

# Managing the Self-Pay Surge: HIM Professionals Fit for Patient Financial Advocate Roles Aiding Self-Pay Patients

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Self-pay accounts receivables are on the rise. While the volumes of traditional self-pay and indigent care cases are down, the number of patients with high deductible health plans (HDHPs) and swelling patient portions are up. Self-pay used to be a segment of a provider's population; now it's the majority of encounters. Almost every patient visit has some component of self-pay.

Patient financial advocates can help organizations manage the surge of HDHPs and resulting patient-based accounts receivable. But can the demand for these new experts be met before providers lose control of their bottom line? It all depends on how quickly organizations adapt to the self-pay surge.

Whether this important role is called a patient financial advocate, patient account service representative, billing advocate, or patient account navigator, their primary function remains the same. They help patients understand the ever-evolving complexities and financial intricacies of healthcare and health plan nuances—often making the difference in whether or not healthcare accounts are paid.

There is a growing need for patient financial advocates; health information management (HIM) professionals are well-suited to fill this position.

## Source of the Surge

As health insurance deductibles have risen, financial responsibility has shifted from the insurer to the individual consumer, which increases the volume and value of self-pay accounts. According to the 2015 survey of large employers by the [National Business Group on Health](#), a third of large employers offered only high-deductible health plans in 2015—up from 22 percent in 2014 and 10 percent in 2010. About 27 percent of the companies surveyed are considering moving to a HDHP for 2017, but are waiting to see if changes are enacted to the “Cadillac” excise tax provision of the Affordable Care Act.<sup>1</sup> Almost a quarter (24 percent) of insured US workers were covered by HDHPs in 2015—an increase from 13 percent of covered workers in 2010, according to the 2015 [Kaiser/HRET Survey of Employer-Sponsored Health Benefits](#), 2006-2015.<sup>2</sup>

Employees now cover 43 percent of the total cost of care in employer-provided PPO insurance coverage, or \$10,473 annually for a typical family of four, according to the Milliman Medical Index. Out-of-pocket expenses incurred at the point of care averaged \$4,065, Milliman reports. These numbers show the increasing size and value of self-pay accounts. Affordability of healthcare is also a challenging factor for healthcare consumers and providers. “Premium contributions to job-based health insurance plans increased 93 percent and deductibles more than doubled” between 2003 and 2014, according to Commonwealth Fund Biennial Health Insurance Surveys conducted during this time period.

Medical liabilities for self-pay patients continue to grow. And with more patients in the self-pay category, and as self-pay represents an increasingly large portion of total revenue, the need for financial counseling, education, and support becomes even greater. Consider the cancer patient who needs help applying for Medicaid, prescription drug assistance, and Social Security disability benefits. Or the elderly patient whose medical bills are piling up because he or she doesn't understand the plethora of charges resulting from a recent hospital admission. Patient financial advocates help guide these patients towards finding coverage or negotiating payment plans.

Patient payment responsibility is at an all-time high and is slated to continue rising for the foreseeable future. The top-of-mind questions are: how to adapt quickly in a changing environment where providers are becoming bill collectors, and how to find qualified staff to fill the in-demand role of patient financial advocates.

A logical first step is to leverage the knowledge of HIM professionals as patient financial advocates. HIM professionals are a good fit for patient financial advocacy because of their skills and knowledge of the healthcare rules and regulations that drive payments, privacy, and security—especially with regard to sources of payment for self-pay populations. When coupled with self-pay management technology, patient financial advocates make a big difference—both for an organization’s bottom-line and for patient satisfaction as they struggle to understand deductibles, costs, and sources of payment coverage.

## Four Reasons for Patient Financial Advocates

Patient financial advocates assist individuals with the various aspects of insurance coverage and billing, ultimately yielding a more informed and empowered patient. They also help organizations mitigate self-pay risk by educating patients. An educated patient is more likely to pay for the healthcare services they receive if they are clear about their options and responsibilities. Analyses from PayorLogic indicate that as many as 60 percent of patients want to pay their bills, but don’t simply because they either don’t understand the charges or succumb to statement fatigue (i.e., overlapping, repeating statements and billing letters).

A recent search for “patient advocate” on job search website [Indeed.com](https://www.indeed.com) produced 5,387 jobs nationwide. A search for “patient financial advocate” on the same site produced 2,416 jobs. These numbers will only continue to grow as consumers become more engaged with healthcare planning and decision-making. Moreover, this trend will continue with an increasing focus on areas of specialization for patient financial advocates. What are the primary factors driving the shift toward this new type of system-wide patient financial advocacy? Below are four compelling factors that are driving a need for these roles.

