65 Years of Excellence 1949-2014

STATE COLLECTION SERVICE INC

The State of Collection

A State Collection Service, Inc. Newsletter
Volume 20, Number 3 • Third Quarter 2014

PRIOR EVENTS

State Webinar Series: Affordable Care Act and the Impact to Patients, Providers - *recording available*

ACA International's 75th Annual Convention & Expo
July 23 - 25, Chicago, IL

HFMA ANI 2014
June 22 - 25, Las Vegas, NV

HFMA Webinar (WI Chapter)
Medical Debt Advisory Task Force Update - *recording available*

UPCOMING EVENTS

WI HFMA Fall Conference
Sept 24-26, Eau Claire, WI

State Webinar Series: 501r Requirements- Conducting a Community Health Needs Assessment 9.25.14 - *register here*

WI AAHAM Joint Revenue Cycle Co-Op
Oc 2-3, Eau Claire, WI

First IL Fall Summit
Oct 30-31, Itasca, IL

GA HFMA
Nov 5-7, Savannah, GA

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LOCATIONS

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Madison, WI
Milwaukee, WI
Beloit, WI
Chicago, IL

Knowledge Is Power

—Tom Haag, Chairman and CEO

Years ago, as a "struggling" high school student (the struggle, of course, was actually just the result of not trying very hard), I spent most of my days convincing myself that I would never use any of the information I was supposed to be learning. It wasn't until about my third day of work "in the real world" that I realized how foolish I had been. Now fifty years later that still holds true – Knowledge is Power.

Every month, companywide, we hold an all-employee informational meeting that provides each staff member the opportunity to "be in the know." Departmental updates, company announcements, and acknowledgement of employee successes are all a part of these meetings. One of the most enjoyable features of our employee information meetings is the presentation of "WOW Awards." Any employee whose supervisor receives a call or letter of thanks for the way they handled a collection call receive a certificate of appreciation to hang at their work station and the reward of a gift card. Frankly, we give away a lot of gift cards and are happy to do it because, as I've mentioned in past issues, "You collect more bees with honey than vinegar." Our goal is to collect debt keeping in mind the dignity and respect of the consumer – it's just icing on the cake for us is when the consumer actually thanks us for our help!

So what does all of this have to do with "Knowledge is Power?" In this issue of our newsletter we will pinpoint some of the ways we are honing our knowledge and using it to better serve our clients and the company. Articles will touch on continuous training plans, assisting representatives to find the best way to explain difficult and confusing provisions in contracts and insurance policies, and tracking successful calls just to continue to make us more successful. The continuously record setting number of WOW Awards proves it. I hope you enjoy this issue.

Seeking and Applying Knowledge

—Terry Armstrong, President

It's a universal truth – knowledge is power. What isn't as clear, however, is how one obtains that knowledge and, more importantly, how it should be applied to get the results needed for success.

At State Collection Service, we have been saying it for years – every facet of the healthcare industry is changing. So how do you harness these changes into knowledge that you can then use to improve? One way, of course, is to form partnerships with those who constantly monitor the industry for changes, consistently integrating solutions into their service offerings. We understand how crucial it is for us to remain ahead of industry changes for our clients – after all, our core competency is the healthcare revenue cycle and our clients count on us to have the knowledge to ensure they have the best information available to make sound business decisions.

Regulations like the Affordable Care Act have caused numerous changes; the one affecting how you deal with patients is 501r, particularly for nonprofit hospitals. We have worked closely with all of our clients to align our practices with their documented processes and procedures; this ensures that the appropriate amount of charity is being provided to patients and that all processes are in compliance with 501r. Along those lines, Mark Rukavina once again shares his knowledge of 501r by outlining the requirements and checklists all healthcare providers should have in place. Leveraging this knowledge gives you the power to understand and implement a solid 501r strategy.

Marc Soderbloom outlines why healthcare providers should not only be concerned about following 501r, but also be aware of other regulatory bodies like the Consumer Financial Protection Bureau (CFPB). While the CFPB is not authorized to investigate consumer complaints within the healthcare arena today, most experts agree that they will in the near future and Marc points out why. With all of the pressures facing healthcare financial executives today, why worry about something that doesn't even apply yet? Because we all know that being prepared in the face of an increasing number of regulations helps everyone in the long run. But if you can't worry about things that haven't happened quite yet, be sure your service partners are at least doing the worrying for you.

