PULSE

September 2012 • Vol. 28 No. 9

www.acainternational.org

PUBLISHED FOR HEALTH CARE PROVIDERS BY
ACA INTERNATIONAL'S HEALTH CARE SECTION

Knowledge is Power

Katie Louden, Communications Specialist

Collection partners play an essential part in the health care revenue cycle by returning money to their health care clients, which is then recycled back into the communities and ensures that the health care facilities can afford to hire quality staff, pay for building expenses and provide the best equipment and technology to service their patients.

The right collection partners can increase the amount of health care debt that is returned to health care clients. In ACA International's teleseminar, "Increase Health Care Collections," Irene Hoheusle, vice president of collections at Account Recovery Specialists, Inc. in Wichita, Kan., discussed how understanding the consumer's mindset and educating patients about their financial responsibility can increase the effectiveness of health care collections.

Understanding the Patient Mindset

In order to effectively collect from patients, collectors need to understand a patient's mindset. According to Hoheusle, many patients feel entitled to free health care and do not think of health care debt the same as other debts.

"Most often, patients will receive their services and then walk out the front door without paying anything, or with just paying a small fraction of what they owe," Hoheusle said. "This just adds to their mindset that they can receive medical services and not have to pay for it."

Hoheusle noted that this sense of entitlement for health care would not be acceptable in other service industries. When a person hires an attorney, he has to pay the attorney's fees. The same is true if someone hires a plumber, carpenter or a hair stylist. The list is endless for how many service providers exist where consumers are expected to either pay up front or when services are received.

"For some reason, the mindset of paying right away or soon after for a service does not typically carry over to doctors or hospitals," said Hoheusle.

Hoheusle also stated that many patients feel that, by carrying insurance, they have fulfilled their financial obligation to the health care provider.

According to Hoheusle, most patients understand that they have insurance because they pay the premium for it, but many patients believe that just because they have insurance, they are not responsible to pay anything more.

"Our collectors are constantly reminding patients that health insurance helps them pay their medical bills, but it does not relieve them of their responsibility to pay for services," said Hoheusle.

Educating the Patient

By understanding the mindset of the patients, collectors will be in a better position to help explain to patients why an unpaid balance is due and how to overcome stalls and objections from patients.

Collectors must understand that they are the expert while on the phone, not the consumer on the other end. In order to be an expert, collectors must know how to explain why the dollar amount remaining after insurance pays is the patient's responsibility.

Patients are generally responsible for all of their out-of-pocket expenses, including co-pays and deductibles. Deductibles and co-pays are often confusing to patients; therefore, educated collectors should be prepared to explain how co-pays and deductibles apply to the patient's situation. Knowledgeable collectors can inform the patient how to read an Explanation of Benefits (EOB) and explain the reasons for insurance denials, as well as define the differences between primary and secondary or supplemental coverage.

continued on page 2

HHS Announces 89 New Accountable Care Organizations

Health and Human Services (HHS) announced on July 9, 2012, that 89 new Accountable Care Organizations (ACOs) began serving 1.2 million people with Medicare in 40 states and Washington, D.C. on July 1, 2012. ACOs are organizations formed by groups of doctors and other health care providers that have agreed to work together to coordinate care for people with Medicare. These 89 new ACOs have entered into agreements with Centers for Medicare and Medicaid Services (CMS), taking responsibility for the quality of care they provide to people with Medicare in return for the opportunity to share in savings realized through high-quality, well-coordinated care.

Participation in an ACO is purely voluntary for providers. The Medicare Shared Savings Program (MSSP), and other initiatives related to ACOs, is made possible by the 2010 Affordable Care Act. Federal savings from this initiative could be up to $940 million over four years.

Beginning this year, new ACO applications will be accepted annually.

U.S. Supreme Court Upholds Affordable Care Act

On June 28, 2012, the U.S. Supreme Court primarily upheld the Affordable Care Act. In a 5-4 ruling, the Court found the Act's individual health insurance mandate, which requires most Americans to obtain health insurance by 2014, is within Congress' constitutional taxing power.

The ruling initially holds that under the Commerce Clause (a Constitutional provision enabling the federal government to regulate interstate commerce), Congress does not have the power to force people to engage in commerce by requiring the purchase of health insurance.

Despite the Court's finding that the Commerce Clause does not authorize the mandate, however, the Court ruled the individual mandate can stand, finding that the penalty the law would impose on people who fail to purchase insurance is essentially a tax. The opinion holds, "it is reasonable to construe what Congress has done as increasing taxes on those who have a certain amount of income, but [who] choose to go without health insurance. Such legislation is within Congress's power to tax."

The Court objected to one provision of the law related to Medicaid expansion. The Court found that the federal government cannot withdraw existing Medicaid funding from states that decide not to participate in an expansion of Medicaid eligibility that the law would require. Chief Justice John Roberts wrote, "[a]s for the Medicaid expansion, that portion of the Affordable Care Act violates the Constitution by threatening existing Medicaid funding. Congress has no authority to order the States to regulate according to its instructions. Congress may offer the States grants and require the States to comply with accompanying conditions, but the States must have a genuine choice whether to accept the offer."

Justices Kennedy, Scalia, Thomas, and Alito issued a dissent, in which they characterized the majority's opinion as a "vast judicial overreaching" and one that "makes enactment of sensible health-care regulation more difficult, since Congress cannot start afresh but must take as its point of departure a jumble of now senseless provisions, provisions that certain interests favored under the Court's new design will struggle to retain."

