Don't Leave Money on the Table! Managing Cash Flow in a High Deductible Health Plan World

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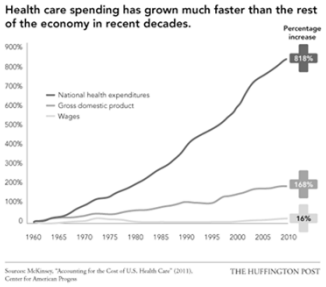
Today's Overview

- H.D.H.P – history – current and future - Brian
- Revenue Cycle Management - John
- Estimator - Brian
- Credit Card on File – John

- I have no actual or potential conflict of interest in relation to this presentation
- I put this slide in because it seems like doctors have to see this after the title page for it to be a "real" presentation

High Deductible Health Plans (HDHP)- A Brief History

- While these plans were available in the early 2000s, we did not see the explosion in their offerings until the advent of the Affordable Care Act
- The premise was to make consumers of health services more cost-conscious by placing more of the burden of care onto the patient
- While we have seen a drop in the rate at which health care costs have increased in recent years, there is also concern that cost-conscious patients are not getting care they often need because they understand that the initial financial burden now falls to them

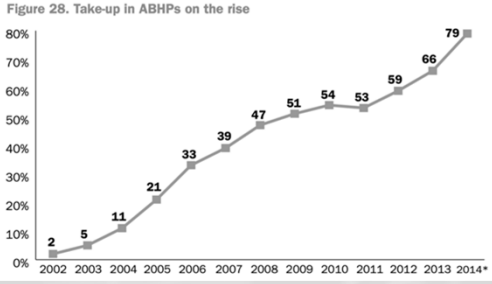


HDHPs are the new standard for employers

59% say HDHPs were financially detrimental.

Cost savings by employers mean sharing those cost pains with their employees - our patients.

Connecting with your patients and helping them understand their out-of-pocket costs



High Deductible Health Plans: The Ugly Truth

- Over the next 3 years, almost half of all employers will offer *only* HDHPs
- Since 2013, the average deductible has increased 146%

Ouch…

- Roughly 75% of the plans offered on the exchanges have high deductibles
- 46% of patients have deductibles ***OVER*** $1000

How are our patient's cost-conscience decisions impacting us?

Are you finding it harder to get patients to start immunotherapy?

If you do start them on IT, are you surprising them with large bills that they complain about or often won't pay?

How are our patient's cost-conscience decisions impacting us?

Is anyone tracking their IT noncompliance rate?

Have you seen increases in the number of patients that cite cost as a reason for not continuing treatment?

Connecting with your patients and helping them understand their out-of-pocket costs

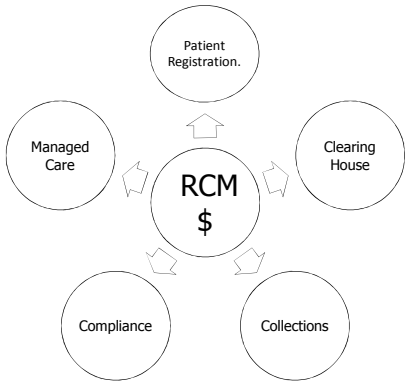
- Make sure YOU understand how insurance works!
  - This is crucial as most of the success in getting patients to consent to IT and other expensive treatments rests on the *MD's ability to explain cost-benefits.*

Revenue Cycle Management

- . …"is the financial process that healthcare facilities use to track patient care episodes from registration and the appt scheduling to the final payment of balance.

Cash is King!!

Who are you?



Bicycle wheel

- If one of the spokes is out of place, then the wheel does not turn true.
- RCM has to be true.

Patient Registration

- On site registration
- Internet registration
- Pre-registration –
  - Immediately after they schedule appointment

Front Desk…Reengineering – Collection Process

- Customer Service #1
- Charge entry
- Collecting co-pay, deductibles?
- Daily closing batches – reconciling
- Filling the schedules 110%

Key Variables

- **Verification of benefits**
  - No just confirming the insurance coverage.
  - What's the cost in advance for procedure..
  - Insurance pays – Out of Pocket
- **How can we support our troops?**
  - Script Message
    - Mr. & Mrs….
    - Role Play,
- **Knowledge**

Tools for Collections

- How would you like to take care of your copayment today?
  - "Mr. Jones, our practice policy is to request payment at the time of service. Your insurance plan requires a copayment of $___. Will you be paying with cash, check or credit card? (Wait for card.) I also noted that you have a balance of $_____. Can we go ahead and run your card to take care of that balance?