As an organization, we have always taken patient concerns very seriously. Equally important, we want to be proactive so we can minimize concerns before they are even raised. We know that the number of consumer complaints related to medical debt is rising and has quickly garnered the attention of regulators. In her article, Tina Hanson points out why everyone should have a complaint tracking system to show regulators how you track and resolve any patient problems you may encounter. Without a doubt, having the knowledge of any complaints you receive gives you power when dealing with any regulatory body.

With our desire to keep ahead of any possible issues, we have implemented a Consumer Response System (CRS) at State Collection Service. The CRS assures us that all potential complaints are dealt with as quickly and as thoroughly as possible. While over 99% of concerns are misunderstandings, utilizing such a system allows us to prove that we have evaluated and responded to all complaints in a timely manner. More often than not, simply responding to patient questions and/or concerns resolves most issues. But when that isn't enough, our CRS ensures that any outstanding complaints are managed effectively and efficiently.

We supplement our Consumer Response System with our advanced speech analytics technology, which not only allows us to monitor 100% of calls, but also review all calls for potential complaints or "risk language" that could lead to a complaint. Needless to say, this tool has allowed us to avert potential problems – again, the knowledge of what happens on every single call is very powerful.

I'd like to take a moment to brag here – State Collection Service was recently awarded the 2014 Implementation Award by Speech Technology Magazine! We were selected out of a large number of applicants for our innovative use of CallMiner's Eureka! speech analytics technology. In fact, we have included the press release in this newsletter for you to read. The credit goes to our staff for truly using the knowledge provided by the tool to become better at what we do for our clients.

Another universal truth – just learning something doesn't give you much power. It is how we apply that knowledge that gives us power – the power to do a better job for our clients and their customers.

STATE COLLECTION SERVICE WINS 2014 SPEECH IMPLEMENTATION AWARD

BY SPEECH TECHNOLOGY MAGAZINE

Madison, WI – State Collection Service, Inc., a full-service accounts receivable management solutions provider, is proud to announce that it has been presented with SpeechTech Magazine's 2014 Implementation Award. This annual award honors those companies that have had impressive deployments of speech analytics technology, discovering through the process the impact such technology can have on agent productivity, customer service, and a client's bottom line.

When making the decision to utilize the CallMiner Eureka! speech analysis tool, State Collection Service's goal was to increase overall patient satisfaction, the quality of calls, and compliance to federal and state regulations as well as client-specific requirements. It also provided an opportunity to profile the characteristics found in top performers and leverage that information to train and improve results for all call center staff.

"CallMiner's Eureka! has provided us with a basis of differentiation, helping to deliver a more compelling service to our clients," says Tracy Dudek, Vice President of Operations at State Collection Service.

While State Collection Service had been recording calls for many years, the company's team of QA representatives was using handwritten quality assurance forms to review five calls per agent per month, making it an extremely manual, tedious, and time-consuming process. "CallMiner took a lot of the manual work away, allowing us to recoup more than 4,000 employee hours per year. You can get a lot more information when you monitor all calls versus just five a month. We have so much more data now. And it's not anecdotal, it's all factual," she adds. "We're monitoring calls in a way that we just weren't able to before for things like compliance, professionalism, and courtesy."

"Moreover, we never had a way to measure if the caller had a good experience on the phone," Dudek continues. "We have that now. CallMiner gives us a good picture of the total call and everything that happened on the line."

By utilizing CallMiner's automated scoring feature, State Collection Service has been able increase identification of top performers and those requiring additional training. CallMiner has also helped refine specific call language and increase regulatory compliance. Trends among collection groups are analyzed, increasing overall satisfaction among consumers and clients as well as overall productivity and efficiency.

CallMiner allows call searches by numerous factors, providing the ability to drill down into calls and create specific training protocols and measurements for individual clients. Further, State Collection Service has built its own scorecard to align, measure, improve, and incentivize correct agent behaviors to achieve specific goals. Key measures include presence of financial/negotiation language, overall call length, and average duration of silence, as well as other indicators of professionalism including courtesy language and FDCPA compliance. By implementing the scorecard and attaching compensation to its results, State Collection Service has been able to drive improved representative productivity.

