The State of Collection

A State Collection Service, Inc. Newsletter
Volume 21, Number 1 • First Quarter 2015

Prior Events

HFMA's Region 11 Symposium, San Diego, CA
Jan 11-14

HFMA WI Winter Meeting, Wis. Dells, WI
Jan 28-30

HFMA's Dixie Institute, Charleston, SC
Feb 17-20

Upcoming Events

WI AAHAM Revenue Cycle Co-op, Wis. Dells, WI
May 6-8

ACA Joint Spring Conference, Eau Claire, WI
May 18-20

WI HFMA Spring Conference, Sturgeon Bay, WI
May 20-22

HFMA ANI, Orlando, FL
June 22-25

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Locations

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

If you can't measure it, you can't manage it!

—Tom Haag, Chairman and CEO

A number of years ago, I spent a lot of time working with an outside consultant on how to most successfully manage processes. His favorite saying was "You can't manage it if you can't measure it." It's a simple enough phrase, but also very accurate.

Measurement is the basis for pretty much everything we do at State Collection Service. Some examples include Collection Recovery, Phone Calls and Contacts, Speed to Answer Inbound Calls, Length of Calls, and Portfolio Liquidation (of course!). And measuring isn't just confined to our Production teams – we also measure things like Turnover, Customer Inquiries, and Complaints (yes, we get a couple now and then), to name just a few. As our Chief Strategy Officer, Tina Hanson, regularly says, "If it moves, we measure it."

We measure everything because we know that measurements help us to improve. It's like driving a car – if you don't regularly check your speedometer, you'll never know if you should speed up or slow down. Similarly, measuring various factors throughout our business ensures that we are providing the highest level of service to our clients; measurements not only allow us to quickly see areas of improvement, but also give us the at-a-glance opportunity to see what we are doing well.

In this first issue of 2015, we are talking about measuring for success – I hope you find the articles interesting. I wonder – how can we measure that too?!

Measuring for Success

—Terry Armstrong, President

"You get what you inspect, not what you expect." At State Collection Service, we reiterate these words often because we do in fact get the results that we inspect, or measure; left to chance, there is no guarantee what we will get.

In healthcare, there are thousands of measures in the clinical and financial areas. The Healthcare Financial Management Association (HFMA) is an excellent organization and resource that offers focused financial measurements through their MAP initiatives. Jennifer Vanden Bergh of HFMA has guest-authored an article for this issue that addresses the keys for measurement and benchmarking from HFMA's point of view.

One of two other guest articles in this Quarter One newsletter that address outside measurements comes from Neil Smithson of PARO who explains the final 501(r) regulations and measuring charitable write-offs. Brian Graves of Connance discusses measuring agency performance through an agency manager platform, one more example of measuring performance using an apples-to-apples comparison.

In addition to all of our internal measurements, we know the importance of measuring how we are doing with our clients; we have numerous daily, weekly and monthly client reports that do this. Each morning, every member of our management staff receives a daily activity report that outlines key aspects of our production environment. In addition to recoveries, this report addresses quality and patient satisfaction levels. We believe that all clients expect (and some inspect!) a high level of performance from us and we know how important it is to exceed those expectations.

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The value of measurements cannot be overstated. Even the most basic benchmarks will ensure that you are managing performance for continued success. As you'll see throughout this issue of The State of Collection, you really do get what you inspect!

Congratulations Tim!

We're very proud to announce that Tim Haag, Director of Client Services, has been named as one of InBusiness Magazine's *"40 Under 40"* for 2015! Well done Tim!

Measurement and Benchmarking

—Jennifer Vanden Bergh, MAP Account Executive, HFMA

Peer comparisons can help revenue cycle leaders review their performance through an external lens, set targets and motivate teams, as well as provide informed answers to questions. Checking revenue cycle performance against others is important to understanding how performance ability may be affected by what is happening in the industry at large.

