Dignity Health: How to Implement an Effective Patient Estimation Plan

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Revenue Services

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Agenda

- Who we are
- Price estimation – why a priority?
- Partner selection
- Project objectives
- Implementation strategy
- Results
Transparency vs. Consumerism

- Transparency – Making meaningful information available to patients about cost and quality

- Consumerism – A patient’s response to transparent information.
The psychology of buying

• Proving a patient with an estimate is about **EDUCATING** them about their financial responsibility.

• Patient’s need to understand **what** and **why** they owe the provider.

• Definition of a contract: offer and acceptance.

• Transform the post-service adversarial relationship to a pre-service advocacy for the patient.
Consumerism

- Payers
- Providers
- Patients
- Contracts
- Benefits
- Charges
Ground Rules

• Better information must flow from the physician to the facility at the time of scheduling

• Better information is required from the payers

• Registration is now patient access and POS staff are required to collect

• Patient estimations requires change
Revenue Cycle

Decreased Opportunity to Collect

- Diagnosis & Treatment Plan
- Scheduling
- Pre-Certification & Insurance Verification
- Pre-Registration & POS Collections
- Registration & POS Collections
- Financial Counseling & POS Collections
- Charge Capture
- Coding
- Claims Processing
- Payment Processing
- Collections

Admitting and Registration (Patient Access)

Service Documentation

Billing and Revenue Collections (Patient Financial Services)

Increased Cost to Collect
HFMA Pulse Nov 2009

• Overview of Findings
  – 97% of hospitals surveyed have experienced an increase in self-pay accounts receivable compared with prior fiscal year
  – Small hospitals were most likely to experience a self-pay increase of greater than 10%
  – Receivables are growing faster than patient revenue at almost one-third of respondent hospitals
  – Emergency departments and unscheduled outpatient services are experiencing the most self-pay growth
  – Difficulty estimating the cost of charges is a significant barrier to point-of-service collection
Self-Pay Trends: Accounts Receivable

97% of respondents experienced an increase in self-pay accounts receivable compared with the prior fiscal year. Of these hospitals:

- More than one-third have experienced an overall increase of 10% or greater
- 39% have experienced a growth in self-pay balance after insurance of 10% or greater
- One in five have had a 10% or greater increase in bad debt write-offs

Percentage of Hospitals Reporting 10% or Greater Increase in Self-Pay Receivables

- Self-Pay (All): 13% increase, 22% >15% increase
- Self-Pay Balance After Insurance: 13% increase, 26% >15% increase
- Uninsured Self-Pay Patient: 16% increase, 13% >15% increase
- Charity Care Write-off: 7% increase, 17% >15% increase
- Bad Debt Write-off: 7% increase, 13% >15% increase

Source: HFMA’s Healthcare Financial Pulse (www.hfma.org/pulse)
Self-Pay Trends: Hospital Size

- Small hospitals (1-100 beds) were most likely to experience a self-pay increase of greater than 10%.
  - 45% experienced a greater than 10% self-pay increase, compared with 36% overall.
  - 64% saw self-pay balance after insurance rise by more than 10%, compared with 39% overall.

Percentage of Hospitals with Greater than 10% Increase by Bed Category

- Considering current projected fiscal year compared with prior year.
- Source: HFMA's Healthcare Financial Pulse (www.hfma.org/pulse)
Self-Pay Trends: Receivables and Patient Revenue

- Receivables are growing faster than patient revenue at almost one-third of hospitals. Only 10% indicate that patient revenue is outpacing receivables.

**Receivables Growth**

- Receivables have outpaced patient revenue: 32%
- Receivables have changed at rate similar to patient revenue: 40%
- Patient revenue has outpaced receivables: 10%

*Considering current projected fiscal year compared with prior year.*
*Source: HFMA’s Healthcare Financial Pulse (www.hfma.org/pulse)*
What Hospitals Are Doing?

