

THE STATE OF COLLECTION



A State Collection Service, Inc. Newsletter
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WHERE WE'LL BE

Region 11 Symposium

January 27 - 30, 2013, Las Vegas, NV

Dixie Institute

February 24 - 27, 2013, Naples FL

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LOCATIONS

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Chicago, IL:	630-232-2545 800-232-2546

POLITICS AND DEBT COLLECTION

—Tom Haag, Chairman and CEO



As I write this we are just days away from a Presidential Election. Obviously I'm not in a position to influence your vote but I do have some observations about the process. I'd like to compare the political process to the debt collection process.

First off, a long time ago I was told by my parents, "If you can't say something nice about someone don't say anything at all." When we visit prospective customers we sell what we believe are the benefits of our service. What would you think if we called our competitors, the people you had previously selected, crooks and liars? My guess is you would throw us out of your office. Isn't that what we are now seeing on television day after day during the campaign? Tell me why I should buy from you not why I shouldn't buy from someone else.

Now how about phone calls. Wow! Talk about different standards. As a debt collector we have a number of things we must or must not say. We have a limited amount of time to communicate, certain hours and then only with certain people, and if they tell us not to call or write we must cease communication. We can't even send a bill. I can't speak for your phone but mine rings more than a dozen times a day, early until late, asking me to contribute money to various candidates. That of course is partially my fault since I have in the past made contributions to candidates who seem to support my interests. When I ask them to quit calling I think they turn up the frequency. In the mail I even receive certified letters telling me I am "past due" with a political contribution, and that is on the face of the envelope for all to see. When we mail a notice, which the law requires, we can't even put our business name on the envelope.

You can see that the folks that make the laws do understand the need to communicate to raise or collect money, they just feel their campaign is more important than your receivable. Soon it will be over and we will be back to normal. My hope and change is actually looking forward to beer and potato chip commercials again, commenting tongue in cheek, of course. Please exercise your right to vote and "Here's to a better next four years". ☘



IT'S NOT THE WAND

—Terry Armstrong, President



Technology has become a necessary tool to improve performance in all industries and is most certainly important to the collection and accounts receivable business. However, too often companies buy systems (hardware and software) and do not use them effectively or only partially utilize them. I have talked with several companies/providers and many estimate that they only effectively utilize systems at a 40-50% effective rate. Unfortunately industry experts have also used similar numbers. So why would anyone spend thousands or hundreds of thousands of dollars on a system and not utilize it effectively? The simple answers are focus, focus, focus!

Many times we believe that buying the newest and most innovative product is going to solve all of our problems. If the system is not installed and used properly the benefits or effectiveness of the

system does not just happen. In addition we sometimes do not assign user accountability for obtaining the effectiveness of the system. One of State Collection Service's strategic goals this year was to evaluate and analyze all of the software/hardware/systems we purchased to determine to what degree we are effectively using the system, and then obtain at least an 80% effective use. This was an interesting task for us as a company. First of all, we use dozens of systems and we are installing more, Artiva Healthcare and Call Miner, two large investments this year alone. Second, we have others like FACS that we have used for years. The good news is that we probably are effectively using our systems better than most thought, but we have had to FOCUS to obtain at least the 80% range. We even decided not to continue the use of one.

It is critical that companies continue to assess the use of any system that they have installed or will install, to make sure they are using them to its capacity because it is still the user that makes the system effective. No one system solves a problem on its own, but the Siri application on my iPhone comes close!

To illustrate this point, I relate a story from an old friend of mine. He said the effective use of technology (or for that matter the effective use of good processes or managing people) can be compared to a symphony orchestra which is comprised of the orchestra, the conductor and the conductor's wand. He said it was not the wand that causes the beautiful music to be played by the orchestra; it is the conductor using the wand. Are you a good conductor? 🎻

"...the effective use of technology ...can be compared to a symphony orchestra which is comprised of the orchestra, the conductor and the conductor's wand." "...it was not the wand that causes the beautiful music to be played by the orchestra; it was the conductor using the wand."

Congratulations to the IT team for recently being recognized for the CORE Technology Award 2012! "Core BTS experts helped us build a business case for upgrading our technology so we can continuously improve and invest in an infrastructure that is resilient, scalable and secure.

*Congratulations
Jim and Team!!!*

This helps us minimize revenue loss from system downtime and better support continued growth. It helps protect our business overall," said Jim Warner, Chief Information Officer. Congratulations again!





QUALITY CALLS DRIVE PATIENT SATISFACTION

—Tracy Dudek, Vice President of Operations



Understandability Score. Emotional Score. Right Party Verification Score. Risk Language Flagging. Agitation Level Monitoring. Negotiation Skills. FDCPA Compliance.