Consider for a moment a situation where you slightly reduce days in accounts receivable (A/R). This achievement, although positive, may not seem like much. But it quickly can take on much more significance once you recognize that you have achieved this shift at a time when most other organizations are struggling just to maintain status quo or are even seeing their days climb. By knowing how your performance compares with others in the industry, you get a much deeper understanding of where your strengths and opportunities lie.

HFMA's MAP Keys for Measurement and MAP App for Benchmarking Performance Created by and for healthcare leaders, HFMA's MAP sets the standard for revenue cycle excellence in healthcare. The centerpiece is the MAP Keys, the key performance indicators in revenue cycle for both hospitals and physician practices. Widely adopted across the industry, MAP Keys ensure consistent, unbiased reporting, allowing users to track progress against goals and compare performance to peer group institutions nationwide. Using MAP Keys, healthcare professionals can improve business intelligence, strengthen management, identify problem areas and decide where to focus for improvement.

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MAP App is HFMA's premier web based application that helps hospitals, health systems, and physician practices improve performance throughout the revenue cycle. MAP App allows organizations to track monthly performance using HFMA's industry-standard metrics (MAP Keys), compare performance to peer groups and the industry, and connect to the best practices in the industry. The benchmarking tool enables providers to compare performance against different customized peer groups and to see trends from MAP App's database of over 500 institutions from around the U.S. and across multiple vendors.

Remember, benchmarking against others can be useful in that it provides a reality check for the goals you may set. Knowing that you are at a higher level of performance than experienced in the past isn't enough. How confident are you that positive movement can be maintained? Benchmarking helps leaders better understand true improvement potential so they can create achievable stretch goals to move performance to great. Meaningful targets are at the crux of staff's trust in the process and commitment to performance improvement.

Be sure to utilize HFMA's tools for measuring and benchmarking – they will certainly help enhance your own processes, ensuring that you continue to leverage your strengths and gain a better understanding of available opportunities.

Jennifer Vanden Bergh is the MAP Account Executive at HFMA. She can be reached at jvandenbergh@HFMA.ORG.

Effective Management of Agency Performance

—Brian Graves, Vice President, Connance

The relationship between a hospital or health system and its agency partners is increasingly critical for the revenue cycle of an acute-care organization. As patient responsibility rises with the increased adoption of employer-sponsored high deductible health plans and ACA exchange plans, the patient as payer requires more focus to ensure cash collected with this payer class is done so efficiently and effectively. A significant part of this process falls on the ability of hospitals and health systems to communicate and collaborate with their agency partners to maximize performance.

There are 7 steps a hospital or health system can consider to improve agency performance.

1. Compare Vendor Performance
   Great agency relationships are built on a foundation of data that all parties agree is accurate. Providers should establish common data definitions across all vendors and standard, network-wide performance measures and metrics. This reduces ongoing IT costs and gives business office teams a view that puts everyone on a level playing field, allowing for an apples-to-apples comparisons period over period as well as vendor to vendor.

2. Measure Processes As Well As Outcomes
   Measures of both collection data and work process data provide greater visibility to activity which can improve performance. Insight can be gained by looking at what letters were sent and calls made, when the activity occurred and what promises were made, in addition to traditional performance measures – what cash was collected and adjustments made.

3. Establish Clear and Comprehensive Policies and Procedures
   Provide agencies and the business office clear boundaries of what is and is not acceptable. Be as explicit as possible to improve alignment and reduce the risk from different interpretations. Employees and agencies perform better when rules and expectations are clearly defined. Consider policies and procedures for collection tactics, dispute resolution, recall extensions, settlement limits and payment plan guidelines.

4. Reduce The Risk Of Lost Accounts
   As many as 20% of accounts sent to an agency will require subsequent follow up or approval by the business office. Common situations that require communication include requests for additional documentation, early recalls, finding new insurance coverage and alerting the provider that a patient is deceased or bankrupt. With this activity, providers and agencies must standardize and document the process for each time of exception – who does what when, and what happens next. Business offices operating with undocumented processes experience more issues when employees turnover, business mix changes or new processes are introduced.

