



The state of collection

a state collection service, inc. newsletter

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where we'll be

- WI Mega Conference**
Wis. Dells, WI, Jan 20-22
- HFMA Region 11 Symposium**
San Diego, CA, Jan 24-26
- WA-AK HFMA Annual Conference**
Seattle, WA, Feb 24-26
- HFMA Region 5 Institute**
Nashville, TN, March 20-23

locations

Madison Beloit
Milwaukee Chicago

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tom haag, ceo

“back to the future”



Collecting receivables in the 1970's bears no similarity to the way it is done today – the day-to-day process of that time is virtually extinct! Even as recently as the early 80's, state-of-the-art technology consisted of touchtone phones and IBM Selectric typewriters. Files were created by typing account information onto an index card and placing in a tickler file. Notices were typed up on a trusty typewriter or even handwritten and individually mailed. On a good day, collectors could talk to perhaps a dozen people and get payment promises from maybe four of those contacts. Over time, technology has managed to change all of that.

Computerized collection programs, automated dialing, IVR systems, telephone recording processes and, most recently, speech analytics have radically changed our business. Unfortunately, all is no longer well. Strange how government regulations are now forcing us backwards.

In an unusual ruling, we – and you for that matter – are required to obtain permission to call consumer cell phones or when using automated dialing equipment. Therefore, we are now looking for ways to generate as many calls without using the very equipment designed to do just that. Why is this happening, you ask? To stop unwanted sales calls. Unfortunately, it hasn't stopped “those calls” yet. “Rachel from card services” regularly calls my cell phone with a pre-recorded message, trying to convince me to change credit cards. Please, can we get “Back to the Future”?

Thanks for allowing me to bend your ear. Happy new year to you and yours!



terry armstrong, president

shaping the future of receivables management

When we consider what has shaped healthcare receivables management, nothing jumps out more than government legislation and technology. In terms of legislation, the Affordable Care Act has had the greatest impact. First, while we did experience more consumers being covered by some sort of insurance via networks and expanded Medicaid programs, we also saw a major spike in the cost of deductibles and coinsurance. This, of course, puts more burden on patients for assuming the costs of care, which in turn causes them to question all charges and hospital bills, which then puts more pressure and responsibility on those answering the questions and providing customer service. Not only is good customer service necessary for handling these types of situations, but payment by Medicare and others could hinge on customer satisfaction.

Second, the Affordable Care Act brought about all the changes in providing charity care because of 501r, specifically to nonprofit entities. Now the federal government tells you how, who, and when to provide that charity care and, in fact, outlines the various steps you have to take to ensure you do so without extraordinary collection efforts. Mark Rukavina, one of our guest writers this quarter, does an excellent job of summarizing what is required under 501r in his article.

The other recent government action that is shaping how we approach receivables is the FCC's guidelines on cell phones. Without the proper consent, which we've touched on in past articles, we cannot use technology, like an automatic dialer to make calls, and must make sure we know when someone revokes the permission to call a cell phone or changes cell phone numbers. All of these requirements are tough to follow when land lines are becoming a thing of the past. Tom Haag's message has highlighted the dilemma we are facing in this area.

While the future may be getting cloudier, we can shape it to ensure we continue providing the best possible service to our clients and their customers. As we look ahead, we know that consumerism will continue to be extremely important in the future. We've talked about how we use CallMiner to analyze 100% of our calls as one more means of ensuring all patient accounts are handled extremely well.

Until now, the data we have utilized for analysis is 24 hours old. In an effort to shape the future of call handling for our clients, we have recently signed an agreement with CallMiner to implement their LIVE product – pretty amazing stuff! This new product allows us to ensure that our representatives are asking the right questions, at the right time, and providing the right information. If, for any reason, the system recognizes that the representative is faltering as they speak, a light indicator will change from green to yellow immediately on the screen – hopefully, our representatives will never see the light turn to red. At that point, the representative knows right away if something is going wrong, providing the opportunity to make the necessary adjustment or request a supervisor to intervene. In addition, the system has the ability to judge the representative's or the patient's tone of voice, emotion, and anxiety level, and will change color if either party is becoming upset.

We expect the EurekaLive product to help us further improve our already excellent customer service model on every call. We know that mistakes can happen and now have the ability to correct any issues immediately on the front end and not a day or two later. Using CallMiner Live, we can now monitor and adhere to any regulation, guideline, or rule immediately, including ensuring that we have authorization to call a cell phone or get a patient signed up for eNotices, mobile payments or wherever technology takes us in the future.