"The State Collection Service team is truly one of the best we work with in any vertical," said Terry Leahy, Chief Executive Officer of CallMiner. "Their commitment to utilizing speech analytics to increase overall patient satisfaction and agent productivity is exceptional and their innovation with the Eureka product has been second to none. This award is well deserved."

About State Collection Service, Inc.
Since 1949, State Collection Service has provided quality collection service to countless healthcare organizations. The company's core principles reflect desire to deliver exceptional ethics and integrity through strong customer relationships and collection practices.

Through experience and innovation, State Collection Service has grown to become a tremendously credible and nationally-recognized receivables management firm offering services from pre-registration to bad debt. It is upon the basis of ethical behavior and a dedication to integrity that each State Collection Service employee works to uphold the company's vision – Partnerships for a Lifetime.

About CallMiner
CallMiner helps businesses and organizations improve contact center performance and gather key business intelligence by automating their ability to listen to every customer interaction. CallMiner's Eureka product portfolio automates the overwhelming process of monitoring information from 100% of interactions – calls/audio, chat, email, surveys and social – to uncover consistent and reliable information about agent performance. Real time business intelligence can be leveraged by enterprises to dramatically improve customer service and sales, reduce the cost of service delivery, mitigate risk, and identify areas for process and product improvements. www.callminer.com

About Speech Technology Magazine
Speech Technology magazine's mission is to provide comprehensive and independent coverage of information impacting speech technologies. www.speechtechmag.com.

What Every Provider Needs to Know about Complaint Tracking

—Tina Hanson, Executive Vice President

We all know that the Consumer Financial Protection Bureau (CFPB) has been clear that it wants all companies it regulates to have some kind of process in place to manage and review complaints from the consumer. While the CFPB isn't yet authorized to regulate complaints within the healthcare industry, most industry experts agree that it's just a matter of time before that changes. Accordingly, it's very important that you consider putting in place a formal complaint system.

Where Do You Start?
Before you can build a complaint management system that works well, you need to determine what you consider to be a complaint and what isn't. Of course, the CFPB is likely to broadly define complaints. How you choose to define a complaint should be very clear – this ensures that everyone within your organization is on the same page. For instance, some people sometimes call with the attitude that they don't want to waste their time with first-level support and just expect to talk to a supervisor. Just because the individual asked to speak to a supervisor right away, is it necessarily a complaint? Maybe not, but that will depend on how you choose to classify calls like that.

In addition to defining a proper complaint, you will want to determine your definition of a dispute. Often, disputes can be easily and quickly resolved, but your staff should know how you, as an organization, have defined disputes. A dispute might include an escalated call to a supervisor, a verbal or written stall or objection, or a dispute with a consumer reporting agency. What constitutes a "dispute" might differ from one healthcare provider to another, so it is very important that employees understand how it is defined.

Access points for complaints to reach your organization must also be thoroughly identified. Complaints may come to you in various ways – phone, email, web, attorney. Missing even just one access point can cause complaints to be missed and inadvertently ignored. Your organization may find it helpful to designate one specific location where patients can submit complaints. That information can be published on statements, posted in your facilities, or easily found on your website. But no matter what access points you make available for consumers, be sure to have processes and procedures in place for capturing all potential complaints from every possible access point.

What Should You Track?
Once you've formally defined a complaint, it becomes important to create categories for any complaints received. Categories could include the scheduling and registration processes to the billing procedures, misapplied payments, or the patient's experience speaking with a customer service representative. After creating the appropriate categories for how a complaint was generated, you can begin tracking them to determine which areas need the greatest improvement.

When it comes to actual complaints, each one should be categorized by how it was generated. This helps track each complaint in the category it belongs. Complaints can be generated from processes prior to account placement, the placement process itself, lettering, misapplied payments, the experience of talking with a collector or several other issues. Tracking each complaint with categories helps you understand what areas need the most improvement.

"Often, disputes can be easily and quickly resolved, but your staff should know how you, as an organization, have defined disputes."