• 72% of respondents report that they are devoting moderate or substantial efforts toward point-of-service collections in their facilities
  – Only 50% of hospitals that are shifting resources toward point-of-service collections are seeing decreases in their cost-to-collect performance indicator

• Respondents are indicating that difficulty in estimating the cost of services to be received remains the most significant barrier to more extensive point-of-service collections
Revenue Cycle Response to Market Trends

- Respondents have increased accessibility of financial counselors and have increased collection activity

<table>
<thead>
<tr>
<th>Response to Self-Pay Market Trends</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Increased collection efforts</td>
<td>85%</td>
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<tr>
<td>Increased accessibility of financial counselors to assist patients</td>
<td>75%</td>
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<tr>
<td>Increased segmentation of self-pay balances</td>
<td>45%</td>
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<td>Implementing/considering alternate finance options for patients</td>
<td>41%</td>
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<tr>
<td>Expanded patient billing customer service hours</td>
<td>13%</td>
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</table>

Source: HFMA’s Healthcare Financial Pulse (www.hfma.org/pulse)
Dignity Health: Who We Are

- Fifth largest health care system in the nation
- 16-state network
- 11,000 physicians
- 58,000 employees
- More than 300 care centers:
  - Hospitals
  - Urgent Care
  - Occupational Care
  - Imaging Centers
  - Home Health
  - Primary Care Clinics
- In 2011, Dignity Health provided $1.4 billion in charitable care and services
Why did we need a patient estimation tool?

Higher degree of transparency around pricing and billing

Adopted HFMA’s patient friendly billing strategies

Compliance with state (CA) regulatory requirement to publish CDM

Need to provide information to allow for informed decision by patient and provider

Unable to have robust conversation with patients regarding their financial responsibility

Need to improve point of service (up-front) cash collections
Partner Selection Process

• How were vendors evaluated?

• Held discussions with peers in the industry surrounding estimating patient liability

• Successful organizations used modeling tools that integrated the payer information with charge data

• Potential vendors evaluated:
  – Ability to model contract terms
  – Assist in the management of contract terms loaded in system
  – Have service arm to assist in implementation & training
Why Partner Chosen?

• Partnership
  
  – At the time, none of the tools on the market were fully-evolved
  – No vendor provided all of the functionality we desired
  – Realized that we needed to partner closely with a vendor who could:
    – Understand our vision & our business
    – Meet our goals
    – Function in a rapidly changing environment
    – Was passionate about evolving their solution to meet the industry’s needs
    – Had industry proved tool based on current standards
Project Objectives

- What do we want to accomplish?
- Improve patient satisfaction by establishing a higher degree of transparency surrounding pricing and billing
- Supply timely, valid estimate to support more robust conversation with patient regarding patient financial responsibility
- Provide information to allow for informed health decision by patients and providers
- Improve point of service (up-front) cash collections
Implementation Strategy

• Systematic Roll-out:

• Initial hospital piloted software solution for 3 months, beginning September 2008

• Our experience: “Implementation was one of the smoothest I have experienced. Support has been quick and effective. Training was efficient and very hands-on; staff were engaged and embraced the product.”

• Next, implemented for a 5 hospital group managed by single central business office (CBO) in January 2009

• Followed similar implementation strategy at remaining 29 hospitals during the next 13 months, in groups based on CBO affiliation
Results

• Hospital Experience:
• Pilot Hospital
  – Saw immediate gains in point of service (POS) collections, post implementation
  – Prior to implementation of Clear Quote tool, facility collected $15K - $20K per month
  – Following implementation, facility collections increased to $125K - $175K per month
  – The Clear Quote tool was an integral piece of an overall POS improvement plan initiated by the facility during this timeframe
  – Staff felt that the tool enabled them to have meaningful conversations with patients regarding their financial liability
<table>
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<tr>
<th>Benefits</th>
<th>Challenges / Suggestions</th>
</tr>
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<tbody>
<tr>
<td>Easy to extract reports and provide daily collection percentages vs. opportunity feedback to team members</td>
<td>Initial implementation added significant time to registration process, but once team was familiar with tool registration times normalized.</td>
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<tr>
<td>Increases in POS collections</td>
<td>Must load all payer contracts.</td>
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<td>Recognize direct correlation of POS collections with number of estimates produce</td>
<td>Must implement process in place to ensure all patient liabilities are entered into the tool.</td>
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<td>Clear Quote was extremely resourceful and easy to work with.</td>
<td>Ensure processes are in place to cancel estimates due to cancellations or charity.</td>
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<tr>
<td>Tool is easy to use. Can produce quick estimates for physicians and patients to appropriately identify the patient responsibility at any time in the scheduling or admitting process.</td>
<td>Patients were impacted, as prior to Clear Quote, we did not have means to effectively calculate patient responsibility so often times patient responsibilities were not collected, or even requested.</td>
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<td>Patients are better educated allowing them to make more informed decisions about their medical care.</td>
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<td>Integrated insurance eligibility responses into tool to alleviate need to work in two systems; gaining efficiencies</td>
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Results