At the end of the day, however, no matter how much things change, this continues to be a people business. We will always provide the right tools to our staff, but we know we must also maintain a well-trained, customer-focused staff that is committed to providing excellent service to our clients. In this issue, we highlight some recent graduates of our Future Leaders Program, one of our most successful training programs. I hope you'll take a moment to read about their experience with the program – I am certain you will walk away with even more confidence that we are hard at work shaping the future.

While we cannot always affect government regulations, we can learn about them, understand them, and use them to ensure we are doing right by our clients and their customers. Most importantly, we know that we will continue to do it better than anyone else as we work to shape the future of healthcare receivables.

tim haag, vice president of support services



working hard to shape effective legislation



State Collection Service has always taken great pride in our involvement within the accounts receivable industry, both at the state level as well as the national level. A key part of this has been a commitment by the company and our staff to engage at a political level when legislation arises that will affect our business and the way in which we are able to service our clients.

Late in the Fall, the Wisconsin Collectors Association sponsored a Legislative Day at the Wisconsin State Capitol in Madison. The specific purpose of this event was to encourage members to meet with their legislators and discuss two specific topics that would greatly enhance our ability to work on behalf of clients. So important are these two items that we had employees from each of our three Wisconsin locations come to Madison to attend and meet with legislators.

The first piece of legislation would allow for the state's post-judgment interest rate to increase to the previous level of 12%. Currently, this interest rate stands at prime plus 1%, a change that was made back in 2011. Since that time, State Collection Service and other member agencies have been working hard to reverse this change – we recognize that such a low rate is detrimental to our clients and makes it more expensive for them to provide services vital to our communities.

The second item we wanted brought to the attention of legislators relates to the ability for call center staff to work from home. While allowed in many other states, this is something that has not been able to grab much of a foothold in Wisconsin. For a company like ours, with the security, technology, and quality assurance infrastructure in place to manage individuals working from outside of our office buildings, having the ability to employ staff that can work from their own homes opens up a large pool of potential candidates. Specifically, we are looking for the ability to allow long-term employees, who have become disabled or moved out of the vicinity of any of our locations, to continue their employment with us. The value of long-term staff is immeasurable and such legislation would allow us to retain such a valuable workforce. Moreover, this legislation provides us with the opportunity to employ veterans, disabled individuals, stay-at-home parents, or anyone who, for whatever reason, is restricted in their ability to come to an office every day. Such legislation is a win for businesses and individuals alike.

All in all, the entire group that was at the Capitol that day met with 24 legislators and/or their key staff members. These legislators represent areas throughout the state and were all more than willing to listen to us and understand how these issues affect our business, our clients, and, ultimately, the consumers that they represent. I truly appreciate the number of State Collection Service employees who took the time to discuss these important issues with their representatives – not only do these types of grass-roots efforts help further important causes, our presence during the Legislative Day certainly helped to educate many of our state's representatives on what we do as a company and how truly consumer-focused we strive to be.

Most importantly, I am proud to report that due to our efforts that day, the Wisconsin State Assembly and Senate are currently preparing to present bills that will increase the post-judgment rate and allow call center staff to work from home. We expect that these will be presented for vote during floor periods in the first quarter and will each pass without much fuss.

For our staff who attended that day, they had the opportunity to witness first-hand just how much power they hold as citizens. So many of us often feel that our individual voices are too small to be heard in the halls of government, but this group can tell you otherwise. Had it not been for them and the others who attended meetings that day, neither of these issues would have gained much traction. So I encourage each of you as well, as this election year gets into full swing, to remember how important your voice is – whether for business or for personal matters – and to take the opportunity to talk to your representatives about the issues that mean something to you.





mark rukavina, principal of community health advisors, llc

protect federal tax exemption by revisiting collection actions under section 501r

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Final regulations on Section 501r, issued in December 2014, hold non-profit hospitals accountable for any extraordinary collection actions taken by them or any third-party collection agencies working on their behalf or to which accounts have been sold.