How Do You Track?
In addition to categorizing the complaint appropriately, you should also give it a status that allows you to track its progress toward resolution; such status tracking also allows others within your organization to understand what is being done to solve the problem. Examples of statuses include whether the complaint is new, whether contact has been initiated with the consumer, if further information is being gathered, or whether follow up in required with the consumer. Many times, the complaints we receive can be alleviated by simply telling a patient you'll get back to them. But, too often, we just don't say anything to the individual – they ask for information and we simply do not give it to them. Imagine how many complaints could be avoided if we were to provide patients with the information they need in a timely manner.

Establishing various statuses for each stage can help you pinpoint exactly where a complaint is in its life cycle. Having that information readily available is extremely valuable, whether for your own internal measurements or for a visit from a regulatory body. Specifically considering the CFPB, not only do they want to know where the complaints are coming from, but also what is causing them to occur. By having a strong tracking system in place that allows you know exactly what is happening at any given

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time, you can show that your organization is working hard to not only eliminate complaints, but also help the patient.

Why Complaints Occur
So now you've established what you're going to track and how you're going to track it. In addition to the "what" and the "how", we must consider the "why". Spending some time understanding the root cause of a patient's concern and addressing that specific cause helps prevents the same issues from occurring again and again, thereby minimizing further complaints. You'll spend far less time analyzing the cause of concern than you will managing recurring complaints – that will help your bottom line in the long run.

Reaching Your Goal
The goal of a complaint management system is to have the consumer come to you before they go to a regulatory body. You need to make sure you give the consumer a chance to allow you to resolve the concern. The key to effective complaint management is training staff to be comfortable with whatever processes you put in place. By training employees to see an issue from the patient's point of view allows them to be sympathetic to the patient's needs. At the end of it all, the complaint management process you put in place should create a win/win situation for all involved – the patient has their concern resolved quickly and completely while your organization has the opportunity to correct a problem that you may never have known about otherwise. And by resolving the issue directly with the patient, you've avoided the interference of any outside agencies – an added bonus.

But in all of the effort you spend to track complaints, don't forget to track those compliments too. While the CFPB may not come asking about any compliments you've received from patients, the positive effects of compliments on staff can go a long way in boosting morale. Don't allow too much emphasis on the negative overshadow all of the positives that are coming out of your organization.

PEER REVIEWED by HFMA*®

Healthcare Bad Debt Recovery

The Healthcare Financial Management Association (HFMA) recently announced that, after a rigorous review, State Collection Service has once again achieved the "Peer Reviewed by HFMA®" standard for our Healthcare Bad Debt Recovery Service.

State Collection Service's Healthcare Bad Debt Recovery Service covers all aspects of bad debt recovery, from primary and secondary placements through the legal process. It was built utilizing healthcare-specific processes to better serve the healthcare industry and its patients.

"We are extremely excited to continue our HFMA Peer Review designation," said Terry Armstrong, President of State Collection Service. "Over the past 65 years, State Collection Service has committed itself to providing top-notch solutions to healthcare providers around the country. The fact that HFMA, the healthcare finance industry's leading association, continues to recognize this commitment is icing on the cake. Renewal of this designation simply encourages us to continue providing the high level of service our clients and their patients deserve."

HFMA's Peer Review process provides healthcare financial managers with an objective, third-party evaluation of products and services used in the healthcare workplace. The rigorous, eleven-step process includes a Peer Review panel review comprised of current customers, prospects who have not made a purchase, and industry experts. Peer Review status of the product or service and its performance claims are based on effectiveness, quality and usability, price, value, and customer and technical support.

"We're pleased to have State Collection Service, Inc. renew their HFMA Peer Reviewed designation," says HFMA President and CEO Joseph J. Fifer, FHFMA, CPA. "The HFMA Peer Review process assures our members, through a rigorous evaluation, that the reviewed product or service meets an objective third-party assessment of overall effectiveness, quality, and value."

State Collection Service provides a full suite of revenue cycle solutions to complement our Peer Reviewed bad debt service. From insurance follow up and self-pay outsourcing through bad debt collection, we treat your patients like you treat your patients. Call us today to learn more about how State Collection Service can help you!