5. Reconciliation Is Not Optional
   Without consistent, regular inventory reconciliation, 10-15% of account inventory held by agencies is typically inconsistent with a hospital or health system's records. The most frequent discrepancies are the balance on an account, which agency is working an account and if the account is active. Inventory errors create opportunities for inappropriate collections efforts.

6. Technology is Critical
   With thousands of accounts moving between the hospital or health system and agencies in their network, a platform to manage the data and communications is required. Go from a few agencies in your network to many and your management challenges grow exponentially. Consider technology which will simplify communications, eliminate lost accounts, support policies and procedures while supporting a process for improved collections performance across all of the agencies in your network.

7. Providers and Agencies Share Problems and Opportunities
   Collaboration between hospitals and health systems and their agency partners is critical. Improved performance for patient-pay accounts is a joint responsibility. With communication and collaboration, the challenges can be minimized and the opportunities can be maximized.

Hospitals and health systems committed to employing these approaches can realize up to a 30% increase in cash collected, a 25% reduction in costs and increased patient satisfaction. With patient responsibility on the rise, there is no time like the present to solve patient-pay.

Brian Graves is the Vice President of Connance. He can be reached at bgraves@connance.com.

Measuring Representative Performance

—Mark Neill, Director of Production

A great representative at State Collection Service is compassionate and efficient, with the ability to solve all of a patient's concerns during the first contact. It is important to measure the performance of our representatives to ensure that they are meeting our client and company expectations. At State Collection Service, we measure numerous Key Performance Indicators (KPIs) to track and evaluate the performance of our representatives. KPIs are measurable values that demonstrate how effectively representatives are achieving key business objectives and goals. Organizations like ours use KPIs to evaluate a representative's success at reaching established targets.

KPI are vital instruments used by our managers and leaders to understand whether or not we are on a path to success. The right set of KPIs will shine light on performance and highlight areas that need attention. Without the right measurements, managers are flying blind, unsure if they are on the correct path. But while establishing the indicators is important, the key management issue is not what these numbers are, but rather what you do with them.

In a fast-paced environment where we manage thousands of calls each day while maintaining a high standard of customer service, we must be dialed into the latest metrics and KPIs. Below are some of the common KPIs we use to measure representative performance:

Schedule Adherence: Utilizing our management software with real-time monitoring can help resolve the old issues related to schedule adherence – this is an area that we continually monitor.

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System vs. Paid Time (utilization rate): Measuring the amount of time each representative is working in the system versus their time card (paid time) – measured daily/weekly/monthly at the individual representative level.

Immediate Pays: Payments taken over the phone by check, credit card, and debit card with the money being available the same day.

First Call Resolution: Our goal is to resolve any customer issues and collect the balance on the first call.

Gross Collections / Fees: Monies generated by the individual representative – measured daily/weekly/monthly at the individual representative level.

Overall QA Score (through CallMiner, our Speech Analytics tool): Measured daily/weekly/monthly, we expect our representatives to achieve scores of 95% or greater within specific categories – ***Proper ID*** (right party identification based on specific parameters), ***Mini Miranda*** (for regulatory compliance and disclosure of call recording), ***Financial*** (asking for balance in full on every right party contact; using negotiation skills to secure best payment arrangement); and ***Compliance*** (HIPAA, TCPA, and other regulations as well as client requirements).

Some other KPIs that we monitor/measure at the individual representative level include number of calls, number of contacts (including right party contacts), number of accounts worked, talk time/update time, call duration, and promises of payment. These KPIs are also measured at daily, weekly, and monthly intervals.

The role KPIs play is very important. In fact, KPIs are one of the most important measuring sticks a business can have. Key Performance Indicators must reflect your organization's goals and objectives – they are the key to success and must be quantifiable.