Knowledge is Power *continued from page 1*

Experts in the health collection field tend to be more productive and able to stop stalls from patients because they are experienced in responding to patients' questions and concerns.

According to Hoheusle, educated collectors are successful in collecting debt by using empathetic statements such as, "I understand medical bills can be expensive, and insurance rarely covers 100 percent, but the balance of your bill is still your responsibility. I'm sure there is a payment arrangement we can both agree on," or "I understand your frustration with your insurance. I can help explain key areas on your EOB so you understand what you are paying."

Most patients are not experts when it comes to insurance because they do not understand their health care coverage. Collection partners can bridge the knowledge gap on health care for patients, while simultaneously benefiting providers by understanding the consumer's mindset and overcoming objections and stalls.

"Collectors must expect to receive payment from the patient," Hoheusle said. "But they must also give the indication that they understand the patient's situation and want to help."

U.S. Women More Likely to Struggle with Medical Bills and Go Without Care

Twenty percent of U.S. women (18.7 million) ages 19-64 were uninsured in 2010, up from 15 percent (12.8 million) in 2000, according to a Commonwealth Fund report on women's health care released on July 13, 2012. An additional 16.7 million women were underinsured in 2010, compared with 10.3 million in 2003. The report estimates that once fully implemented, the Affordable Care Act will cover nearly all women, reducing the uninsured rate among women from 20 percent to 8 percent.

Uninsured U.S. Women Struggle Most

When looking just at uninsured U.S. women, the report finds substantial differences compared to women in other countries: 51 percent of uninsured U.S. women had a problem paying medical bills and 77 percent went without needed health care due to costs, more than double the rates reported by women in other nations. The report also finds strong geographic differences in the U.S. when it comes to women's health insurance, with 30 percent of women in Texas uninsured, compared to only five percent of women in Massachusetts, which enacted a universal health insurance law in 2006 that is similar to the Affordable Care Act.

Moving Forward

According to the report, new subsidized insurance options will help ensure that nearly all women will have access to affordable, comprehensive health insurance.

The report finds that women will also benefit from provisions in the law that will prevent insurers from charging women higher premiums because of their gender or health. More affordable reproductive and preventive health care and a strengthening of primary care services will also benefit women.

Department of Treasury Proposes Limitations on Patient Debt Collections

On June 22, 2012, the U.S. Department of Treasury released proposed regulations on a provision in the Affordable Care Act that addresses the collection of unpaid hospital debt. The proposed rules require non-profit hospitals, as a condition of receiving a tax-exemption, to establish billing and collections procedures for patients eligible for financial assistance. It also requires non-profit hospitals to provide patients with the information needed to apply for such assistance.

According to the proposed rule, non-profit hospitals must:

- Provide patients with a plain language summary of the financial assistance policy before discharge and with the first three bills;

The proposed rules require non-profit hospitals, as a condition of receiving a tax-exemption, to establish billing and collections procedures for patients eligible for financial assistance.

- Give patients at least 120 days following the first bill to submit an application for financial assistance before commencing certain collection actions;
- Give the patient an additional 120 days (for 240 days total) to submit a complete application;
- If a patient is determined eligible for financial assistance during these 240 days, refund any excess payments made before applying for aid and seek to reverse any collections actions already commenced.

The proposed rule also outlines requirements for providing financial assistance, seeks to limit charges and mandates a non-discriminatory emergency medical care policy.

According to the American Hospital Association, approximately 2,900 out of all 5,750 U.S. hospitals are classified as nonprofit institutions.

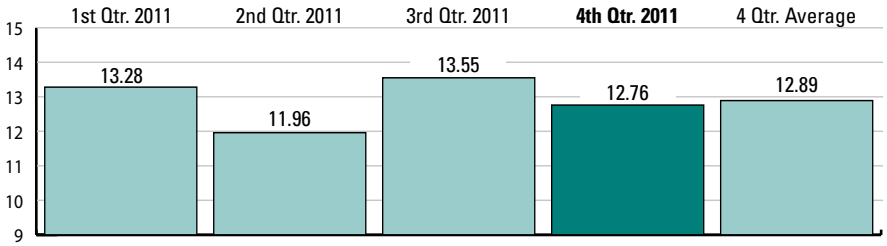
ACA International will prepare comments in advance of the comment period deadline on Sept. 24, 2012.

PULSE
September 2012

DATA WATCH

Days from Discharge to Bill

U.S. hospitals sliced the average discharge-to-bill time in fourth quarter 2011, but failed to hit the benchmark for this major financial indicator for the fourth consecutive quarter. Hospitals reported bills to all payer types were submitted in 12.76 days after discharge in the fourth quarter. The benchmark is to submit claims within ten business days.



Source: *HARA Report on Fourth Quarter 2011, vol.26, no.1, 2012,* with permission from Aspen Publishers, Inc., *www.aspenpublishers.com*.

PULSE is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

Kim Rath, editor
Katie Louden, associate editor

ACA International
P.O. Box 390106
Minneapolis, MN 55439-0106

Note: Requests for reprints or additional information on material herein must be made through the Health Care Section participant who sponsored your receipt of this publication.

Do we have your correct name, title, address and zip code? Please advise your sponsor of any corrections.

ACA™ INTERNATIONAL
The Association of Credit and Collection Professionals