THE WEBINAR SERIES, UPDATE

— Steve Beard, Chief Business Development Officer

We are in our 4th year of the Strategies to Achieve Breakthrough Results webinar series. The goal of this series is to provide and best practices from industry experts and peers. In this Month's Webinar, Lyman Sornberger of LGS Consulting shared his insight into "The Affordable Care Act and the Impact to Patients and Providers." Lyman walked the audience statistics related to the enrollment process and a comparison of the various premiums, as well as deductible's. He shared the early indicators of the denied claims based upon non-payment and the overall impact to the patient, provider, and payor. He also walked through the goals and value proposition of Value Based Health Care. He explained the stakeholders Value Based Health Care, as well as the six components to the mandate.

On September 25th, Mark Rukavina of Community Health Advisors will walk us through a facilities requirements under 501r of conducting a community health needs assessment (CHNA) and adopting an implementation strategy. Please plan to join us September 25th for this insightful presentation.

To register please visit www.statecollectionservice.com/webinars/

For those of you who have not yet participated in our webinar series, all of our previous sessions are recorded and available on our website at www.statecollectionservice.com/previous-webinars/ – we hope you'll take some time to listen (or re-listen!) to what's out there!

Other helpful sessions available on our website include:
- A Walk Through of the Best Practice Template as Adopted by the Medical Debt Advisory Task Force
- Be Prepared for the New Self-Pay Reality: The Impact of the Health Exchange Rollout
- Proposed 501r Rules and the Use of Charity Screening

Are you LinkedIn?

Connect with State Collection Service today!

Bill Lindala - ACA Certified Trainer!

"The Trainer Specialist Designation supports seasoned trainers through effective training techniques to facilitate Campus ACA's core collector programs, the Fair Debt Collection Practices Act and Professional Telephone Collectors' Techniques, within your organization."

In order for Bill to become an ACA Certified Trainer he was required to attend three half day training sessions (online) and then successfully passing the exam. Bill has been certified since May 12, 2014.

Section 501r- The New Self-Pay Environment - Part 2

Will Your Hospital Financial Assistance, Billing & Collection Policies Stand Up To Scrutiny?

— Mark Rukavina, Principal of Community Health Advisors, LLC

Background
With passage of the Affordable Care Act (ACA), the Internal Revenue Service was directed to establish Section 501r of the Internal Revenue Code. This directive called for new requirements – which must be met in order to maintain federal charitable status – to be placed upon our nation's non-profit hospitals.

What are the Section 501r Requirements?
Section 501r establishes the following requirements:
- Financial Assistance Policy (FAP)
- Limitation on Charges for (FAP-eligible patients)
- Billing and Collection Policy
- Community Health Needs Assessment (CHNA)

Though final IRS regulations have not been issued, proposed regulations on financial assistance, limitations on charges, and billing/collection requirements were released in June of 2012. The IRS has stated that these proposed regulations may be relied on until final or temporary regulations are issued and published in the Federal Register.

In Part 1 of this article, we focused on the financial assistance policies and limitation on charges. In this article, the focus will be on billing and collection policies.

Collection Actions in Event of Non-Payment
A written billing and collection policy must be established. It can stand alone as a separate policy or be incorporated into an overall financial assistance/billing and collection policy. The policy must describe the permissible collection actions that may be taken in the event of nonpayment and the time frame for taking such actions. As with the financial assistance policy, this policy must be made available free of charge. The policy applies to both internal hospital collection efforts and efforts undertaken by authorized attorneys or third party collection agencies.

Extraordinary Collection Actions
Hospitals are prohibited from engaging in extraordinary collection actions (EAC) prior to making reasonable efforts to determine whether a patient is eligible for financial assistance. The proposed rule defines extraordinary collection actions as those taken against a patient by the hospital, or a third party acting on behalf of the hospital, that require a legal or judicial process.

They include, but are not limited to the following:
- Reporting adverse information to credit bureaus
- Initiating civil litigation
- Liens on property
- Foreclosure on real estate
- Attaching or seizing bank accounts
- Causing an individual's arrest
- Body attachments
- Garnishment of wages
- Sale of debt to another party

Reasonable Efforts
The proposed rule describes what constitutes a reasonable effort to inform a patient of financial assistance. The efforts include notifying patients of available assistance and how to apply for it during a 120-day notification period, which begins after issuing the first bill to the patient. During this time, hospitals are prohibited from engaging in extraordinary collection actions prior to making a determination on whether an individual is eligible for assistance under the financial assistance policy (FAP).

