



7 Steps to Improving Vendor Performance

Disclaimer

The following information is not intended as legal advice and may not be used as legal advice. Legal advice must be tailored to the specific facts and circumstances of each case or inquiry. Every effort has been made to assure that the information contained in this presentation is up-to-date as of the date of publication. It is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.

Presenter

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VP, Marketing



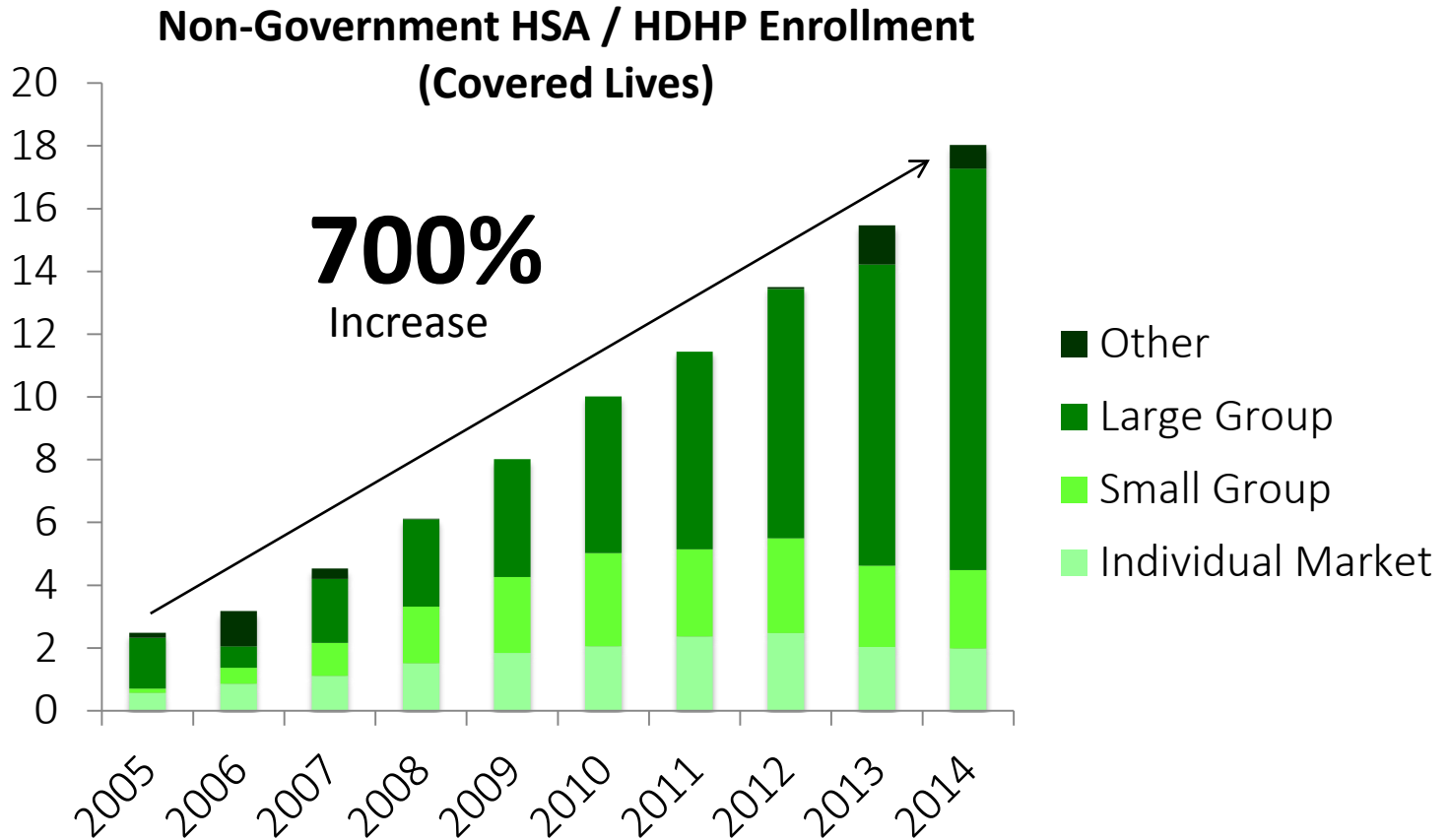
Connance's predictive analytic technology solutions help hospitals, physician groups and agencies improve net income, reduce costs and improve the patient experience



Agenda

- The changing landscape
- Improve vendor performance
- Implications

ACA & HDHPs Are Increasing Patient Responsibility



Source: AHIP 2014 January Census

ACA & HDHPs Are Increasing Patient Responsibility

More than 80% of 2014 buyers on public exchanges chose Bronze or Silver

Actuarial Study for Female Hospitalized, 3 doctor visits, 20 PT visits

	Bronze (enrollee pays)	Silver (enrollee pays)	Gold (enrollee pays)	Platinum (enrollee pays)
Deductible	\$3,000	\$2,000	\$600	\$0
Inpatient (after deductible)	50%	\$1,500 / admission	\$1,500 / admission	\$500 / admission
Physician visit (after deductible)	\$50	\$30	\$25	\$15
	\$5,150	\$4,190	\$2,675	\$845

} Total Projected Out of Pocket Expenses

Patient Responsibility Analysis by Center on Budget and Policy Priorities, June 2013,

501 r and the CFPB Are Changing the Regulatory Environment

What do you need to do to comply with the new regulations?