Elizabeth Woodcock, MGMA

Building a Bridge #1…

- Communication – Communication - Communication
  - Front Desk
    - Billing office –

Clearinghouse

- **Medical Claims Clearinghouses** offer a bridge between medical offices and health insurance carriers to transmit medical claims electronically in a formatted file document. Medical Claim Clearinghouses support the claim transmission in claim formats of CMS - 1500, HCFA 1500, UB-04 and Dental medical claims

Claims Submission

- **Fatal Errors**
  - Daily rejection/fatal – by payer & site
  - Common language – example:
    - F1 Fatal Demographic Error –
    - Claims rejected because of demographic error
    - F2 Fatal Member ID/Group
      - Claims rejected because of incorrect member ID/group
    - F3 Modifier -

Inspect what you expect!!

Fatal Error Example – Denver Clinic Summary

Fatal Reasons	#	% of Fatal
F1 - Claims Rejected – Due to demographic Error	3	25%
F2 - Date of Service in the future	0	
Total Fatal Errors	3	
Voucher Count/Fatal Error Benchmark	3/ 2426	.25%

Denials Examples -

- Diagnosis Code Incorrect
- Ins. required information from clinic
- No prior authorization
- Duplicate claim/services
- Timely Limit for filing has expired
- Can't ID / Incorrect ID
- No coverage
- Lifetime benefit max has been met

Example Denial Report – Denver Clinic

Denial Reasons & code	#	% of Denial	$
CO – 11 Dx Code Incorrect	3	25%	$688.00
CO – 31 Can't ID/ Incorrect ID	6	33%	$241.00
Voucher Count/Denial Error Benchmark	9/ 2709	.33%	$1,988.

A/R Controls - Benchmarks

- Productivity PFO – (38 accounts or more per hour)
  - Staff place a note in the account and then track…Notes on account or postings.
- Denial Rate (2% or less)
  - What accounts have not went to the insurance companies:
- Fatal Error Rate (2% or less) –
  - What accounts haven't passed the clearinghouse..
- Lag Time (2 days)
- A/R Days – 20 days of less

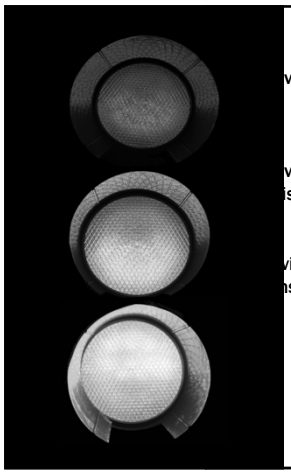
Monthly Report -Benchmark Example:

Objective/Goals		Standards	1st Quarter Results	
	-		**Avg**	**47%**
50% or greater		**Collection Ratio 0-30 days**	Jan	43%
			Feb	48%
			Mar	50%
	-		**Avg**	**88.7%**
90% or greater		**Collection Ratio 0 - 60 days**	Jan	92%
			Feb	85%
			Mar	89%

Managed Care Plan

Where do you start?

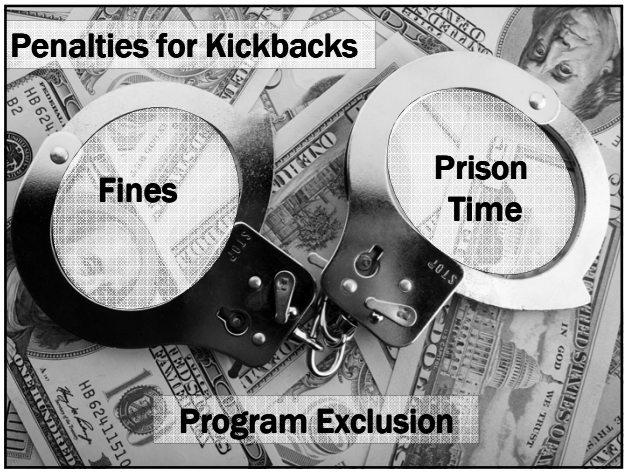
- What is your **Payer Mix?**
- What is your **Product Mix**
  - HMO/POS/PPO/Medicare/Workers Compensation
- How are your **participation agreements** held?
  - Individually, Group, IPA
- How is your **reimbursement terms** determined?
  - % of RBRVS, conversion factors, discount off billed



ving co-payments routinely

ving co-payments on a case by case
s for financially needy

viding free or discounted services to
nsured patients



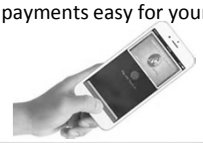
Things will change!

Wrapping up

- Patient Registration
  - Cash is king
- Clearinghouse
  - Denials – Fatals
- Collections
  - Benchmarks
- Managed Care
  - Understand the payers and contracts
- Compliance
  - Be aware – Jail time..

How we can actually get paid?

- Educate your staff
- Educate your patients
- Create payment habit patterns
- Make payments easy for your patients



I make no assumptions when talking about billing…

Definitions:

Charge: How much we bill an insurance company for a service. Often 150-200% of allowed Medicare amounts.