If a patient has not submitted an FAP application within the 120-notification period, a hospital may commence collection actions. Caution should be used, however, since patients have an additional 120 days to apply for assistance; if they are found eligible, extraordinary collection actions must be reserved.

The notification period is then followed by a 120-application period. During this time a patient may submit an application for assistance and the hospital is required to accept and process it. If an application is incomplete, the hospital must refrain from collection actions and provide the applicant with information on what will be needed to complete the application.

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Hospitals are also required to distribute a plain language summary of the FAP and offer an application prior to discharging a patient. This summary must also be included in at least three billing statements and other written communication during the notification period or until an application is received during this timeframe. Hospitals are also required to inform patients of the FAP in all oral communication regarding payment of outstanding bills due during the notification period.

Hospital are required to provide at least one written notice informing patients of collection actions that may be taken, a minimum of 30 days prior to commencing such actions, if patients do not submit an application for assistance or pay the outstanding balance.

Anti-abuse
The proposed rule contains an "anti-abuse" rule. It states that a hospital will not have made reasonable efforts to determine FAP eligibility if the hospital bases its decision on inadequate information. An example of this would be a decision based on data that could be unreliable, incorrect, or obtained from the individual under duress or through the use of coercive practices. Coercive practices described include delaying or denying emergency care until a patient provides requested information. A waiver signed by a patient stating that he or she does not wish to apply for financial assistance does not constitute a determination of financial assistance eligibility. It will not satisfy the reasonable effort requirement to determine whether a patient is FAP-eligible prior to engaging in ECAs.

Medical Debt Advisory Task Force
In anticipation of this pending legislation, as well as the likely oversight of the Consumer Financial Protection Bureau, HFMA partnered with ACA International and convened a task force to establish best practices for the fair resolution of patients' medical bills that could be adopted across the industry. Tina Hanson of State Collection Service and I served on this task force.

This will serve as an important asset as you create your policies. The best practice overview and workflow may be found on the HFMA website at http://www.hfma.org/Content.aspx?id=21379.

Formal Approval of Governance Board
After the policies have been designed and committed to writing, they must be approved by the hospital governing board or another body authorized to approve such policies. The policies will be considered implemented when they are consistently carried out by the hospital.

Complying with the Section 501r Requirement
As noted above, hundreds of comments were submitted on the proposed Section 501r rules. Certain sections in the proposed rules were controversial and generated significant reaction from the industry. Certainly, how the IRS chooses to respond will remain unknown until they issue the final rule.

But, even absent the final rule, it is clear that hospitals should have formal, written financial assistance and billing/collection policies. Between the guidance issued by the IRS and the information required to be reported on Schedule H, it should be clear to hospitals that certain elements must now be in place.

Section 501r Checklist
The following checklist provides hospitals with the basic requirements that must be met in order to comply with Section 501r and benefit from the federal tax exemption extended to charitable hospitals.

- Written Financial Assistance Policy
- Written Billing and Collection Policy
- Written Non-Discriminatory Emergency Care Policy
- Rationale for amounts generally billed FAP-eligible patients
- Formal process outlining reasonable efforts to inform patients of FAP
- Disclosure of collection actions authorized by Governance Board
- Safeguards to prevent collection actions from being used against financially-needy patients
- Governance Board approval of policies
- Procedures in place to ensure policies are applied uniformly to all patients

***Mark Rukavina**, Principal of Community Health Advisors, LLC, holds an MBA from Babson College and a BS from the University of Massachusetts in Amherst. He has more than 25 years of experience working on healthcare issues. In his current capacity he provides assistance on issues related to financial assistance, billing and collection, and community benefit requirements for tax-exempt healthcare providers. Mark has testified before US Congressional committees, and has published research and policy briefs.*

Prior to establishing Community Health Advisors, Mark served as Executive Director of The Access Project a national, non-profit, research and advocacy organization and before that served as Program Director for a hospital/community partnership in Massachusetts under a national demonstration program sponsored by the American Hospital Association's Health Research and Educational Trust.

Mark recently served on the Healthcare Financial Management Association/ACA International Medical Debt Advisory Task Force and the Healthcare Financial Management Association's Price Transparency Task Force.

