

THE STATE OF COLLECTION

A State Collection Service, Inc. Newsletter
Volume 19, Number 3 • Third Quarter 2013

WHERE WE'LL BE

MidAmerica Summer Institute
August 21 - 23, St. Charles, MO

IL First Chapter Golf Tournament
August 30, Lemont, IL

Tri-State Fall Institute
September 18 - 20, Florence, IN

WI HFMA Fall Conference
September 25 - 27, Green Lake, WI

WI AAHAM Fall Revenue Cycle Co-Op
October 3 - 4, Stevens Point, WI

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LOCATIONS

8 0 0 . 4 7 7 . 7 4 7 4

Madison, WI Beloit, WI
Minneapolis, MN Chicago, IL

STREAMLINING

—Tom Haag, Chairman and CEO



I may be one of the few who remembers railroad trains as the preferred method of transportation. When I was a little nipper (a long time ago), I used to go to the Chicago and North Western's railroad stations frequently to meet my aunt who lived in Chicago but traveled many weekends. At that time, trains were pulled by steam engines run on coal and belching black smoke. Getting to watch all of those large trains was always a fascinating experience and, to me, the steam whistle was intoxicating.

All of that changed when the diesel electric engine came into service and trains became "Streamliners". The advent of the streamliner reduced my aunt's travel time from Chicago by 30 to 40 minutes; at the time, that felt like supersonic transportation.

Many of you know I am an automobile enthusiast. Automobiles built to set land speed records are also called "Streamliners". So how does this relate to debt collection?

Streamlining has become important to almost all aspects of business today. Better, faster, less costly is now the requirement. Determining how to accomplish streamlining without compromising effectiveness or customer satisfaction is the ultimate objective. Throughout this issue, we will demonstrate how we are doing just that. I hope you will enjoy the trip on our "Streamliner". ✂



CONSUMER COMMUNICATION TRENDS

—Terry Armstrong, President



In keeping with the theme of trends within the healthcare industry, I would like to discuss communicating with consumers/patients. In the last issue of The State of Collections, we discussed the “one family, one statement” concept; of course, this implies that we are only sending statements.

The trend today is moving towards sending emails, or eNotices. In our industry, of course, particularly bad debt, we cannot send an eNotice unless the patient/consumer agrees to such. The trend, however, is catching on and many folks read and respond to email long before they read their mail. My three kids, ages 26-31, remind me that they do not check their mailboxes regularly if at all, like some of us older generation types. In fact, we have to remind them to check the mail if we send them a card! And they are certainly not alone. However, they all regularly check and answer emails. Given this trend, it is essential that businesses and providers obtain current email addresses and consent to use them for eNotices right at the time of service. I know many providers are doing this as their registrations

process is updated. While eNotice is certainly streamlining the process, it also costs about one-fifth the expense of mailing a statement or letter. That is real cost savings.

Another impactful trend in sending information is communicating via cell phone and texts. This certainly opens another can of worms in the regulation arena, but it truly defines the concept of streamlining. While sending texts may still be a ways in the future, even calling cell phones has become a challenge with current regulations and the Telephone Consumer Protection Act (TCPA) determining we cannot call cell phones via dialer without express consent. Gaining consumer consent to call cell phones is essential because more and more people are eliminating their landlines. A recent article in Kiplinger Magazine indicated that people who dropped their landlines grew from 8% of phone users in 2008 to over 30% in 2012; no doubt, this percentage is even higher this year. At this rate, very few of us (yes, I do still have a landline) will have landlines. While the industry is attempting to update the regulations to keep up with this trend, again it is increasingly important that providers not only obtain the patient’s cell phone number at the time of registration, but also consent to call on that line. The ability to call cell phones via a dialer is essential if we are to streamline how we connect with consumers.

I had the opportunity to attend many good sessions on these trends while at HFMA’s ANI this year. One particular session featured the CFO of a large Wisconsin healthcare system plus an executive from Citibank. The key point I took from this session was when the CFO stated, “We want to move the process up to the patient’s smart phone, tablet or via a portal and are not making a big investment in kiosks. Smart phones and tablets will replace kiosks.” I agree with this observation. With a smart phone today, we can conduct any type of transaction including paying our healthcare bills. We will explore more of the portal and smart phone applications in future articles, but these are trends we all must prepare for.