Each of the aforementioned items will be coming to the State Collection Service quality assurance telephone monitoring process over the next 90 days thanks to a significant technology investment in a program called *Call Miner*. A few weeks ago our quality assurance and training team began a journey to improve the monitoring and scoring process for all calls handled by our Self Pay Extended Business office team and our Third Party Collection team. This journey that began with a technology investment and led to the “mining” of over 50,000 calls that will be used as a baseline for newly-built representative scorecards. The custom scorecards will not only measure compliance and right-party verification, but also negotiation and understandability among numerous other items.

You might ask, “How would you measure understandability?” The scorecards are built utilizing keywords identified that will signal empathy and questioning around the representative’s ability to acknowledge patient issues and respond in such a way that ensures the issues are understood and addressed. By scoring understandability, we are taking our call monitoring process to a whole new level; such scoring allows us to measure that we not only discussed payment of the account, but also addressed any patient concerns or questions. Afterall, our telephone contact may be the last interaction the patient has on behalf of our client, your facility, and we want that to be a positive experience.

Another area we will be measuring is general call courtesy. As an example, if a caller was put on hold to research an item, did we get back to the caller timely, even if it means simply to ask if they mind continuing to hold? The software will measure pauses in the conversation and track overall “silence” to ensure the conversation is flowing properly and without excessive hold times.

The *Call Miner* tool is very exciting for our team and we welcome further questions and discussions from everyone about how the software works as well as the trends we are seeing in your calls. This will truly allow State Collection Service to take quality assurance monitoring to the next level of assuring patient satisfaction! 🌟

Tom Haag selected as the 2012 ACA International Member of the Year

This award is presented to the ACA member identified as have done the most for the credit and collection industry during the past 12 months and Tom received this great honor during the association's 73rd Annual Convention and Expo, held in Hollywood, FL.

Having served ACA International in virtually every volunteer leadership capacity possible, Haag has an unmatched understanding of the history and evolution of the association. That knowledge, his impressive leadership track record and the undeniable respect of his colleagues made him the immediate choice to chair ACA's Governance Task Force. Under his guidance, the task force developed a thorough, well-researched proposal to modernize ACA's governance structure. With overwhelming support, the ACA Board and membership alike approved the proposal, bringing about historical change for ACA International.



L to R: Mark Neeb, ACA President, Tom Haag, Chairman and CEO of State Collection Service, Pat Morris, CEO of ACA

"I am honored and humbled to have received this award from an association I have been a part of for so many years. I must also thank all of the other members of the Governance Task Force, without whom the changes made in the past year would not have been possible. Without a doubt, we have made great strides within our industry, but must maintain that hard work to ensure our continued successes," said Haag. In addition to being named Member of the Year, Haag was also elected to the 2012-13 ACA Board of Directors.



TRANSFORMING REVENUE CYCLE OUTSOURCING

— Mike Mullins, Senior Sales Executive



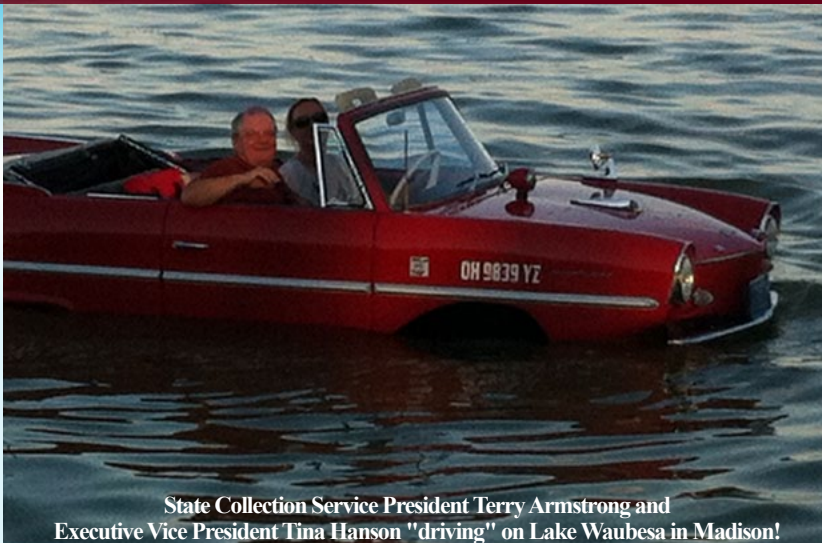
State Collection Service continues to invest in technology to optimize our service model for our healthcare clients. We have launched Ontario Systems' Artiva Healthcare product to serve as our core collection platform within the Early Out business unit. Artiva Healthcare is a revenue cycle intelligence engine that effectively drives recovery strategies. It includes a revenue process management tool set to optimally handle patient accounts, resulting in improved cash collections. We utilize Artiva Healthcare to facilitate our collection efforts for self-pay accounts and financial assistance tracking and compliance. Artiva allows State Collection Service to maintain flexible "best practice" workflow, tracking, and reporting models within the platform to ensure support of management and client financial goals.