ACA Releases Study on Impact of Third-Party Debt Collection on the National and State Economies

Consumer debt collection helps sustain the credit-based economy in the U.S. According to findings from a new survey by Ernst & Young and ACA International, the health of national and state economies in the U.S. continues to rely on the recovery of rightfully owed consumer debt. However, the data also shows that only a small percentage of outstanding consumer debt was actually recovered in 2013.

Conducted in spring 2014, the survey provides a snapshot of national and state-level collection efforts, including the items below. ACA conducted a similar survey in 2011, and a comparative analysis of the findings can be viewed at www.acainternational.org/impact.

Key findings in the latest survey include:

- Outstanding Debt: Third-party debt collectors received approximately 1 billion consumer accounts from creditor clients in 2013, with a face value of $756 billion. However, only 7 percent ($55.2 billion) was actually recovered.

- Recovering Assets: A total of $55.2 billion was recovered from consumers on behalf of creditor and government clients. The collection of consumer debt also provides a valuable benefit to American households by returning an average savings of $479 per household and keeping the costs of goods and services lower.

- Job Creation: Third-party collection agencies directly employed more than 136,000 people, with a payroll of $6.4 billion. Indirectly, the industry influenced the creation of more than 230,000 jobs, with a payroll of $12.4 billion.
- Paying Taxes: Third-party collection agencies and their employees paid more than $2.6 billion in federal, state and local taxes.

- Giving Back: Third-party collection agencies and their employees contributed $130.5 million and volunteered approximately 1.9 million hours to charitable community causes.

Thanks to everyone who participated in the survey and helped with outreach to ACA members. To review the complete ACA/Ernst and Young report,"The Impact of Third-Party Debt Collection to the National and State Economies," please visit www.acainternational.org/impact.

Reprinted from acainternational.org

Education in the Community: Madison's Edgewood College

In July, in line with the National Institute of Financial and Economic Literacy, State's own Tim Haag (Client Services Manager, Madison) and Patricia Nelson (Training Manager, Madison) had the opportunity to speak to a group of students at Edgewood College in Madison.

The session titled, "The Hidden Cost of Buying Now & Paying Later" included a Jeopardy style PowerPoint Presentation that gave an overview of the collections industry, some collections statics, and our own business at State. It was an interactive training that engaged the groups and prompted them to ask creative questions..

"I truly enjoyed sharing my knowledge and expertise of the collections industry and hope to have the opportunity to return next year with Tim", said Patricia of her experience speaking at the college.

Pack the Backpack fundraiser

This past month, the Madison office took part in the "Pack the Backpack" campaign to give [school supply] filled backpacks to homeless children in the community.

The office executives donated 30 backpacks and with the help of office employees all of these backpacks were able to be filled and sent to area children who desperately need them.

The Beloit office also took part in a "Back to School" campaign donating $500 in supplies to Beloit schools.

Thank you all for helping to keep the education of our kids a priority!

WOW AWARDS

During the past quarter State Collection Service gave away lots of WOW Awards!

The WOW Award was created to recognize those employees who go above and beyond in their role, providing a great example for those around them and making us all stop and say, "WOW!"

Take a look at just a couple of the outstanding examples of feedback our employees have received this past quarter!

A patient took the time on a Saturday to email us and had this to say about our employees,

"I never thought I would find myself leaving a compliment for a collection service but it is the least I can do after your staff was so helpful." ...[The collector] was very patient and honest when handling my account. Thank you."

A client sent a card to one of our collectors expressing his gratatude to our staff member,

"I really appreciated the way you were able to help me through the solutions to the patient charge issue. Your expertise and willingness to act swiftly made such a difference in solving the problem. It sure makes a difference to me. THANKS, Sincerely."

CFPB and Health Care Providers

— Marc Soderbloom, Chief Compliance Officer and In-House Counsel

Should health care providers be concerned about consumer protection regulations? Of course. Health care providers, like the rest of us, are made up of consumers. And health care providers who place accounts for collection do care how their patients are treated by a collection agency, whether the agency is engaged in first party or third party collections. In addition, various state laws may come into play when a health care provider collects its own debt and federal laws like the Fair Debt Collection Practices Act may apply if the health care provider uses a name other than its own to collect its accounts. Other federal regulations concerning the write off of Medicare accounts touch on collection activity to a certain extent. Finally, tax-exempt health care providers are aware that collection activity is indirectly affected by the Affordable Care Act and the proposed 501r provisions. Up to this point though, no federal regulations directly control the collection activity of a health care provider collecting accounts in its own name.