At State Collection Service, we have a major initiative to send eNotices and we should begin our pilot program within the next 30 days. This is a great start, but we need to follow up with texts and other avenues so communicating with the consumer is truly streamlined. Easy access and the ability to instantly communicate with patients can only improve patient satisfaction.

On a final note, while at ANI we spent time with Neil Smithson, the developer of the PARO methodology for determining presumptive charity. He was kind enough to write an article for this issue outlining the challenges of charity determination. Knowing that regulations are going to make this process more time consuming and expensive, we look forward to working more with Neil as we assist our clients with methods to streamline the charity process. ☛

“...it is essential that businesses and providers obtain current email addresses and consent to use them for eNotices right at the time of service...it also costs about one-fifth the expense of mailing a statement or letter.”



UPDATE TO THE MEDICAL DEBT COLLECTION TASK FORCE

—Tina Hanson, Executive Vice President & Chief Strategy Officer



Since our last update, the Medical Debt Collection Task Force has been a very busy group. The task force completed their first round of changes and modifications to the flow chart and created a white paper to accompany it. The flow chart was presented at the recent HFMA ANI meeting in Orlando. The document was also recently circulated at the ACA International Convention in San Diego in order to gain additional comments and feedback from the third party debt collection standpoint. The task force will also be soliciting feedback from its membership to incorporate in the document. The objective is to create a final document that will be released for publication by the end of August or September.

Some particular items of interest include:

- Credit bureau reporting occurs only after a minimum of 120 days from the date of the first patient statement in order to have time for things such as insurance processing and secondary billing to take place as well as give the patient time to work through the process.
- Removing credit bureau reports 45 days after a medical debt has been paid in full to allow the patient's score to be positively reflected.
- Regular reconciliation between the provider and the agency to ensure that payments and adjustments are processed and records are accurate.
- Regular reconciliation between the credit bureau agency and the debt collector to ensure accounts are accurately reported and updated.
- Complaint tracking between the agency and the provider in order to have a consolidated database so processes that are causing complaints and disputes can be fixed.

The task force continues to work hard to create streamlined and efficient processes. If you have any questions or would like to share your thoughts on our work, feel free to contact me at tinah@stcol.com.

2013 STRATEGIES TO ACHIEVE Breakthrough Results

POPULAR WEBINAR SERIES CONTINUES WITH ICD-10

— Steve Beard, Chief Business Development Officer

On August 22nd, our Webinar Series explores a very important topic, ICD-10. As you are aware, ICD-10 has been a topic of discussion for some time; we all know that the impact of ICD-10 will be significant. Elaine Lips, President and CEO of ELIPSe, Inc, a consulting firm dedicated to transforming health information management, will lead us in ICD-10 planning. With thirty years of experience in HIM consulting, Elaine has been providing consulting and strategy on ICD-10 implementation since 2010.

As you know, competition for coding resources will be fierce with the rush to be ICD-10 compliant. The cost for backfill coders will be daunting before and after October 1, 2014. How have you addressed this challenging issue? With a unique early adoption strategy, this seemingly impossible undertaking is possible. Through real world experiences, this presentation highlights how an integrated delivery network on Epic and a standalone facility on Meditech developed their ICD-10 early adoption strategy.



Their strategy addresses the goal of mitigating cash flow impact while also minimizing the cost and need for hard-to-find temporary coders. The coders at both facilities will start coding exclusively in ICD-10 up to nine months prior to the October 1, 2014 compliance date; there will be no need for dual or double coding when they go live. Computer-assisted coding will be used while implementing improved processes and technology, accommodating both code sets since they must be on the ICD-9 claims. Coders at these facilities will have gone through the learning curve well ahead of the October 14 deadline and these organizations will realize the cost savings while minimizing cash flow disruptions before the actual compliance date.

Please join us for this important webinar! To register, go to <http://www.statecollectionservice.com/webinars/>.



FIRST CALL RESOLUTION: IMPROVING CUSTOMER SERVICE SKILLS FOR PATIENT SATISFACTION AND AGENT EFFICIENCY

— Tracy Dudek - Vice President of Operations



During the past 12 months, our team has implemented CallMiner, a speech analytics tool. This technology turns our voice conversations into text, allowing the call center managers insight into 100% of the agent calls via an agent scorecard. CallMiner also provides searchable word strings to fine-tune agent coaching in the key areas of compliance, negotiation, and courtesy language. At first, we were excited simply to build the agent scorecard in order to score 100% of agent calls per month, rather than score five calls each month per agent as we had been doing. Little did we know, there is so much more to the technology than just scorecard analysis!