"Not only does this technology solution provide exceptional result driven models, it also facilitates a quick on-boarding process for new clients," says State Collection Service President Terry Armstrong.

Artiva Healthcare is designed to be an extension of a provider's existing patient account system. It maintains "best practice" workflow solutions for: pre-registration and registration, financial assistance, insurance follow up, denial management, claim status management, and self-pay follow up. Therefore, not only does State Collection Service utilize Artiva Healthcare for our outsourced services, but we are also able to allow our clients to utilize the platform to facilitate their own in-house revenue cycle needs. In fact, Artiva Healthcare has been interfaced with nearly all patient account system providers. "In most cases, there are aspects of the revenue cycle where the provider simply isn't interested in outsourcing. Therefore, we are providing both a service and a technology solution to meet the needs of the client," shares Steve Beard, Chief Business Development Officer.

"We utilize Artiva Healthcare to facilitate our collection efforts for self-pay accounts and financial assistance tracking and compliance."

State Collection Service will continue to combine technology with our highly trained staff and processes to transform the revenue cycle outsourcing service model. If you would like to learn more about how Artiva Healthcare can help your receivables, contact us today!



State Collection Service may not be able to walk on water when resolving your receivable problems but here Terry and Tina show they can drive on it !



STRATEGIES TO ACHIEVE BREAKTHROUGH RESULTS – A RECAP OF OUR POPULAR WEBINAR SERIES

— Steve Beard, Chief Business Development Officer

Today's healthcare climate is filled with challenges and uncertainty. In response to these challenges, State Collection Service once again hosted our Strategies to Achieve Breakthrough Results webinar series. The goal of the series is to assist in providing strategies and insight to positively impact your bottom line. The 2012 lineup showcased a number of industry experts who discussed topics that impact all healthcare providers.



In our first session, "Healthcare Trends and the Impact on the Revenue Cycle," Nelson Lowman of Berkeley Research Group shared his insight into industry trends. Lowman provided the audience with his perspective into the impacts of the Affordable Care Act and, most importantly, provided the audience with practical strategies to prepare for the changes brought as a result of the Act. In the follow-up session, "Customer Service and the Impact on the Revenue Cycle," Steve Levin, CEO of Connance, shared the patient satisfaction results related to a study conducted by his organization over the past two years. He then compared those results to the overall patient satisfaction of the facility. Levin provided specific strategies that could be implemented based upon understanding the patient demographic and shared his insight into the use of analytics to determine "patient profiles".

Tina Hanson, Executive VP of State Collection Service and ACA International's Instructor of the Year, took the concepts of the previous sessions and applied them in a practical way with two sessions, "Tailoring the Training to the Learner" and "Effective Communication to improve patient Satisfaction". Hanson reiterated that the most important asset of any business office is its people. Training your staff is vital to their effectiveness. In the first session, Hanson provided insight into the different ways in which people learn and explored the proven methods of staff training to match the students learning method. The follow up session explored very specific methods of patient communication to match the patients "listening" styles.

Next, Jon Neikirk, Assistant Vice President of Revenue Cycle for Froedtert Health, presented "A Case Study in Improving Patient Satisfaction." Neikirk shared several lessons learned including the process improvements made from pre-scheduled services to access to post discharge. In addition to process improvements at each step of the revenue cycle, he shared the role of education and training, the use of analytics, and staff utilization including outsourcing.

If you were unable to participate in any of these sessions, recordings are available for download – simply head over to our website, www.statecollectionservice.com, and click on Events.

What topics would you like us to present in 2013? As we prepare for our next series of informative webinars, please share your ideas for future topics by emailing me at steveb@stcol.com. I look forward to hearing from you!



DEPARTMENT OF TREASURY PROPOSES REGULATIONS AFFECTING NON-PROFIT HOSPITALS

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



In the collection industry, we are accustomed to various regulations directly affecting our business. You, too, are likely accustomed to rules and regulations that affect your business. For example, utility companies deal with various public entities regarding rates. Financial institutions and health care providers deal with state or federal laws or both. Since we are all affected in some manner by regulations promulgated by the Internal Revenue Service (as they say, only two things are certain in life, death and taxes) and most of us may, in one way or another, deal with hospitals, we thought it would be interesting to inform everyone about one sector of our business that is being directly targeted by the United States Department of Treasury.

