the revitalization of a business office: how one system increased its self-pay collections

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Healthcare Financial Management; Mar 2007; 61, 3; ProQuest
pg. 80

FEATURE STORY

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Three years ago, the Health Alliance of Greater Cincinnati learned a valuable lesson: Collections mean more than simply reminding patients of balances due.

An unexpected medical emergency or chronic illness can be overwhelming. The medical situation itself is stressful, but dealing with insurance companies or asking for financial assistance with medical bills can place patients and their families in an even more strenuous situation.

Therefore, self-pay collection departments need to offer solutions to patients and their families to resolve the bill; this may include offering charity care or setting up realistic payment arrangements. In other words, account representatives need to do more than simply remind patients of the balance due.

AT A GLANCE

After undergoing a dramatic transformation in self-pay collections, the Health Alliance of Greater Cincinnati collected $34 million in 2006, up from $19 million in 2004. The organization was able to achieve this increase without any decrease in patient satisfaction.

The Original Environment: Manual Collections and Multiple Accounts

In 2003, the self-pay collections department at Health Alliance of Greater Cincinnati was doing just that: simply reminding patients of their balances due. The department followed up only on balances greater than $1,000 and outsourced small-balance accounts to a single vendor. Each date of service received an individual account number, which meant a patient could have multiple accounts owned by different account representatives. The team used an accounts receivable management system that updated electronic work lists daily. However, this system could not maintain payment arrangements, so functionality was outsourced at a cost of $500,000 per year.

The department operated from 8 a.m. to 5 p.m., Monday through Friday, and each account representative had his or her own phone and voice mailbox. The fundamental workflow was inefficient: Account representatives would review their work lists and make manual calls, which resulted in very few contacts per day. On calls that did not result in a contact, the account representative would leave a message. When the patient returned the call, it would be to that same account representative’s direct line. Because the account representative often was on another call, the inbound call would be
sent to voice mail. Thus, the team answered virtually no inbound calls.

Because of the large volume of accounts and the fact that associates were working in a manual environment, follow-up on individual accounts occurred only once every two weeks. Low-dollar, outsourced accounts were also not getting the attention that the Health Alliance desired.

To add to this inefficiency, account representatives reminded patients of the account balance but did not ask for payment, offer payment methods, or suggest payment arrangements because they didn't want to offend or alienate patients. The team would accept credit cards—but only at the patient's request. There was no focus on immediacy of payment. And although the Health Alliance attempted to enroll patients eligible for charity care, its account representatives had to manually print letters and forms and mail them to patients.

The CFO and director of patient financial services decided that some changes needed to be made, including hiring a manager from the financial services industry with collections experience to retool the department.

Initial Changes: Guidelines, Training, and Incentives

When the new hire joined the Health Alliance, the staff was informed upfront that significant changes would be made with the goal of increasing collections. Having come from a collections background, the new hire possessed knowledge of effective office practices that are standard in collections but not as widespread in health care. Many of the changes brought the department current with generally accepted collection office practices and were made immediately.

Office hours. Office hours were extended to 9 p.m. and to include Saturdays in order to reach patients during hours they most likely would be at home. Each staff member was scheduled to work two Saturdays and two evenings a month. This accomplished two objectives: getting better coverage on the portfolio, and eliminating reps who were not willing to commit to the necessary changes.

Guidelines and procedures. Although account representatives previously could accept credit cards by phone if the patient requested it, the process was not as secure as it needed to be. The office created settlement guidelines and implemented a system to securely accept credit card and check payments by phone. The new system also allowed for the creation of recurring payment schedules, which provided more flexibility in extending arrangements to accommodate patient needs without increasing the risk of that arrangement breaking down the longer it continued.

Training. The team was trained to ask for payment, offer payment options, and set up payment arrangements. The ultimate goal of the department shifted from making a customer service follow-up call to collecting money.

Although effort and attitude continued to count, the new manager also began to track results—and results meant payments were being made. The manager was eventually able to report accurately on group and individual results and provide feedback to help team members maximize their time.

Additional assistance. Health Alliance added a second outsourcing vendor to collect on the

ABOUT THE HEALTH ALLIANCE OF GREATER CINCINNATI

In January 1995, Christ Hospital and the University of Cincinnati Boards of Trustees approved the formation of a joint operating company, named the Health Alliance of Greater Cincinnati, to serve the greater Cincinnati and northern Kentucky area. The agreement called for combining operating budgets and for shared revenue and expenses by the hospitals.