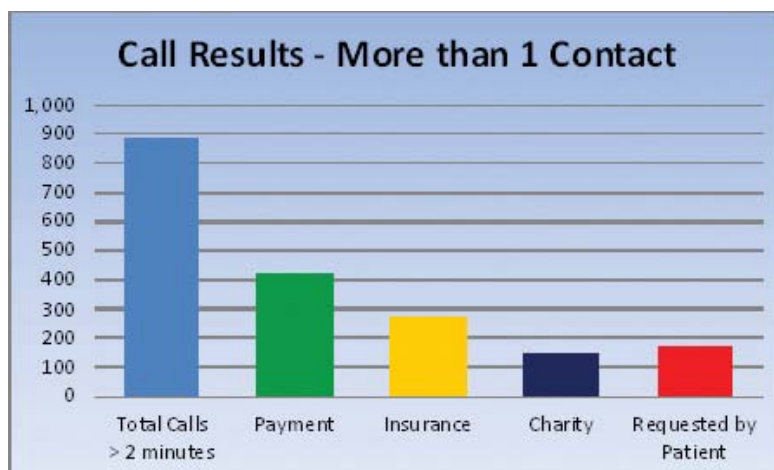
As with any technology we implement, our team builds the roll-out based on your business needs, fine-tuning as needed. We are tuning CallMiner right now to drive First Call Resolution in both our Extended Business Office (EBO) and our Third Party Collection teams.

According to the Service Quality Measurement Group (SQM), having an 80% or higher First Call Resolution Rate (FCR) is a customer service call center industry standard. This means, on average, it will take 1.4 calls to resolve a customer inquiry or to handle the reason for calling. SQM reports that only 5% of call centers reach this industry standard. State Collection Service is proud to say that based on the teams who have received specific coaching beyond the standard call center scoring, we have teams that are reaching levels of first call resolution greater than the 80% standard, with some coming close to 90%.

Improving FCR also increases overall customer satisfaction. It is reported by SQM that for each 1% improvement in FCR, there will be a 1% improvement in customer satisfaction. In addition, another key benefit is improved operational efficiency of the agent's ability to handle unique caller situations; this lowers the stress level of the agent because second calls and beyond can become complicated.

Without speech analytics technology, it is a challenge to accurately report on First Call Resolution. Sure, we can tell you how many times we talk to a customer within a certain timeframe, but we could not tell you with absolute certainty what the nature of those conversations was. While we could receive anecdotal feedback from the agents, that could easily be tainted by their most recent caller experience.

The results are in and here's what we have found on calls that last over two minutes in length, with more than one contact in the last 30 days. We are talking to customers about the following topics:





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Now, what are we doing with this new level of information?

SQM also found that the reason it may take two or more calls to properly handle a customer's concern is this – 44% of the time the agent handling the call did or did not do something on the account to require a call back.

At State Collection Service, we are utilizing the data to pinpoint caller scenarios so we can provide additional specialized training to our agents. In one instance, we were able to make readily available the status of financial assistance applications so agents would not have to put callers on hold or do additional research and call the patient back. Other scenarios where additional training has been provided were around very specific low volume inbound call scenarios; agent were taking fewer calls that turned out to be quite complex – these agents simply needed more training on how to explain Self Administered Drug and Third Party Liability billing processes.

Janet Koltick, Senior Customer Service Specialist and EBO Patient Satisfaction Specialist, works daily to review calls and identify training opportunities. According to Janet, “What we find is that the agent wants to do well and cares about the patient, but at times can find themselves caught off guard by a question. It is our job to provide the agents with readily accessible information that will allow them to efficiently answer the patient’s question and portray a commanding knowledge of the process so the patient feels confident with the agent’s information.”

Beyond the historical data review and training, we are working with agents on the use of proper language during calls. For instance, inserting language such as “Is there anything further that I may assist you with?” or “Have I answered your questions today?” gives agents the ability to perform a service recovery while the caller is still on the line, which can ultimately increase their FCR rate. Further, through our CallMiner technology, we measure the percent of time the agents use this language and provide coaching opportunities when such language is not being utilized to the quality standard that has been established.