### 1. HDHPs and a new definition of “self-pay”

Patients’ deductible payment requirements are skyrocketing. According to a [Kaiser Permanente report](#), the average annual medical deductible for silver plans with a combined medical/prescription drug deductible was \$2,563 in 2015.<sup>3</sup> For silver plans with separate medical and drug deductibles, the average annual medical deductible was \$3,456. For less expensive bronze plans, the average annual deductible exceeded \$5,300. These high deductibles mean that essentially every patient who undergoes services has some self-pay—that is, they will create new levels of receivables and in amounts significant to providers.

In fact, cost-sharing responsibilities under many health plans now exceed the financial resources to which most families have immediate access. According to the [Federal Reserve’s 2013 Report on the Economic Well-Being of U.S. Households](#), only 48 percent of Americans would be able to completely cover a hypothetical emergency expense costing \$400 without selling something, transferring assets, or borrowing money.<sup>4</sup>

This economic reality is driving the need, and desirability, for patient financial advocates to assist patients in this new world of increased patient financial responsibility. Advocates can help patients understand that their monthly insurance premiums are really just the beginning of what they’ll likely pay if they are admitted for a medical event.

Many patients don’t realize that by lowering their monthly premiums, they often end up spending thousands of additional dollars out of pocket when healthcare needs arise. Patient financial advocates can help explain this dichotomy. Additionally, patients and providers will only benefit from a professional who can also examine and point out other assistance and strategies available that they may never have considered otherwise.

### 2. ICD-10 driving the need

The added specificity inherent in ICD-10 diagnosis and procedure codes is difficult for patients to decipher, and it can also lead to medical necessity denials that ultimately become the patient’s financial responsibility. Patient financial advocates can explain what these codes mean both clinically and financially when explanation of benefits (EOBs) and repeated patient statements arrive.

### 3. Healthcare pricing disparities

Consumers are also becoming keenly aware of healthcare pricing disparities nationwide. They want and need help understanding price differences—and negotiating provider fees. For example, a patient's out-of-pocket price for the same MRI test with the same CPT code can vary from \$64 to \$476, depending on the state, according to [guroo.com](https://www.guroo.com), a healthcare pricing transparency tool developed by the [Health Care Cost Institute](https://www.healthcarecostinstitute.org).

## 4. Helping patients is priceless

When a patient financial advocate is involved, they can make a huge difference for patients and payment. The title and escalating importance of the patient financial advocate role may be new, but there are professionals who have become experts in the role by virtue of their experience over a period of years, and by staying current with the latest information about patient insurance coverage and accounts.

Consider the countless patients and families touched by Bonnie Richards in her career representing patient account services for St. Joseph Healthcare, a 112-bed acute care community hospital that serves Bangor, ME, and its surrounding areas. Richards' career is a testament to her passion for helping patients with getting the right care in the right location, while improving both their financial awareness and their access to the insurance benefits and alternate sources of payment for which they qualify—including those not readily apparent.

"Patients need to be educated and feel comfortable about the financial side of care," Richards says. "St. Joseph's made the commitment to have certified financial professionals on staff. It's one of the ways the hospital works to provide a first-rate patient experience."

One particularly rewarding part of the job, Richards says, is finding any shred of information that will help patients get access to their insurance coverage.

"For example, one patient was just married. Marriage is a life event that qualifies the patient to purchase insurance through the health insurance exchange," she says. "Another man was served with a surprise divorce by his wife, who dropped him from her insurance. Even so, the man may still qualify for COBRA, which will be a big help for him."

Oftentimes the most complicated healthcare cases come with the most complex billing issues—presenting a double burden for patients. In these cases, a patient financial advocate can help patients and their families work through the system.

"Today, I have an unusual case of a patient who is just 24 years old and terminal. It's really heart-breaking," Richards says. "I helped the family with applying for Medicaid and disability for the patient, so that even though he is over 21, since he is disabled, hopefully he is going to be covered. I can say that it's an adaptive process that demands insights into available resources. His family is very appreciative."

"It's about helping these folks understand how they can qualify for coverage or aid, and what that means to their accounts. When you can help a person and their family, it feels really rewarding on so many levels."

## Why HIM's a Good Fit

HIM professionals are well-suited for the role of patient financial advocate because they possess an in-depth knowledge of the healthcare delivery process, ICD-10 coding, population health, privacy rules, and healthcare reimbursement rules and regulations.

