Overcome Exchange Health Plan Payment Challenges

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By Janet Kidd Stewart [1]

Practices must explore new collection strategies for patients with high-deductible plans that require more financial responsibility.

Source: Physicians Practice

By now, you've been told countless times to get tougher about patient collections. Are you doing it the right way?

This year's King v. Burwell U.S. Supreme Court decision upholding premium subsidies on Affordable Care Act health insurance plans alleviates some concerns about patients as payers, experts say, but high deductibles, larger copays, and mounting system costs are putting significant pressure on patients at a time when they are becoming a larger share of your payer mix.

"With average deductibles between $3,000 and $8,000, you have to change the dynamics of how you interact with patients and be aware that what used to work doesn't anymore," says Chuck Seviour, vice president of revenue cycle consulting with Array Services Group.

If the reform law's premium subsidies had been disallowed in certain states, experts feared system costs would have strained remaining participants even further and millions more would go uninsured. And the more stressed patients become, the less likely physicians are to receive their fees for service.

However, even before the reform law, workplace cost sharing, and the growth of high-deductible plans, internist/pulmonologist Thomas Horiagon regularly dealt with high rates of patient defaults on copays. Today, he operates a time-based, direct care practice, and says patients almost always pay the bill on the spot or within a few days.

"I have a very low overhead model, and everyone understands it is payment at the time of service," he says.

TRUE ‘SUPPORT’ STAFF

Setting patient expectations is more than half the battle, practice-management consultants say, but there also are a few intangibles to keep in mind.

Chief among them is the value created by support staff members who understand the importance of collections, but also how to deal with patients as customers, says Shep Hyken, a customer service expert and author.

Hiring generally positive people in roles that interact with patients is a given, but spelling out in detail the right words to use in a first encounter is critical in training new staff, he says.

Rather than bluntly asking a patient if her insurance is an exchange plan, for example, make sure
that information is already included in her file. Then, the front-desk staffer can begin the conversation with "How would you like to take care of the bill today?" or, "Any changes in your insurance since last time?"

"The doctor's office needs to get paid, but the front-desk person needs to be trained in how to ask the question the right way," Hyken says. "If the questions you ask patients make them feel like second-class citizens, that's a problem."

Hyken once counseled a hospital chain client that was having problems finding nurses with a patient-focused attitude.

"They had made promises to patients and marketed themselves as an organization that was putting patients first, and they knew if they hired the wrong personalities it would erode everything they were working for," he says. "The outcome was they shut down a floor of the hospital for a short period while they waited for the right people. Now, that's extreme, but it showed they were serious about treating patients like people and not a number on an insurance form."

For jobs dealing directly with patients, Hyken advocates using behavioral-style assessment questions in the hiring process to identify candidates with more outgoing personalities.

Regularly talking about positive ways to talk with patients about their bills is also a must, he says.

"Take 15 minutes once a week and introduce, one at a time, a few things everyone is going to focus on that week," in terms of making patients feel good about their office experience, he says. Over time, those lessons get ingrained and become automatic to staffers, he says.

At Michiana Hematology Oncology, PC, in northern Indiana, financial counselors on staff are trained to approach patients with the mindset that efforts to more efficiently take care of payments is a benefit, not a negative, says central-billing office manager Lori Fleischauer.

"We don't want patients stuck with an ever-growing bill, so we approach this as a way to protect patients," she says. Knowing upfront that a patient might have difficulty paying can also alert staff to help direct him to possible community resources that can help with cancer care, she says.

**SIX KEY STRATEGIES**

Beyond the feel-good factor, practices need to also pay closer attention to the realities of increasing bad debt, notes Ron Calhoun, managing director for healthcare risk management consultant Aon Health. "Providers are having to shift their revenue cycle strategy from a payer-centric model to more of a consumer-centric one, and there are enormous structural challenges to that," he says.

"Practices never really had to present an accurate payment methodology on the front end because the percentage of the bill consumers had to pay has historically been very low."

Complicating the timeline for making those changes are a host of other requirements, such as meaningful use of an EHR, that are often taking precedence over billing system upgrades, he says. Even so, there are some strategies you can implement in your practice now to increase patient receivables:

- **Consider new partners.** Bringing on a vendor who can take over or at least streamline the patient payment process might be worth considering, but understanding the responsibilities as well as the costs is a must, Calhoun says.

  "Understand precisely what the [vendor's] business model is because the risk profile for the provider changes dramatically based on what kind of payer they are working with," he says.

  Some firms, for example, buy patient debt completely, with no financial exposure remaining with the practice, he says.

  Those can be expensive — in the form of heavy discounting on collections — and certain not-for-profit providers could find themselves in a position where their tax status is jeopardized because they didn't offer a wide variety of financial options, he says.

  "I recommend providers have a very clear understanding of potential regulatory exposures" before choosing how to handle consumer credit in the office, Calhoun says.

- **Know what to bill.** Getting your billing system to the point that you can reasonably estimate a patient's bill at the time of service is a must, says Woodcock, as is collecting copays. Higher performing practices go even further, she says, collecting coinsurance and charges due to unmet deductibles at the point of service.

- **Trust, but verify.** Another must-do is verifying patient insurance coverage and benefits eligibility, Woodcock says, to avoid getting trapped in an insurer's grace period and having claims denied.

- **ICD-10 fallout.** Woodcock believes claim denials by insurance payers will double in the fourth
quarter amid ICD-10 implementation, particularly in imaging and ancillary services. "More claims are going to be denied, and patients are going to experience the trickle-down," she says. "It's all the more reason to be transparent from the beginning and collect patients' payments at the time of service."

• **Review policies.** Woodcock also recommends meeting with malpractice insurers to understand clearly the protocol for terminating patients who fail to pay. Make sure the standards are applied uniformly across all patients and if you require minimum deposits, be sure those are the same for all patients, too, she says.

• **Teach if you want patients to learn.** Finally, don't forget some basic education regarding the terms of new insurance plans often falls to physicians and practice staff. "You have to make sure patients understand they have an obligation to pay, but also that they understand in today's world what a deductible even means and how that's different from a copay," says Seviour.

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