Allowed Amount: How much a particular insurance company will reimburse us for a charge based on our contracted fee schedule.

Adjustment: Difference between charge and allowed amount.

Again - no assumptions…
So what makes up a patient's payment?

Premium = Bill

DEFINITION

Example:
Todd has health insurance through his employer. Each pay period, his employer deducts money from his paycheck to put toward his health insurance — to pay the premium.

We are experts on these, right?

Copayment

Copay

DEFINITION

Set dollar amount you pay for a covered product or service.

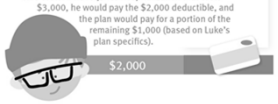
Example:
Sara has a $20 copay for visits with her primary care physician (PCP) and a $40 copay for urgent care visits. What does that mean? She will pay $20 for every doctor visit and $40 every time she goes to urgent care.

Deductible

DEFINITION

The amount you must pay for covered health care services before your health insurance kicks in.

Example:
If Luke's deductible is $2,000, his insurance won't pay for anything until he has paid $2,000 for covered health care costs. If he requires hospitalization that costs $3,000, he would pay the $2,000 deductible, and the plan would pay for a portion of the remaining $1,000 (based on Luke's plan specifics).



If you said yes, why aren't you collecting BOTH at time of service?

These we don't seem to grasp as well. Let's take a closer look…

Coinsurance

DEFINITION

The percentage of the bill you pay for a covered product or service.

Example:
Let's say Tony visits his in-network doctor when he's ill. He has already met his deductible, and his plan now requires a 20 percent coinsurance. The cost of his insurance plan's contracted rate is $150, so he owes $30. His insurance company will pay the rest.

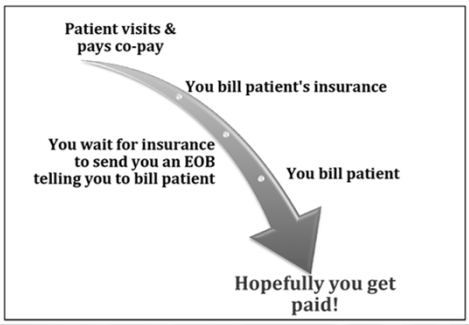
Out-of-Pocket Maximum

Out-of-Pocket Limit, OOP Max

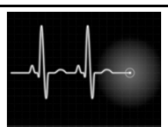
DEFINITION

Example:
Lisa's OOP max is $5,000. That means that in 2015, once Lisa pays a total of $5,000 (which can take the form of her deductible, copays, and coinsurance), her health insurance will begin to pay 100% of her costs for covered care.

Current System



Vital Stats



- Approximately 31% of a physician's reimbursements come from the patient
- Of that 31% you will write off 58% to bad debts (thats 18% of your money you will ***NEVER*** collect
- A 2009 McKinsey Quarterly study showed that 25% of patients are willing to pay up to $200 at the time of service. 18% will pay regardless of the amount. 52% said they were willing to pay SOME amount at the time of service.

Is it really *that* important to get payment at time of service? Consider…

Did you know that patients have 90 days to make their insurance premium payments?

Why does that matter to us? Because the **PROVIDER,** <u>not the INSURER,</u> is on the hook for getting paid if those premiums aren't paid.

An insurance company can retract payment if insurance premiums aren't paid leaving you to go after the patient.

Almost as Frightening as a Presidential Poll…

*87% increase in angry patients since last year

*56% of those patients said financial concerns were the source of their anger

Patients are angry because we don't give them information - and sometimes we don't give them the truth!

- Knowing how much a patient owes is a customer service advantage
- You will increase the likelihood of not getting paid
- Better to deal with payments at the time of service than have to deal with this ——>>> later!

Change

Change
Now it's time for change
Nothing stays the same
Now it's time for change

-Mötley Crüe

Patient Estimation Tools

- How to get them
- How to use them
- Are they accurate?
- How will patients react?
- How do we talk to patients about how much they owe?
- Will they pay?
- Should doctors even have a financial discussion with patients?

Patient Estimator Sample

ALLERGY PARTNERS

Bill Estimate

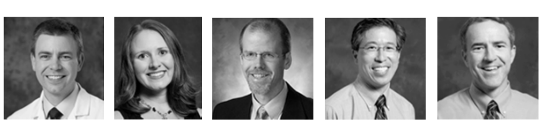
Patient Name	Patient #1	**Date** 2/22/13
Insurance	**UnitedHealthCare**	
Co-Pay	$ 40.00	
Co-Insurance	20%	
Deductible	$ 1,000.00	
Deductible Met	$ 228.13	
Remaining Deductible	$ **771.87**	

CODES:	Description	Units:	Billed Amount	Allowed Amount
99204	Level 4 Visit		$ 270.00	$ 100.08
95004	Multi-Food/Inhalants	36	$ 342.00	$ 152.28
94060	Pre vs. Post Bronchodilator		$ 304.00	$ 47.23