In addition to their knowledge about the healthcare coding, billing, and reimbursement environment, many HIM professionals already perform advocacy-related tasks, such as:

- Ensure privacy and security of protected health information
- Research coverage for certain services and treatments
- Screen self-pay patients for eligibility in various governmental and non-governmental programs
- Identify all possible sources of potential payers, including auto insurance, worker's compensation, commercial insurance, or private insurance
- Answer insurance and billing questions

Having this experience means it's often easier for HIM to move directly into newly-created patient financial advocate positions. In addition to HIM knowledge, successful patient financial advocates would likely also demonstrate proficiency in these areas:

- Payer reimbursement systems, including copayments, coinsurances, and deductibles
- Excellent written and oral communication
- Organization and time management
- Creative problem solving
- Attention to detail
- Assertiveness and tenacity supported by their specialized work experience
- Ability to empathize with patients and their loved ones

But skills, knowledge, and proficiency are only the first steps. To be truly successful, patient financial advocates must also be armed with technology to help identify alternate sources of payment and charitable discounts for patients.

## How to Seize Patient Financial Advocate Opportunities

For HIM professionals interested in patient financial advocacy roles, the following associations and organizations provide overviews and insights into making a successful career transition. This field is ripe with opportunity for HIM professionals who want to apply their healthcare knowledge to help these emerging needs. Sources to reference include:

- **Professional Patient Advocate Institute (PPAI)** is a resource and training institute for practitioners who want to enhance, elevate, and improve their skills in the burgeoning field of patient advocacy, which offers many free resources, educational tools, and reports. Visit [www.patientadvocatetraining.com](http://www.patientadvocatetraining.com).
- **Patient Advocate Foundation (PAF)** is a non-profit organization that provides professional case management services to Americans with chronic, life-threatening, and debilitating illnesses. PAF case managers serve as active liaisons between the patient and their insurer, employer, and/or creditors to resolve insurance, job retention, or debt crisis matters as they relate to their diagnosis. PAF seeks to safeguard patients through effective mediation, ensuring access to care, maintenance of employment, and preservation of their financial stability. Their website has exciting tools and resources for patient financial advocacy: [www.patientadvocate.org/resources.php#more-resources](http://www.patientadvocate.org/resources.php#more-resources).
- **National Association of Healthcare Advocacy Consultants (NAHAC)** is an organization that features educational podcasts that span both the clinical and financial aspects of care. NAHAC also addresses issues that arise in working with special need populations. Visit <http://nahac.memberlodge.com/education>.

## Intersecting Advocacy and Technology: Four Essential Capabilities

New advances in revenue cycle software, data analytics, and self-pay management provide valuable insight into patient financial responsibilities. This is particularly true in emergency services—a setting that typically generates 80 percent of an organization's bad debt.

There are four specific ways technology supports patient financial advocates and provider organizations throughout the revenue cycle. Automated solutions should be able to help patient financial advocates determine the following:

- **Insurance eligibility.** This includes identifying the patient's specific copayment, coinsurances, and deductibles, while considering every possible method of coverage (such as COBRA, which might still be within the 90-day retroactive window). Determination of policy status, the date for plan renewal, and, where possible, a projected maximum out of pocket are all helpful.
- **Propensity to pay.** This is based on a variety of factors, including credit information and payment history. This helps advocates determine how much time to spend with patients and the degree to which they should perform education.

- **Contractual fees for specific services and procedures.** A fee estimation tool calculates the likely out-of-pocket expenses the patient will incur for specific CPT codes and diagnosis code combinations. These estimation tools achieve a higher degree of accuracy in a practice setting where services are more predictable, since unforeseen complications or comorbidities can affect service costs.
- **Payment collection and reconciliation.** The advocate should have the ability to accept payment while speaking with the patient (i.e., the ability to take a payment by phone or set up an agreed-upon payment plan) in order to help expedite account resolution.

Helping patients with their financial responsibilities by serving them as a patient financial advocate is a rewarding career option for HIM professionals.

## Notes

[1] Gensing-Pophal, Lin. "Tracking Healthcare Benefit Costs." *HR Executive Online*. December 29, 2015. [www.hreonline.com/HRE/print.jhtml?id=534359717](http://www.hreonline.com/HRE/print.jhtml?id=534359717).

[2] The Kaiser Family Foundation and Health Research and Educational Trust. "Employer Health Benefits: 2015 Summary of Findings." September 22, 2015. <http://files.kff.org/attachment/summary-of-findings-2015-employer-health-benefits-survey>.

[3] Pollitz, Karen. "Medical Debt Among Insured Consumers: The Role of Cost Sharing, Transparency, and Consumer Assistance." Henry J. Kaiser Family Foundation. January 8, 2015. <http://kff.org/health-reform/perspective/medical-debt-among-insured-consumers-the-role-of-cost-sharing-transparency-and-consumer-assistance/>.

[4] Federal Reserve Board's Division of Consumer and Community Affairs. "Report on the Economic Well-Being of U.S. Households in 2013." July 2014. [www.federalreserve.gov/econresdata/2013-report-economic-well-being-us-households-201407.pdf](http://www.federalreserve.gov/econresdata/2013-report-economic-well-being-us-households-201407.pdf).

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