Enacted as part of the Affordable Care Act, the Section 501r regulations require non-profit hospitals to do the following:

- Establish written financial assistance and emergency medical care policies
- Limit amounts charged for emergency or other medically necessary care to individuals eligible for financial assistance
- Conduct a community health needs assessment
- Make reasonable efforts to determine whether patients are eligible for financial assistance before engaging in extraordinary collection actions (ECAs)

When the Internal Revenue Service issued these final regulations late last year, they allowed for a reasonable transition period. Hospitals must be in compliance with the regulations for hospital tax years beginning after December 29, 2015. This means that hospitals with a calendar year tax year must be in compliance with the new requirements as of January 1, 2016. Hospitals with tax years beginning in later months will have a bit more breathing room before they must comply with the specific regulations. However, all hospitals should already be complying with a reasonable, good-faith interpretation of the statute. Not doing so puts non-profit hospitals at tremendous risk.

Billing and Collection Policy

Under the Section 501r regulations, hospitals must describe the actions to be taken if a bill is not paid. These actions can be described through a separate written billing and collection policy or incorporated into the hospital's financial assistance policy.

A hospital is prohibited from engaging in ECAs prior to making reasonable efforts to determine whether patients are eligible for assistance under the hospital's financial assistance policy. It is therefore crucial for hospitals and third-party collection agencies to understand that the hospital's policies.

Hospital policies must describe the following:

- Governance board authorized ECAs and the process and time frames for taking the collection actions.
- Reasonable efforts made to determine whether an individual is eligible for financial assistance prior to engaging in ECAs.
- The office or department with final authority and responsibility for determining that reasonable efforts were made prior to initiating ECAs.

Extraordinary Collection Efforts

The final regulations include the following list of ECAs that are prohibited prior to making a reasonable effort on financial assistance eligibility.

- Selling debt to another party, with the exception of certain debt sales where the hospital enters into a legally binding written agreement with the purchaser of the debt that describes specific conditions outlined in the regulations.

- Reporting adverse information to consumer credit reporting agencies or credit bureaus
- Taking actions that require a legal or judicial process, including but not limited to the following:
 - o Placing a lien on property, with the exception of liens on judgments or settlements that a hospital is entitled to assert under state law for care provided to a patient as the result of personal injuries.
 - o Foreclosing on real property
 - o Attaching or seizing a bank account or any other personal property
 - o Commencing a civil action
 - o Causing an individual's arrest
 - o Subjecting an individual to a writ of body attachment
 - o Wage garnishments
- Deferring or denying care, or requiring a payment, before providing medically necessary care to patients who have not paid prior balances.

Making Reasonable Efforts

Reasonable efforts must be made to determine financial assistance eligibility by notifying an individual of the financial assistance policy. No ECAs may be initiated prior to 120 days from the first post-discharge statement if a determination on financial assistance has not been made. A conspicuous written notice must also be included on patient billing statements.

Other permissible reasonable efforts include approving eligibility using information other than that provided by the individual or basing it on a previous eligibility determination. If hospitals use presumptively to grant assistance for "less than the most generous assistance" available under the hospital's policy, they must notify individual regarding the basis for PE determination, provide information on how to apply for more generous assistance, process complete applications by end of application period or within reasonable time period prior to initiating ECAs.

It should be noted that hospitals are not allowed to use presumptive determinations to rule an individual ineligible for assistance.

Written Notice Prior to Initiating ECAs

At least 30 days in advance of initiating ECAs, a written notice must be provided to the patient delineating the deadline after which ECAs may be initiated. The notice must explain that financial assistance is available and identify the ECAs that the hospital or another authorized party intends to initiate. The patient must also be provided a plain-language summary of the financial assistance policy and efforts must be made to orally notify patients about financial assistance and how to apply for it during this period.

Is Your Hospital Compliant?

As 2016 approaches, hospitals should be well on their way to implementing policies that are in compliance with the final Section 501r regulations. Hospital policies and procedures must be aligned. If they are not, the hospital's federal tax exemption may be at risk. Hospitals should take precautions to ensure that all third party collection agencies are informed of their procedures and policies. Hospitals are also advised to have systems in place to monitor collection activities, both internal and third party collection actions.

If you have questions on your policies, procedures or systems to monitor outside vendors, seek assistance from those with expertise on Section 501r.

Mark Rukavina is principal of Community Health Advisors, LLC, Boston, and a member of HFMA's Massachusetts - Rhode Island Chapter (mark@communityhealthadvisors.com).

