred Communications to Lower Costs and Increase Engagement

Aging baby boomers and tech-savvy millennials don't approach healthcare the same way, nor should providers treat those patients' account communications and management in the same ways. By collecting and leveraging patient intelligence, providers can identify the best communication methods for various patient groups as well as what payment options to extend in order to streamline their revenue cycle.

For example, if patients log in to a URL printed on their paper statements, they may be more likely to engage electronically in the future. Considering that, on average, 3.1 statements are needed to collect payments, eliminating paper statements could reduce costs by 1 percent.

Other patient intelligence, such as their propensity to pay and account balances, can help providers identify what options to extend, which can help streamline the revenue cycle while increasing patient satisfaction. Ultimately, success will be driven by knowing the best way to engage and interact with patients in order to lower the cost to collect.

With so many moving parts in this new patient-driven environment, providers should

consider software solutions that integrate with existing billing systems and internal workflows to cohesively manage the process while lowering integration costs and increasing usability.

Unifying the Revenue Cycle Strategy

Patient financing reaps many benefits including lowering costs and increasing timely payments, as well as increasing patient satisfaction with revenue cycle processes. A smooth payment process also contributes to a positive overall patient experience and increased patient loyalty. Hospitals and health systems that take a unified and proactive approach to patient payment as part of their revenue cycle strategy understand its importance for long-term solvency.

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Publication Date: Thursday, September 17, 2015