At State Collection Service, our goal is to provide our clients with the best possible service and strongest results. In order to do this, we are always reviewing our Key Performance Indicators, looking for improved ways to measure our performance and be the very best.

Now What?
501(r) and Financial Assistance Policies

—Neil Smithson, Managing Member and Founder, PARO Decision Support, LLC

The final rules on Section 501r were issued on December 29, 2014. It was encouraging that Treasury took time to consider feedback through the prior commentary periods and used that feedback constructively to craft the final rules.

PARO
Predictive Modeling for Healthcare
Meeting the Needs of Your Community

The overall objectives of the regulations are to require that a hospital's financial assistance policy (FAP) and Community Health Needs Assessment (CHNA) are clear and concise while providing protections for patients who are eligible for financial assistance. It is very evident that hospitals will become increasingly accountable for the clear and consistent deployment of financial assistance policies and objectives.

When should you address these changes?
You have no doubt seen the news stories focused on the billing and collection practices of non-profit hospitals. A recent story described a hospital's third party vendors sending collection letters prematurely to patients. Another comprehensive analysis of hospital practices alleged that a non-profit hospital pursued wage garnishments against thousands of low income community residents in their community. After US Senator Charles Grassley saw that particular story, he expressed concern that some non-profit hospitals may not be operating in a manner consistent with federal rules.

Mark Rukavina from Community Health Advisors is a leading authority on FAP and CHNA policy and procedure. He recently investigated whether hospitals are being transparent regarding financial assistance policies. After reviewing more than a dozen large non-profit hospitals and hospital systems selected at random, he reported that only one in five made the actual policies available on websites and most did not adequately describe eligibility criteria or the details of assistance provided through their policies.

The final rule takes effect for fiscal years beginning after December 29, 2015. Most hospitals believe that they can wait until then to comply. The preamble to the final rules clearly states that hospitals may rely on a reasonable, good faith interpretation of the statue for early years (and, yes, that means now). According to Rukavina, "It is puzzling why a hospital would delay deploying these requirements given the extra scrutiny non-profit hospitals are experiencing. Leading hospitals should be quick to adopt the new requirements and widely publicize them in their communities".

I would suspect that most hospitals presently comply in many aspects but they just have not been formalized or incorporated into their policies or adequately publicized.

Start with a checklist:
Rukavina recently developed a starting checklist for PARO clients to use to help organize their thoughts around updating their policies and procedures. By completing this checklist, you can quickly glean what needs to be improved and then set priorities to bring your FAP up to standards.

Section 501 r Requirements	Yes	No
Written financial assistance policy		
Written emergency medical care policy		
Written billing and collection policy		
Limitations on charges (amount generally billed)		
Authorized extraordinary collection actions (ECAs)		
120 day waiting period from date of first post-discharge statement prior to initiating ECAs		
Written notice provided at least 30 days in advance of initiating intended ECAs		
Presumptive financial assistance described in policy		
Widely publicize policies		
Authorized body approved financial assistance and billing/collection policies		
Develop procedures to inform and monitor 3rd party vendors		

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Here are some summary highlights of changes that require attention:

Presumptive Screening
PARO has been providing presumptive charity screening tools for hospital for nearly 10 years. In 2014, we identified nearly 3 million patient visits that qualified for free or discounted care. The final regulations go a long way in supporting the utilization of presumptive charity for electronic screening of patients.

The net results will be the simplification of charity distribution from hospitals and the removal of application barriers for the poor and illiterate. There are some requirements for patient notification of eligibility. In particular, if using presumptive eligibility for a discount less than free care or your most generous level of assistance, these patients must be informed of the discount they have received, as well as the method of applying for a more substantial discount. There are also requirements that your FAP describes the presumptive eligibility methods that are being utilized.