At State Collection Service, our representatives know that the patient experience is paramount. By continuing to grow our business intelligence to better understand what happens during patient interactions, we can improve the First Call Resolution rate. Our goal is to set the bar well beyond the 80% industry standard rates for First Call Resolution and we are taking steps toward that goal each day! ✨

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**WOW
AWARD**

During the past quarter State Collection Service gave away four WOW Awards! The latest WOW award recipients are Maria Rojas, Jana Webb, Erika Gordon and Shannon Funk!



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

Maria, Jana, Erika and Shannon thank you for all of your hard work!

Left to right: Maria Rojas and Dan Buzzell (EBO Manager), Jana Webb and Pam Brown (EBO Manager), Upper Right: Erika Gordon and Mark Holcomb (Site Manager), Tammy O'Brien (Client Services Analyst) and Shannon Funk



THE CHARITY CARE CHALLENGE

STREAMLINING THE CHARITY ADMINISTRATION PROCESS

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

For many years, the charity care process for hospitals has relied on patients completing applications which often require complex documentation to support the application. These applications are then reviewed and charity care is typically approved or denied based on a Federal Poverty Level (FPL) calculation.

Why FPL can be misleading:

Federal Poverty Level (FPL) is a ratio of the consumer's total household income and total household size compared to a scale published by the US Department of Health and Human Services. The thresholds vary by household size and usually change each year.

The conundrum with using FPL as a definitive measure of financial need is that the result can be very misleading. The income required to maintain a household to standard of living expectations changes from area to area. The Cost of Living Index (CLI) is most often used to define the differences in maintaining a household from market to market based on key consumer costs. The average composite index for consumer goods and services in the US is 100. Using this approach, you can imagine the disparity between different cities. For example, the CLI index for San Francisco, CA is 177 compared to 97.2 for Atlanta GA.

Most charity care policies claim a FPL of 200% or less as indicative of financial need. In the case of a facility located in an area with a CLI greater than 100, you would likely be understating charity care and thus community benefit for free care.

What happens when the patient is unresponsive or doesn't cooperate?:

For a number of years now, some healthcare providers have been recognizing that their patients can be challenged by an application process. Additionally, these providers have sought out ways to streamline this process and provide additional Community Benefit.

Absolute or confirmed income can be difficult to obtain without direct patient contact and documentation. Income derived from third party sources are often estimates based on US Census data or a derivative of utilized and open credit. Hospitals should be careful of what sources are used to derive income or household size and be sure to account for their limitations or estimation approaches.

The uninsured face a litany of challenges and are not typical or average consumers. A recent study found that the high school drop-out rate of uninsured patients is 33% compared to only 7% for insured patients. The US Department of Education estimates that 75 million Americans (or about 25% of the population) understand healthcare related issues at a level of basic or below basic. Interestingly, this is the same number that most CFOs would agree would likely constitute the percentage of charity care that remains in their bad debt portfolios.

The ability to understand and respond to an application process is a barrier for many consumers faced with poverty. Many times, PFS staff considers patients that are unresponsive as apathetic. That may sometimes be the case, but some patients are faced with other challenges:

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- Some consumers do not possess or retain documentation that may be required in the application process
- Federal Reserve estimates that 8.7% of the US population cannot afford to maintain a bank account and roughly 26 million consumers live in the “financial shadows”
- Potential cultural barriers might exist that prohibit the consumer from asking for assistance
- Many consumers fear that information provided during the application process might be used against them during the collection process
- Other consumers simply cannot read or complete an application

Most revenue cycle processes are designed to address the average or typical consumer. It is important to note that, for patients that live in poverty, the poorest patients need the most assistance to even understand how to ask for help. These are not average consumers and face unique and difficult challenges in today’s environment.

How presumptive charity models help:

Predictive models are algorithms that are built from historical outcomes. These algorithms are then applied to present behaviors to predict a likely outcome. By analyzing historical approvals, predictive models can be deployed to indicate the likelihood of charity approval.

Presumptive charity is usually applied to patients who have been unresponsive during the revenue cycle, have not made a payment, and have not qualified for other funding sources including Medicaid. The use of predictive modeling for this reclassification does require a change to Financial Assistance Policies to ensure compliance.