Total Allowed By Your Insurance	$ 299.59
Subject to Deductible	$ 152.28
Coinsurance	$ 9.45
Specialist CoPay	$ 40.00
Non-Insurance Charges	$ -
This is how much is payable by you today.	$ **201.73**
This is how much your insurance will pay.	$ 97.86

Actual charges on the final Explanation of Benefits (EOB) may vary from the estimate based on insurance fee schedule changes, unknown circumstances or complications, a change in diagnosis codes, changes in insurance practices, and additional charges that may be added related to your treatment. Changes to your plan may also cause variances from the EOB. You may be liable for more than the estimate contained herein. You may also be owed a credit from A2 Medical Group, Inc. if the estimate resulted in payment greater than your required out-of-pocket expense.

Who's responsibility should it be to talk to patients about their financial responsibility?



Physician practices can avoid losing revenue by learning how to collect payments from patients at the time of service.

- Robert M. Wah, MD, past president of the American Medical Association

Scripting your message?

MD: Can you tell me what to say to patients when talking about their responsibility?

Guy from AAAAI Presentation: Sure, and I can also give you their diagnosis too…

"I already diagnosed myself on the Internet. I'm only here for a second opinion."

Dealing with low-income patients

Setting up payment plans
Showing them the savings from reduced over-the-counter meds

The IRS no longer allows OTC meds to count towards deductibles

How do you manage collections in the HDHP world?

Credit Card on File

Today's Objectives

1. Assessment – Do we have a problem?
2. Embracing Technology
    1. ROI –
3. Implementation process and preparation
4. Examples

- Assessment –

- Assessment
- How big is it?
- ROI
- Measure
- Re-Assess

Utilize technology with minimal cost?

- How do you find the right system?

Credit Card on File – Questions –

- Do they provide auto posting into EMR or P.M. system?
- Are rates guaranteed not to go up for a period?
- What are additional fees?
- What is the cost of machines/swipers?

Credit Card on File – Questions –

- Customer service center location & hours
- Can they break down their billing statements per clinic?
- Do they provide PCI compliance service?
- What are the costs? Transaction fees, interchange fees?

"Credit Card" – Merchant Services Fees

- ACH –
  - Automated Clearing House
  - Merchant Service Fees
    - Visa/Master Card –
    - American Express –
      - They vary
      - Assessment fee
      - Statement fee

"Credit Card" – Merchant Services Fees

- Credit Care Processing Fees - Interchange Fees – Basis Points
  - Basis Points is a unit of measurement = 1/100 of 1 percent
  - = .01% = 0.0001
  - Conversion 25 basis points – Divide by 10,000
    - .0025 or .25%
  - Example how it adds up
  - Let's assume you have $400,000 a month in credit card sales

"Credit Card" – Merchant Services Fees

Conversion 25 basis points –.25%.

- Example how it adds up
  - Let's assume you have $400,000 a month in credit card sales
  - .0025 Basis Points
  - Total Monthly Cost
    - = $1,000 per month

How do you move forward in looking at CCOF vendor?

- Identify vendors –
- Sent out a RFP (Request for Proposal)?
  - Fee structure
  - What is the transaction fee
  - Annual contract – annual fees
  - Customer service location and hours
  - PCI fee included in service
  - Monthly service fee

  - * Provide 3 monthly credit card statements

Getting Things on Target – Planning

Outline your Action Plan
What is the Objective of this initiative?

Form a committee to move the process forward.

Work Flow

Staff Training
Education –
Process change
Communication campaign
Provide them a script as an outline and/or video training
Retrain, Listen, Retrain.

Hot Spots

- Rewrite financial policies with changes
- Confirm compliancy with state collection laws
- Billing
  - On line payment – portal
  - Payment plans/budget plan renewals
- Patient statements
- Take action – set goals and timeline
- Implementation

Advance Notice to Patients!

- Social media
- In house communication
- Newsletters
- In house postings – quality
- Financial policy
- Website
- Social media
- Other avenues

Implementation

- Pick a date
- New vs Existing
- Prior patient balance
- Advance notice
- Prepare for =

Educate Patients

"Our policy now is to collect the patient balance at the time of visit. We accept cash, checks and credit cards at check in."

"We now require a Credit Card On File for high deductible balances. We offer a completely secure, PCI compliant option of storing your credit card. I can set that up now for you."

Make payment requirements clear


Promote options electronically through your website, patient portal, auto messaging and social media

Financial Agreement

Wrap Up

1. Assessment – Identify
2. Embracing Technology
    1. RFP and choosing vendor
3. Implementation process and preparation
    1. Committee
    2. POA
    3. Communication
4. Implementation