Up to this point, but the landscape has changed. The Affordable Care Act was enacted, in part, as an attempt to address the issue of the uninsured. In addition, the financial meltdown beginning in 2007 gave rise to the Dodd – Frank Wall Street Reform and Consumer Protection Act ("Act") in 2010. The Act was drafted to enhance oversight and control of financial institutions and designed to prevent future financial crises. The Act applies to, among others, those nonbank entities that are engaged in the business of providing financial products or services. So, on its face, the Act would not appear to apply to health care providers as health care providers are in the business of providing valuable services related to health care of consumers and health care is certainly not a financial product of service. Right?

Well, another aspect of the Act involved the creation of a government agency to oversee the laws associated with the Act. The Act created the Consumer Financial Protection Bureau ("CFPB"). The Act bestowed upon the CFPB the authority to supervise nonbank entities that are considered "larger participants" and draft regulations concerning all entities who are engaged in providing financial products or services. A collection agency, for example, is considered to be engaging in providing financial services. The CFPB's rules relating to a larger participant are based on the receipts of the nonbank (basically how much money is generated annually). The CFPB by rule specifically excluded from receipts the receipts that result from the collection of debt that was originally owed to a medical provider. Based both on the Act and the rule it would appear that health care providers would not need to be concerned about the CFPB.

However, looking forward, based on what we know about medical debt and the CFPB, health care providers may need to consider possible oversight by the CFPB. Why? Where is the CFPB going? We do not know for sure, but we can see the dots and in attempting to connect them, we can guess at what may cause the CFPB to act.

First, we know and the CFPB knows that medical debt is a major source of debt in the United States. In addition, Richard Cordray, the Director of the CFPB, said in prepared remarks when the CFPB released one of several bulletins it has published regarding debt collection: "First-party collectors (those seeking to collect directly on debt they extended to a consumer) are generally not covered by [the Fair Debt Collection Practices Act]. Today's bulletin makes clear, however, that these first-party collectors are subject to the general prohibition against unfair, deceptive, or abusive acts or practices in the Dodd-Frank Act, and many of the same kinds of restrictions may be applicable here too." Notice that his statement referring to "first party collectors" refers to "debt they extended to consumers." He's not talking about the outsourcing of accounts; he's talking about the creditor, the health care provider itself. The CFPB has also speculated that if "credit" is somehow extended in a medical transaction, that extension of credit may meet the definition of a financial service. Also, certain members of Congress are pushing various bills related to medical debt, including one requiring the removal of medical debt from a consumer's credit report upon payment or satisfaction of the debt. In addition, the CFPB supervises aspects of credit reporting. We also know that the Affordable Care Act and the proposed 501r regulations deal directly with medical debt, including credit reporting and ceasing or suspending collection activity in certain instances. Finally, the CFPB takes seriously its charge that it is to watch over all things that may cause harm to consumers.

The CFPB can see the dots and the CFPB can try to connect them in such a way that health care providers may need to consider the ramifications related to possible oversight by the CFPB.

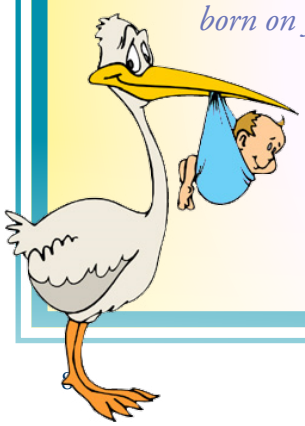
summer activities with state

Oh, Baby!

Damien, son of Jamie Wolff (EBO, Madison) was born on July 25, weighing 7 lbs, 15 oz, and was 20 inches long.

Emmanuel, son of Nicole Barnett (EBO, Madison), was was born on May 12, weighing 7 lbs, 14 oz.

Bentley Keene, son of Jennifer Barlow(Cash App, Madison) was born on July 6, weighing 7 lbs, 11 oz, and was 20 inches long.



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