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5 ways analytics can help health systems optimize their collection strategies

Patients have varying financial situations and behaviors. Using analytics at the front-end of the revenue cycle allows hospitals to develop real-time, personalized payment options for each patient, improving both patient satisfaction and collection rates.

John Storino, managing director at Chicago-based Prism Healthcare Partners, and Steven Lange, director at Prism Healthcare Partners, shared five ways revenue cycle analytics can help hospitals devise more effective collections strategies.

1. Traditional collection practices are ineffective. Typically, the patient payment amount due at time of service is determined by reviewing the patient's insurance card for a copay amount or possibly by searching online for the expected out-of-pocket amount payable. Registration staff may use a scripted approach to solicit and secure some payment from the patient, often an amount well below the ultimate patient responsibility. To improve margins providers must utilize various internal and external tools to align 'at risk' patients to the appropriate payment / account resolution strategy. These include: internal scoring based on historical and current payment patterns, revolving bank loan/card programs, and text based payment options. Appropriate integration of these tools into your organization's patient balance strategy can significantly reduce your bad debt exposure.

2. Analytics tools can help organizations provide accurate cost estimates and predict or understand financial behavior. Providers can use analytics tools to quickly and accurately determine patient expense and estimate cost of care at or before the point of service. In addition to generating cost estimates, organizations can deploy analytics tools to evaluate a patient's ability or propensity to pay. By using this information, a hospital can initiate a practical and circumstance-specific discussion with the patient about financial responsibility. This is especially valuable when an expected patient balance is significant — an increasingly common occurrence among patients with high-deductible or limited-benefit plans.

In some instances, analytics tools can actually indicate patients who are eligible for presumptive financial assistance and establish a path to account resolution while reducing collection expense.

3. Analytics can enhance collection rates and patient satisfaction. Hospitals see substantial value in using analytics at the front-end of the revenue cycle, especially when it comes to driving patient satisfaction and collection rates. After implementing analytics tools, some health systems have nearly doubled point of service collections year over year. This is directly attributable to payment tools that tailor the financial experience to each patient's needs, rather than treating patients of different socioeconomic backgrounds as financially equal.

For example, a patient who is unemployed at the time of care may benefit from a discussion with registration staff about financial assistance programs, whereas a patient who is employed with young children might prefer paying in installments. Personalizing collection practices this way is a win-win for hospitals and patients. Hospitals show empathy while establishing a method to resolve an inevitable financial responsibility, and patients feel less anxious about their healthcare costs.

4. Analytics can also improve patient-staff interactions. Revenue cycle staff can use analytics to help explain a patient's insurance benefits and associated costs, rather than defending a hospital's collection policy to a confused patient. Strong analytics and consistent supporting data allow revenue cycle staff to become more of a financial counselor rather than a collector. This approach is usually more consistent with a hospital's mission and core values. Treating a patient as a customer and applying customer relationship management approaches increase patient buy-in and openness to engage in often difficult conversations.

5. Proactively using analytics positions hospitals to improve collection rates. Hospitals should take several key considerations into account when implementing an analytics tool to bolster collection rates. For one, it's important for existing hospital IT systems to provide real-time and accurate patient cost estimates. Testing and comparing analytics-generated estimates to actual patient balances after insurance should be part of every implementation. Likewise, organizations should consider developing and including printed estimates and receipts in the registration process.

Redefining the patient experience by establishing an understanding of expected out of pocket liability early in the process (Pre-Service/Scheduling) will create an awareness and acceptance and increase recovery rates.

It is also important to use analytics to determine the expected patient balance as early in the process as possible. For scheduled visits, a pre-service call or communication about the expected patient balance amount and payment expectations can strengthen providers' ability to collect. Many hospitals have established financial clearance or pre-service units that incorporate financial expectations into their pre-registration protocol. ■