The integrated delivery system, totaling 1,200 licensed beds, now comprises seven hospitals, including teaching and acute care hospitals: Christ Hospital, University Hospital, St. Luke Hospitals (2), Jewish Hospital, Fort Hamilton Hospital, and Drake Center. (An eighth hospital, West Chester Medical Center, is scheduled for completion in December 2008.) These facilities offer a range of medical and surgical services including a level I trauma center; helicopter transport; cardiac care; transplant (blood and bone marrow, as well as the region's only heart transplantation program); women's health, including the area's first level III perinatal center; neurology; oncology; orthopedics; and rehabilitation and behavioral medicine.
small-balance accounts to create competition with the existing vendor. It also hired new staff members who had previous collections experience and were accustomed to standard collection practices, such as working evening and weekend hours, using a dialer, and asking for payment.

**Legal process.** A relationship was established with a local collections attorney to pursue accounts in which patients had the resources but were apparently unwilling to cooperate. Accounts were referred after approval by the manager. In most instances, accounts were settled without going to court. This process has added an additional $300,000 a year in collections.

**Incentives.** The department introduced incentives, such as providing lunch for staff when the department hit monthly goals. Individual accomplishments as well as winners of monthly collection contests were often recognized with gift cards and other prizes.

**Subsequent Changes: Technology**

Health Alliance then began researching receivables and contact management systems by talking to collection agencies. After considering a variety of systems, the organization selected a receivables management system with an automated workflow that management could build to fit the organization’s vision of how the department would work. The system includes an integrated contact management system, which allows the team to stop making manual calls and achieve the productivity an automated dialer offers.

The dialer allows the organization to increase follow-up calls from every two weeks to every three days, until a patient returns the call. If an answering machine or voice mail is detected, a prerecorded message is left asking the patient to return the call. This frees account representatives to actually speak with patients.

The dialer now runs from 8 a.m. to 9 p.m. Using call blending, account representatives are able to answer both inbound and outbound calls, with the dialer placing priority on inbound calls. Management actively can track inbound volume and abandonment rate and adjust the dialer’s pace as necessary to ensure maximum effectiveness. The team now answers an average of 7,200 inbound calls per month—up from virtually none.

In an effort to step up its charity care offerings, the organization began using a third-party vendor to send automated letters and charity applications. The charity care application form also is available in the receivables management system, allowing the account representative to fill out much of the application while on the phone before mailing it for the patient to complete and sign.

**Results**

The financial results from the changes have been dramatic. The receivables management system paid for itself within three months and eventually began to generate more cash, which was used for clinical areas.

In time, the team gained enough efficiency to be able to handle all the accounts in-house (including low-balance accounts), eliminating the annual fees of $1.5 million paid to third-party

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**GLOSSARY OF CALL CENTER TERMS**

- **Automated dialer:** Equipment that automatically dials specific telephone numbers on accounts, allowing account representatives to talk with more patients. The telephony equipment dials all numbers and eliminates no-answers, busy signals, answering machines, and triple-tone calls, passing only live voices to account representatives.

- **Call blending:** The ability of an automated dialer to balance the dialing of outbound calls with the answering and transferring of inbound calls. System administrators set the parameters to determine how they want the ratio of outbound-to-inbound calls blended.

- **Integrated contact management system:** The entire system that drives workflow and account activity. It works directly from the collection system’s database to place calls and track account activity in real time. An integrated system should have all pieces (database, dialer, interactive voice response system, automated payment system, voice recording system, and any other modules) work together to make all account changes as account representatives perform their tasks.

- **Unattended messaging:** A telephony feature that allows a company to create a dialing campaign to specific accounts. The system plays a message to answered calls asking the person answering the phone to take a specific action. If the call is not answered, the automated message can be left as a voice mail.
collection agencies. This was achieved without increasing the staff of 18 FTEs. The low-balance accounts are called using unattended messaging, allowing collectors to focus their efforts where they can have the greatest impact.

Ongoing Improvements—and Satisfaction
Health Alliance continues to make improvements and add technology. The team has installed call-recording technology; also, an interactive voice response product and additional functionality to screen patients for Medicaid eligibility are in process.

Perhaps most important, the self-pay staff find the changes to be very positive; many say it is significantly more satisfying to be talking to people than to machines all day. They continue to be enthusiastic about their ability to have a positive impact on the organization.

About the authors

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