2016 STRATEGIES TO ACHIEVE
Breakthrough Results

UPCOMING WEBINAR

501r Reporting is Here...
Revisiting Collection Actions

with Mark Rukavina
March 24th, 11 AM CST

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mark neill, director of production

shaping the future one leader at a time

State Collection Service’s Future Leaders program was created to aid the company in our growth plans. The program is designed for high potential employees who have demonstrated leadership aptitude and a sincere desire to pursue management as a career. The purpose of the program is to provide participants with a series of training sessions, discussion groups and assignments that will:

- Expose participants to a variety of collection-related disciplines through classroom instruction, panel presentations and required reading.
- Establish task and learning objectives that will enhance and expand the participants’ existing knowledge base.
- Provide participants with monthly feedback on performance and progress through program and individual objectives.
- Establish a group of trained and experienced collections professionals for consideration in State Collection Service’s succession and business growth plans.

Our Organization should is very proud and of the number of staff that inquires, applies, attends and graduates from our Future Leader program. Today, we are about half-way through our fourth Future Leaders session; in 2015, over 40% of our promotions went to graduates of this program. As we continue to grow as a company, this program becomes even more important. Our goal is to train and develop our leaders from within, and create opportunities for our highly-talented and hard-working staff.

We’re working to shape the future of State Collection Service – and it starts with a group of potential leaders who will take the company to the next level!



State’s Charitable Giving During the Holiday Season

We are always amazed here at State with the generosity of our employees and their families and this year was no exception! Numerous fundraisers were held at each of our four sites throughout the year and efforts increased during the tough holiday months. Some highlights from our charitable efforts include:

- Second Harvest food drive which gathered 569 food items and \$537 of cash donations company-wide
- Our Beloit office raised over \$2,000 for an Adopt-a-Family fund with local charity Hands of Faith
- Our Chicago office raised nearly \$1,500 for local charities Helping Hands Foundation, Wounded Warrior and Mooseheart Child City
- The Madison office was able to donate nearly \$800 and a very generous number of gifts to the mothers and children of DAIS (Domestic Abuse Intervention Services)

**A huge ‘thank you’ to all of our employees for their continued generosity!
You continue to inspire us all!**

Future Leaders Program: In the words of our Grads!



The Future Leaders program is crucial to growth and development from the bottom of the company all the way through the top. One thing that you will learn throughout the program is that you still have a lot to learn. Perhaps the most essential factor of all the modules is creating a sense of passion and excitement within your constituents. Raising and maintaining morale, in my eyes, is the apex of force multipliers. Once an individual is properly motivated, there is almost nothing that can stand in their way of achieving greatness. The State Collection Service Future Leaders program does all of this, and more.

Nickolas Birkett, Client Services Representative, Chicago

Since graduating the program in March 2015 I have been promoted twice. I strongly urge anyone who is considering leadership within our company to give the program a try. Who knows... you may discover something new about yourself too.

Amanda Carter, EBO Statement Specialist, Beloit

The Future Leaders Program was what I needed to determine if moving up in the company was right for me. I wanted to move up and grow within the company but was not sure if I was ready. During the 6 month program, I learned what I was already good at and more importantly where I needed to improve. I took the lessons to heart and applied the lessons learned. In doing so I was promoted to a Supervisor position. This is a great program for those who want to learn more about the leaders of the company and if moving up in the company is right for them.

Mellisa Gamez, Production Supervisor, Beloit

Ibelieve the program allowed me to expand on my previous managerial experience by instilling the objectives and tools needed to advance within the company. Each class was created for you to learn while making it enjoyable, to ask questions and to think outside the box. On a final note, while in the class I was promoted to a Supervisor position and am currently in that position.

Melissa Westby, EBO Supervisor, Beloit

**2016 STRATEGIES TO ACHIEVE
Breakthrough Results**

**Coming Soon:
Our 2016 Webinar Series Schedule! Stay Tuned!**

from our family, to yours...

here's hoping you had a wonderful holiday season!



Oh, Baby!

Congratulations to Jeff Voss (Third Party Supervisor),
Terry Armstrong (President) and their families!

Carter Jamie Voss (left), son of Jeff, was born October 9th,
weighing 5lbs 12oz and was 19 inches long.

Wyatt Alexander (right), grandson of Terry, was born November
25th, weighing 6lbs 13oz and was 18.5 inches long.

Congratulations again Jeff and Terry!