In June 2012, the Department of Treasury announced proposed regulations affecting non-profit hospitals. Why, you ask, is the Department of Treasury proposing regulations relating to non-

profit hospitals? Well, it turns out the Patient Protection and Affordable Care Act enacted a new section of the Internal Revenue Code, adding requirements for a hospital organization that is, or seeks to be, recognized as tax-exempt. While the proposed regulations set forth several requirements, we will focus on some of the limitations that relate to collection activity.

"...the Patient Protection and Affordable Care Act enacted a new section of the Internal Revenue Code, adding requirements for a hospital organization that is, or seeks to be, recognized as tax-exempt."

There are two time periods that hospitals and its collection agencies will need to be aware of under the proposed regulations. The first time period is the "notification period." The notification period is the time during which the individual is notified of certain information about the hospital's financial assistance policy (FAP). This notification period begins on the date care is provided and ends on the 120th day after

the hospital provides the person with its first billing statement. The second time period is the "application period." The application period is the time within which an individual has to submit an application for assistance under a hospital's FAP. That time period begins on the date care is provided to the person and ends on the 240th day after the hospital provides the person with the first billing statement.

During the notification period, neither the hospital nor its collection agency may engage in "extraordinary collection actions" (ECA). The proposed regulations do not prevent a hospital from placing accounts with a collection agency during the notification period. However, since sale of debt is considered an ECA, the hospital cannot sell debt during the notification period. ECA also includes the legal or judicial process (commencing a civil action or other legal actions used to enforce a judgment) and credit reporting. The hospital or, if applicable, its collection agency, will need to notify the individual of any ECAs it or its collection agency may take if a FAP application is not submitted or the amount due is not paid at least 30 days before the end of the notification period. Each hospital should discuss all ECAs with its collection agency so that this final notice is consistent with the hospital's and collection agency's practices. In fact, the proposed regulations call for written agreements between the parties to cover FAPs and ECAs.

During the application period, if an individual is eligible for financial assistance under the hospital's FAP, the hospital is required to refund any excess payments and to reverse any ECAs. Hospitals and their collection agencies will need to continue to work together to identify those accounts and establish a process for handling these situations.

As a reminder, these are proposed regulations. While there may be some revisions to these regulations, we expect that, for the most part, they will not change substantially. We also believe that most, if not all, of our health care provider clients, whether non-profit or not, have some form of billing and collections policy. We are happy to work with all of you on those policies insofar as they pertain to collection activities that we engage in. ✂



In appreciation for their hard work and dedication, State Collection employees were treated to cookouts at their locations at the end of the summer. In addition to great food, employees had the opportunity to toss a pie or dunk members of our management team. All proceeds from the event were donated to ACA International's Education Foundation.



Halloween Fun at the office 2012



Look out below!

Pf Party!!!

Creepy Couple!

Spooky Group!

LAST QUARTER'S BRAINTEASER

Barb Crosby (Chartwell Midwest Wisconsin) is the winner of the last Brainteaser. **Congratulations, Barb!** We will be delivering a special prize within the next few weeks.

Brooks Burt (Marshfield Clinic) and Connie Schmiede (Memorial Health Center) also had correct answers! Good job!

Be sure to send in your Brainteaser entry – you could be our next winner!

THIS QUARTER'S BRAINTEASER

1. What is as big as an elephant but weighs nothing?
2. What does the following say: HIGH HIGH HIGH HIGH HIGH
3. You walk across a bridge and you see a boat full of people yet there isn't a single person on board. How is that possible?
4. What five letter word becomes shorter when you add two letters to it?
5. What's always coming but yet never arrives?

Please email your answers to newsletter@stcol.com or fax them back to (608) 661-3001 (Attn: Newsletter). Be sure to include your name, employer and email address with your answers.

Solution to the last Brainteaser

1. Meat	3. There was no dirt in the whole.
2. Mt. Everest. It just wasn't discovered yet.	4. Second Place
	5. You need a camera, not a wooden leg

Oh, Baby!

Congratulations to Kamietra Glover (Third Party Collections, Beloit), Katie Wood (Marketing, Madison), and Kayla Ortiz-Ferguson (EBO, Madison), on the birth of their babies!

Payton Green was born July 8, weighing 7 lbs, 13 oz, and was 19 inches long.

June Wood was born on July 22, weighing 6 lbs, 15 oz, and was 18 inches long.

Canaan Ortiz-Ferguson was born on August 2, weighing 7 lbs, 1 oz, and was 19.5 inches long.

Congratulations to all of these families on their new additions!



SERVICE. INTEGRITY. RESULTS.

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