

Avoiding a High-Wire Act: Balancing Cash Optimization with Patient Satisfaction

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By Devendra Saharia

Think back to the last time you went out for dinner and had a dreadful experience. Did you rush home and write a negative online review of the restaurant? If so, you're not alone. More and more, restaurant patrons, home improvement customers and, yes, even patients are taking to the Internet to describe their experiences—good and bad—for all to see.

Healthcare is a relative newcomer to the space, driven primarily by the Affordable Care Act's (ACA's) dramatic expansion of the insurance roles in the United States and the subsequent advent of the modern healthcare consumer—who pays more out-of-pocket for care than in the past. So it's not surprising that by 2014—the first full year of ACA's insurance exchanges—the number of patients using online reviews on websites like Yelp, Healthgrades, and RateMDs jumped by 68 percent, according to a report by research firm Software Advice.¹

The Internet makes it possible for a patient to share an experience on a global scale—within seconds a tech-savvy patient can access the reviews of any provider. And for better or worse, patient satisfaction is synonymous today with quality of care.

When the Centers for Medicare and Medicaid Services created the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) in 2006—a rating system that ties Medicare reimbursement to patient satisfaction—so began a push towards value-based purchasing and the movement away from the fee-for-service model in healthcare.² To earn back money withheld from Medicare reimbursement, hospitals must now earn high marks in patient satisfaction—all while trying to collect a portion of payment at the moment of care.

For many hospitals in competitive markets, keeping patients happy while convincing them to pay more out-of-pocket is the biggest challenge hospitals face today. But it's not insurmountable. By implementing the following best practices, organizations can increase patient satisfaction and improve cash flow.

Standardize Front-end Processes

The first step in any successful collections process is accurately estimating what a patient will owe. While it's true that such a step is easier said than done, implementing and following strict policies will help achieve this goal. Billing done right can mean reduced days in accounts receivable, optimized cash flow, reduced collection costs, and happy patients who are likely to return.

As revenue cycle processes flow into and affect one another, problems early on can negatively impact later steps. Reducing front-end errors entails centralizing patient scheduling systems, establishing key performance indicators, monitoring performance during the pre-visit stage, integrating a system for scheduling and pre-registration functions, and monitoring back end activity for denials and write offs.

Unanticipated payments and bills rankle patients and likely contribute to lost hospital revenue. According to a 2015 *Consumer Reports* survey, 37 percent of privately insured individuals received an unexpected hospital bill within the past two years, and more than a third did not take any action to resolve the issue.³ Of those individuals who were satisfied with how the billing issue was resolved, one quarter still did not pay their bill.

It's also important to assemble a pre-registration team that completes prior authorizations to avoid medical necessity denials. Furthermore, remember to utilize payer data to educate patients on insurance coverage and out-of-pocket expenses, provide cost estimates, offer payment plan options, and provide patients with verbal and written explanations of hospital financial policies. To cut down on errors, be sure to automate as many steps as possible.

Communicate Prices

Is your communication with patients clear and consistent with financial policies? Do you make it convenient for patients of all ages to make payments? Is your staff accessible and ready to answer questions? When it comes to understanding and managing patient expectations, practices should consider these three initial questions. If the answer to any of these questions is “no,” then clearly there is room for improvement.

When communicating with today’s patients, a strategy designed around mailing statements and answering inbound patient calls will not produce the results necessary to stay competitive. Today’s market requires a proactive approach—one that engages patients early in the revenue cycle to prevent accounts receivable from aging out. Promptly informing patients of their financial responsibility is a key factor in maintaining high satisfaction rates.

It’s important to understand that a severe education gap exists in today’s healthcare system. Consider this: A 2014 study by the Henry J. Kaiser Family Foundation suggests that nearly one quarter of the population cannot provide an accurate answer to the question, “What’s a provider network?”⁴ Fewer still realize that out-of-network doctors may provide service at an in-network hospital.

Unfortunately, providers are typically tasked with bridging this gap. Appointment reminder phone calls should not only be used to remind patients of scheduled appointments, but also as an opportunity for the patient access team to define facility financial policies, communicate patient responsibilities, and confirm insurance coverage on file.

The patient access team must be familiar with all payment options, such as prompt payment discounts and monthly payment plans. Also, staff members should make known all financial resources available to patients in need.

If a policy requires a portion of a deductible to be paid at the time of service, this should be communicated in advance to avoid a financial surprise or, worse yet, a potentially uncomfortable conversation that could result in a needlessly unhappy patient.

Implement Solutions

Optimizing cash collections sometimes means providing patients with an online portal or app they can access to not only make payments conveniently, but also update incorrect demographic information and access billing and financial policy-related frequently asked questions.

Also, many successful facilities offer e-mail or chat options to patients who prefer online communication over phone conversations. Automated outbound dialing campaigns give patients an opportunity to speak with a live representative and resolve any account balance questions. These convenient options let patients skip the call queue and receive answers within seconds.

A well-executed point-of-service (POS) collection process can minimize any finance-based anxiety for patients and improve overall satisfaction levels. A strong POS policy can dramatically improve cash collections, especially if providers identify ways to gather and validate information and prepare billing estimates.⁵

While these best practices may not work for every hospital, revenue cycle managers should periodically review facility technology and human resources practices with the goal of simplifying the patient payment process.

The act of collecting payment early in the revenue cycle requires strong written financial policies, the right use of technology, and trained staff to communicate and execute hospital policy. Committing to providing a positive patient experience within the revenue cycle not only benefits a hospital financially, but also reinforces the patient-centric culture that’s so critical today.

As healthcare is the only industry in which the seller (provider) doesn’t know the sale price of their product (healthcare services) and the buyer (patient) also doesn’t know the purchase price of that product (healthcare services), it can be difficult for revenue cycle managers to optimize cash flow through payment collections while also maintaining patient satisfaction.

Still, success in today’s hypercompetitive healthcare marketplace doesn’t have to be an ongoing balancing act—polishing your practice’s revenue cycle will send you well on your way to superior patient satisfaction rates and, ultimately, higher

Notes

[1] Leslie, John. "Patient Use of Online Reviews – 2014." Software Advice. www.softwareadvice.com/resources/medical-online-reviews-report-2014/.

[2] API Healthcare. "The Rising Importance of Patient Satisfaction in a Value-Based Environment." 2015. https://apihealthcare.com/sites/default/files/MC_CL_PAS_PPA_0000000001.pdf.

[3] Consumer Reports National Research Center. "Surprise Medical Bills Survey: 2015 Nationally-Representative Online Survey." May 5, 2015. <http://consumersunion.org/wp-content/uploads/2015/05/CY-2015-SURPRISE-MEDICAL-BILLS-SURVEY-REPORT-PUBLIC.pdf>.

[4] Norton, Mira, Liz Hamel, and Mollyann Brodie. "Assessing Americans' Familiarity With Health Insurance Terms and Concepts." The Henry J. Kaiser Family Foundation. November 11, 2014. <http://kff.org/health-reform/poll-finding/assessing-americans-familiarity-with-health-insurance-terms-and-concepts/>.

[5] Butcher, Lola. "Patient-Friendly POS Collection Strategies." HFMA. November 26, 2012. www.hfma.org/Content.aspx?id=14119.

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