Summary

With increased scrutiny on tax status and Community Benefit, it is important to review your charity care policy to ensure that you are including as many consumers as possible. Recognize some consumers face very unique challenges, and the poorest portions of our society face circumstances that many of us never contemplate. Take the time to look for and remove barriers that might be excluding those patients with the highest levels of need. Embrace technology that will help you provide more patients with benefits and effectively fulfill your Community Benefit goals. ✎

Source: ACCRA Cost of Living Index

Source: Who are the Uninsured? An Analysis of American’s Uninsured Population, Their Characteristics and Their Health. Authors June E. O’Neill and Dave M. O’Neill June 2009. Available from www.epiOnline.org.

US Department of Education; National Assessment of Adult Literacy 2005.

About the Author: Neil Smithson is the founder and Managing Member of PARO Decision Support, LLC. PARO has pioneered predictive models for charity care. The PARO models are socio-economic applications that assist Providers in the delivery of free or discounted care to underserved populations and communities. PARO identified nearly 2 million patients with free care in 2012. He may be contacted at nsmithson@paroscore.com.



www.paroscore.com



STREAMLINING YOUR OPERATIONS THROUGH SCORING AND SEGMENTATION

— Dave Hintz, Director of Extended Business Office

We are all searching for ways to take cost out of our operations without sacrificing revenue. Use of scoring and segmentation tools can help us all accomplish this goal and more.

Typical applications of scoring and segmentation focus on gaining efficiency in calling and billing efforts and look to “segment”, or group, accounts into various billing and collection strategies. This has proven to be an effective means by which to reduce operating costs on certain segments of accounts where the likelihood of recovery is much lower than other segments of inventory within your receivables. Use of scoring and segmentation can also allow you to speed up the recovery within the higher propensity to pay or higher value groups of accounts earlier in the cycle.

There are a lot of scoring models on the market and even more customized models available if your system is compatible, but do your research to determine the differences in the models available before spending the time and resources to build out the scoring process in your system.



“There are a lot of scoring models on the market and even more customized models available if your system is compatible, but do your research to determine the differences in the models available before spending the time and resources to build out the scoring process in your system.”

Another growing application of scoring is to allow for a more efficient identification of those customers needing partial or full forgiveness of the underlying debt. Whether you call it a hardship, financial assistance, or charity program a good scoring and segmentation strategy as well as the appropriate tools should allow you to identify those customers most in need of such programs. When considering the hurdles that can get in the way of existing programs with unwilling or uncooperative customers, confusing and burdensome paperwork and perhaps hard-to-reach individuals, having a good segmentation strategy can make the overall process more efficient.

Combining the application of sound scoring and segmentation will allow you to maximize resolution of your outstanding accounts receivable. In many cases your vendor partner, as is the case with State Collection Service, can provide the solution for you, making it easier to implement and garner the benefits of these strategies. ✎



Do you **Linked in**?

Connect with State Collection Service today!

LAST QUARTER'S BRAINTEASER

Linda Sponem (Group Health Cooperative Of South Central Wisconsin) is the winner of the last Brainteaser.

Congratulations Linda! We will be delivering a special prize within the next few weeks.

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

THIS QUARTER'S BRAINTEASER

1. If Santa's six helpers can pack 18 boxes in half an hour, how many more helpers will Santa have to hire if he wants 93 boxes packed in the same time?
2. What letter would logically complete the sequence below?
A Z B Y C X D W E _
3. Tracy is now three times as old as Bob was two years ago. In four years, Bob will be as old as Tracy is now. *How old are they now?*
4. Find the six-digit number in which the second digit is two less than the first, the third is two less than the second, and the fourth is two less than the third. The fourth is the difference when the third is subtracted from the fifth. The sum of all the digits is 38.
5. Add two T's to each of the following words (without rearranging any letters) to create other common English words.

| | |
|-------|---------|
| BOOM | WISER |
| PREY | SHORES |
| SKIER | EXILE |
| CONES | MARINE |
| FREED | EMPRESS |

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.

Oh, Baby!

*Congratulations to Liz Angle (EBO, Madison)
on the birth of her new baby girl!*

*Marlyn Elizabeth Milsach, daughter of Liz, was born
June 25, weighing 7 lbs, 12 oz, and 20.5 inches long.*

Congratulations Liz on your new addition!



Solution to the Last Brainteaser

1. Terry is 6, Beth is 9.
2. 17, 22, 27, 32, 37
3. Patrol, Portal
4. Upstream
5. 1) Cello, Viola 2) Dasher, Dancer 3) Pastor, Priest
4) Tricycle, Unicycle 5) Argentina, Venezuela

