

Choosing a partner to liquidate patient accounts

Best practices for healthcare executives



SETTING THE STAGE

If you are tasked with the financial well-being of your healthcare organization, you know that patient payment is clearly a major component to your financial stability. So is your ongoing relationship with your patients, your adherence to your patient-centric mission and your reputation for high quality care and compassion in the communities you serve.

You also know that high-deductible plans are placing a larger portion of the financial burden for care on your patients, many of whom are not financially well and are unable to pay.

Your organization no doubt has clearly established processes in place in which you make every effort to collect patient payment, including sending multiple bills, statements and making telephone calls. You may also have defined processes in place to move patients from active internal collections to outside collections in an effort to recover a portion of the balance owed.

Thinking beyond your current efforts to a patient accounts liquidation partner

If you've begun to look beyond the efforts you are currently making, the process of acquiring the right partner requires diligence. You must find a partner that aligns with your mission and enhances your patient's financial wellness while offering you solutions that can deliver superior financial results.

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WHERE TO START

Your first step will be to find a partner that has extensive healthcare experience and high integrity. Your partner must be ethical and have processes in place to respond to customer service issues, as well as a patient advocacy program.

Always investigate how agencies plan to handle your account. Some agencies may have plans to resell your account. You should be extremely hesitant about working with an organization that continually resells accounts, as such a practice has a high potential of negatively affecting your relationship with your patients and your standing in the community you serve.

Because patient accounts may be very old at the point of service, patients may have many questions about being contacted perhaps several years after receiving the service.

You should always look for a partner that uses best practices for patient financial communications. Patient privacy must be protected and there must be particular acumen regarding complying with Health Insurance Portability and Accountability Act (HIPAA) regulations.

SCREENING YOUR PARTNER

Sensitive financial discussions

Your partner should be guided by the acceptable practices for communicating with patients about their financial responsibility for their healthcare set forth by the Healthcare Financial Management Association (HFMA).

- Discussions should occur in a manner that is sensitive to the patient's needs.
- Discussions should focus on steps toward amicable resolution.
- Compassion, patient advocacy and education must be part of all patient interactions; the goal is to ensure the communication is understandable and takes the patient's perspective into consideration.

HIPAA and additional guidelines

Your partner should belong to healthcare professional associations, as well as the Association of Credit and Collection Professionals International (ACA International).

Partnership guidelines set forth by ACA International with the support of the American Hospital Association and Healthcare Financial Management Association identify and address key concerns, such as:

- Abiding by such regulations as the Fair Debt Collection Practices Act and the Fair Credit Reporting Act.
- Complying with HIPAA.
- Understanding state requirements for charity care and consumer protection laws.

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WHAT TO EXPECT

- You will want to work with your partner to determine which accounts are suitable to add to a portfolio for service.
- Your partner should have a standard way to request data elements regarding the prospective portfolio. They should be able to run some reasonable analytics against the portfolio characteristics in order to be able to value the accounts.
- Your partner should also be able to provide some explanation for how your portfolio will be priced, along with their strategies for receiving payment.
- Although your relationship with your partner will be long term and ongoing, in the short term, your partner will act on your organization's behalf and maintain a direct relationship with you.
- Your partner should explain thoroughly how your patients will be contacted, how payment will be received and the process for handling patient satisfaction issues.
- You will want a partner who will ensure the relationship between your two organizations is working well. You will want to request periodic reports detailing any disputes that arise with patients.
- You may want to conduct an audit of your partner's collection practices, specifically with regard to complying with HIPAA regulations, as well as testing the security of the agency's information technology system.
- Your partner absolutely needs to be cognizant of the culture of your organization—your mission, position within the community and your patient population.

FREQUENTLY ASKED QUESTIONS

Because communication about past-due accounts is fraught with emotion and anxiety from the perspective of the patient, the value of an experienced partner cannot be overlooked.

Capio is a revenue cycle solutions company that delivers accelerated cash flow from patient receivables. The company purchases non-performing patient accounts at any stage of the revenue cycle. By funding these accounts it has a long-view perspective and can focus on affordable solutions for each individual patient without chasing or hounding. Compassion and experience is what sets the company apart and enables it to meet the ever-changing needs of its provider clients and their patients.

Mark Detrick, CEO at Capio, answers some of our most frequently asked questions:

Q. Why is finding a partner to liquidate patient accounts becoming part of so many health organizations' revenue cycle strategies?

A. Rising self-pay activity is leading to increasing debt and many healthcare organizations simply do not have the resources to effectively manage the complexity and sheer number of these accounts. Finding a partner who can take patient accounts provides immediate cash flow and a clear end to the healthcare organization's revenue cycle management activities.

Such immediate cash flow is becoming particularly important as budgets and resources continue to be squeezed.

It is important to note that these patient accounts typically have already been through internal processes and perhaps one or more collection agencies. They may not be receiving much, if any, attention. So by pursuing the right partner, healthcare organizations are able to realize greater revenue than they would have been able to receive from these accounts over time. It is revenue that is, in essence, "found money."



Mark Detrick
CEO at Capio

Q. What are some key issues healthcare organizations should discuss with their partner to improve their understanding of the processes, and best position themselves for a successful transaction?

A. Good partners will be willing to walk you through the process and answer all of your questions. A few key issues that we discuss at Capio include:

- Your goals and the relationship you want to maintain with us and with your patients.
- How our relationship can help reduce or realign human resources in your organization.
- How we analytically break down and value your portfolio.
- Our contractual obligations.

These discussions empower you to make a wise decision.

Q. Overall, what is the most important thing a healthcare organization should look for in a partner?

A. The most important thing a health organization executive can do is to choose a partner that understands the organization's culture, its patients and its collection philosophy.

A good partner will understand that one healthcare portfolio is not the same as the next. Many variables affect accounts including region and demographics, multiple billing sources, and the health organization's practices regarding registration, charity care enrollment and collection copays. Your partner must understand not only the debt owed, but also all of the factors that may affect the many processes relating to its collection.

Selecting an experienced and compassionate partner is the best way a healthcare organization can ensure its patients will continue to be treated with the dignity and respect they deserve.



Capiro Can Help

We offer a complete patient accounts liquidation solution that provides immediate cash flow. Providers can be confident that our healthcare focused team treats patients as trusted, respected consumers by providing appropriate financial options in a compassionate way.

To learn about Capiro, please visit capiopfw.com.