- Patient indicated they definitely like hearing from us before their exam date and they appreciated that we explained their benefits along with the estimate sheet that we gave them. The patient said “This is a good thing and I appreciate it!”

- Another patient stated that they really like the way the estimate letter looks. He indicated that it is the first time he had seen anything like this and it was really nice as it clearly shows all the information related to their patient responsibility.

- Actual patient letter received
I wanted to send a warm Thank you
to St. Elizabeth for assisting me with
understanding the cost of my surgery.
Knowing what my portion was to be,
helped me and was a blessing. Your
staff was kind and caring.

God Bless

Esther Suggs
Patient Out-of-Pocket Financial Estimate

The information provided in this worksheet is a "best estimate" based on the information currently available and is not a guarantee of what you will be responsible to pay.

Background Information
Based on our calculations, the amount you will owe is $4,004.80 for the medical services that will be provided on 04/01/2011. This estimate is based on:
- Procedure(s): Based on information provided by you and/or your doctor, we have used hospital billing codes that match what you will have done in the hospital.
- Insurance Coverage: The benefit information is based upon information provided by you and/or your insurance company. Changes may affect the estimate.
- Our Contract With Your Insurance: If applicable, our relationship with your insurer may generate discounts that impact what you will owe.

Please understand that it is impossible to predict the final charges for a healthcare procedure because there are items or services that cannot be foreseen. Examples include:
- The length of time spent in surgery or recovery
- The number of days spent in the hospital
- Equipment, supplies and medications
- Additional tests required by your doctor and/or
- Any unusual special care

This estimate does not include any doctor charges (e.g. related office visits, and expenses for surgeons, anesthesiologists, emergency room doctors, radiologists, pathologists, consulting doctors, etc.). You will be billed separately by them for their services.

Once your bill is finalized, we may send you a bill for any remaining money owed. If your estimate was too high, we will send you a refund for the amount you overpaid.

Patient Information
- Patient Name: [Redacted]
- Patient Account #: [Redacted]
- Service Date: 04/01/2011
- Patient's Doctor: [Redacted]

Insurance Information & Benefits
- Insurance Plan: [Redacted] PPO
- Policy Number: [Redacted]
- Group Number: [Redacted]

Insurance Benefit Information
- Deductible: $900.00
- Deductible met To Date: $0.00
- Co-Payment: $0.00
- Co-Insurance %: 40%
- Out of Pocket Maximum: $4,900.00
- Out of Pocket Met: $0.00

Estimate Calculations
- Negotiated Rate: $8,662.00
- Estimated Insurance Payment: -4,657.20
- Estimated Patient Liability: $4,004.80

Patient Liability Breakdown
- Co-Payment: $0.00
- Deductible: $900.00
- Co-Insurance: $3,104.80
- Minus Payments You’ve Made: [-0.00]

Total Amount to Pay: $4,004.80

Questions? Please Call: (818) 502-2305

To Pay With a Check, Please make checks payable to: Glendale Memorial Hospital and Health Center
Return a copy of this letter in the enclosed envelope and your payment to:
1420 South Central Ave
Glendale, CA 91225-9970
(818) 502-2305

To Pay With Your Credit Card, Please contact us at:

Estimate prepared by [Redacted] on 04/01/2011 at 12:41 AM. - [Redacted]
Results

Monthly Average

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<th>FY11</th>
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Annual Total

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Improvement (Year Over Year)

Overall Increase (FY08 to FY12) 242.46%
Results

- Increase FY09 over FY08 – 8.00%
- Increase FY10 over FY09 – 24.03%
- Increase FY11 over FY10 – 25.07%
- Increase FY12 over FY11 – 6.56%

78.54% Overall Improvement (FY08 to FY12)
Questions?