The key to utilizing an analytic to determine charity care is that the policy must reflect that a tool is being used and that must be applied consistently for patients. The other crucial element is a change in your FAP to describe what constitutes documentation of indigent status under your FAP.

Application Period
Please note that the application period for a patient to apply for assistance extends 240 days after the date of the first post-discharge statement. This period is irrespective of bad debt assignment. This means that you must make your FAP available to all patients during this period. In the event that you have followed the notification process for assignment to bad debt at 120 days, your agency would be required to follow your same FAP process for an additional 120 days.

More than ever before, it is important to make sure that all your vendor-partners understand and also deploy your FAP during their work flow process. The rules have some degree of complexity for refund of payments made during an application period and other related provisions, so be sure to fully understand these requirements.

Summary
As with any new rules, now is the time to act. The media's level of engagement and the additional scrutiny for consumer rights really make this an issue for today. The rules are available, well organized, and hospitals have every advantage to gain from deploying sooner than later.

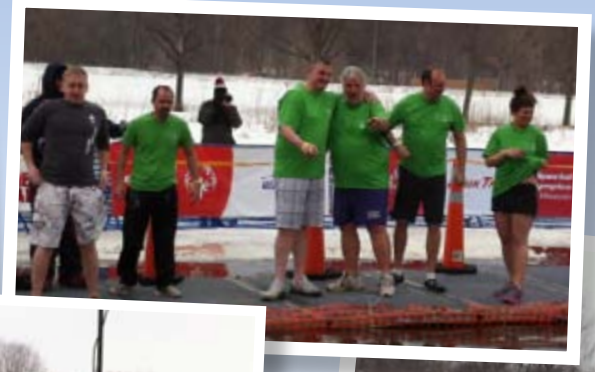
Neil Smithson is the founder of PARO Decision Support, LLC. PARO provides charity screening and predictive analytics to hospitals nationwide. He can be reached at nsmithson@paroscore.com.

On December 29th the Department of Treasury issued the finalized regulations of 501(r)

In response, our upcoming webinar series will walk through significant components of the regulations. In March, Neil Smithson of PARO will address the use of presumptive charity. In April Brian Graves of Connance will look at the impact on collection efforts. In May, State Collection's own, Tina Hanson a member of HFMA's Medical Debt Advisory Task Force, will walk through the best practices adopted based on the recommendations and the update based on the finalized regulations.

POLAR PLUNGE

Our team was "Freezin' for a Reason" as they took an icy jump during Madison's annual Polar Plunge! Altogether, our team of 11 jumpers helped raise over $3,200 for Special Olympics Wisconsin. Congratulations team SCSI!



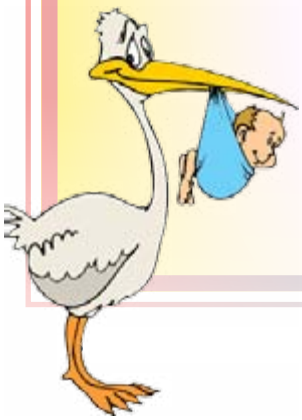
Team SCSI Polar Plunge jumpers: Tim Haag, John Murphy, Amy Faga, Mike Pauman, Pat Marshall, Nikki Schneider, Mark Neill, Carlos Garcia, Joshua Held, Cassandra Miller, Lyndsey McCool

Oh, Baby!

Congratulations to Rebbecah Baker (EBO, Madison), Soliel Green (EBO, Milwaukee), and Staci Rowbottom (EBO, Beloit) on the births of their children!

Calvin Alijah Lassana, son of Rebbecah, was born December 15th, weighing 8 lbs 6 oz and was 21 inches long. Kalii Sanai Ann, daughter of Soliel, was born December 30th, weighing 5 lbs, 9 oz, and was 17 inches long. Skyler, son of Staci, was born January 9th, weighing 7 lbs 9 oz and was 19.5 inches long.

Congratulations Rebeccah, Soliel and Staci!



PARTNERSHIPS FOR A LIFETIME