The screenshot shows the U.S. Department of the Treasury website. At the top, there is a navigation bar with links for Contact Us, Press Center, Blog, Accessibility, Google Privacy, and Español | Languages. Below this is a search bar and an "Advanced Search" button. The main navigation menu includes Home, Treasury For..., About, Resource Center, Services, Initiatives, Careers, and Connect with Us. The page content is divided into three main sections:

- Connect with Us:** A sidebar on the left with links for Twitter, Facebook, Flickr, YouTube, Blog (highlighted), and Contact Us.
- Treasury Notes:** The main content area features a "Treasury Notes" section with a sub-header "Treasury Finalizes Patient Protection Regulations for Tax-Exempt Hospitals" by Emily McMahon on 12/29/2014. The text discusses the role of charitable hospitals and the need for clear rules to protect patients under the Affordable Care Act (ACA).
- SOCIAL HUB:** A sidebar on the right containing a "Treasury Notes Blog" section with links to recent posts, such as "Martin Luther King Jr. Holiday Marks a Day of Service to Others" and "Secretary Jacob J. Lew and more than 600 volunteers today joined City Year to honor Dr. Martin Luther King Jr.'s life ...". It also includes a "TREASURY FACTS" section with a bullet point stating that the Treasury is the oldest departmental building in Washington and one of the largest office buildings in the world.



Consumer Financial
Protection Bureau

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1

Review Your In-source/Outsource Strategy

How do you design a strategy for greatest value for the organization?

In-source

Outsource

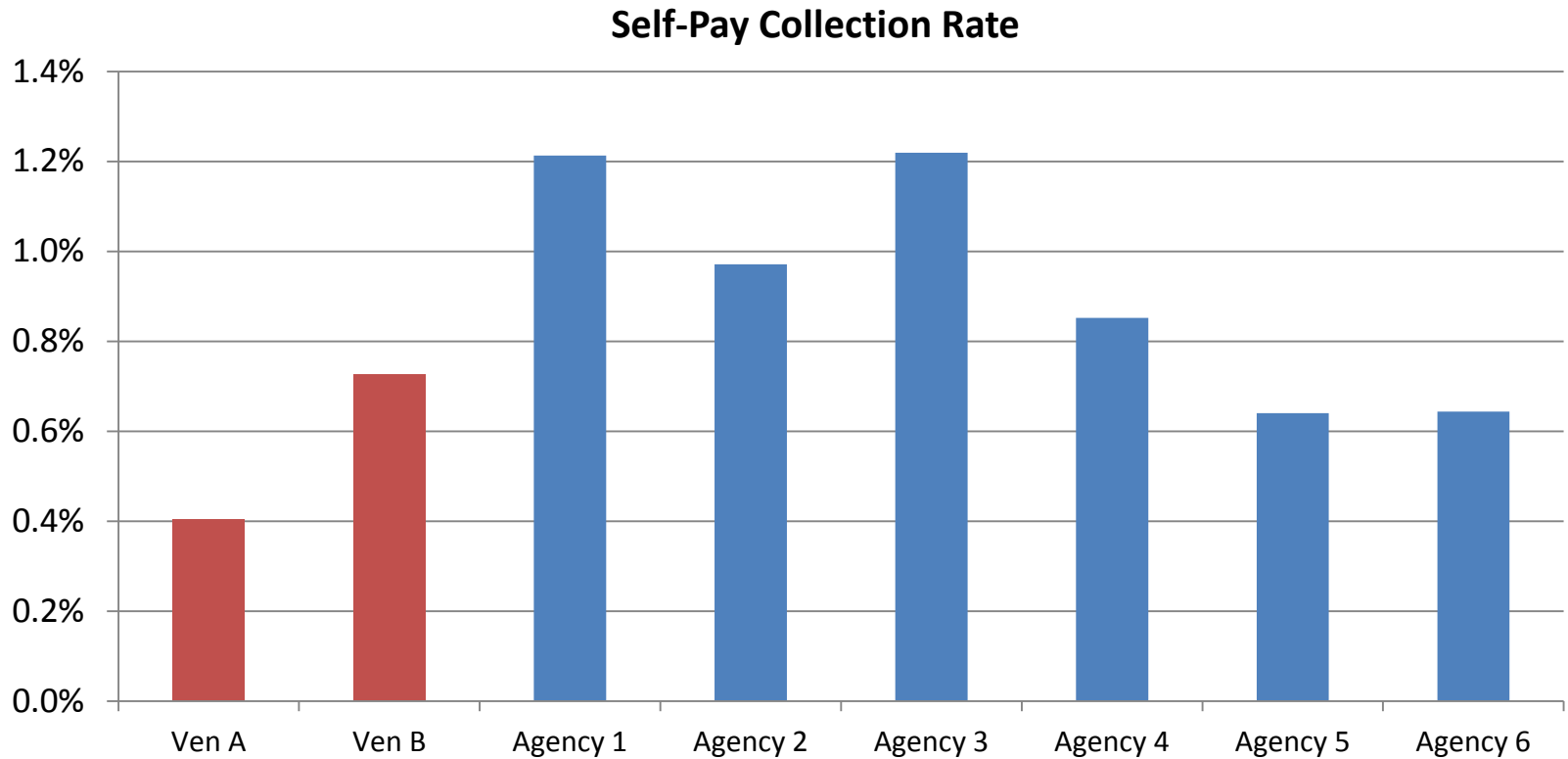


- Keep more accounts in-house
 - Understand the skills of your team
 - Leverage technology to work the right accounts
 - Reduce commissions
 - Improve productivity
 - Enhance the patient experience
- Leverage partners
 - Understand the skills of your agency partners
 - Leverage technology to have them work the right accounts
 - Remove some people costs from the equation
 - Enhance the patient experience

2

Compare Vendor Performance

Great agency relationships are built on a foundation of data that all parties agree is accurate.

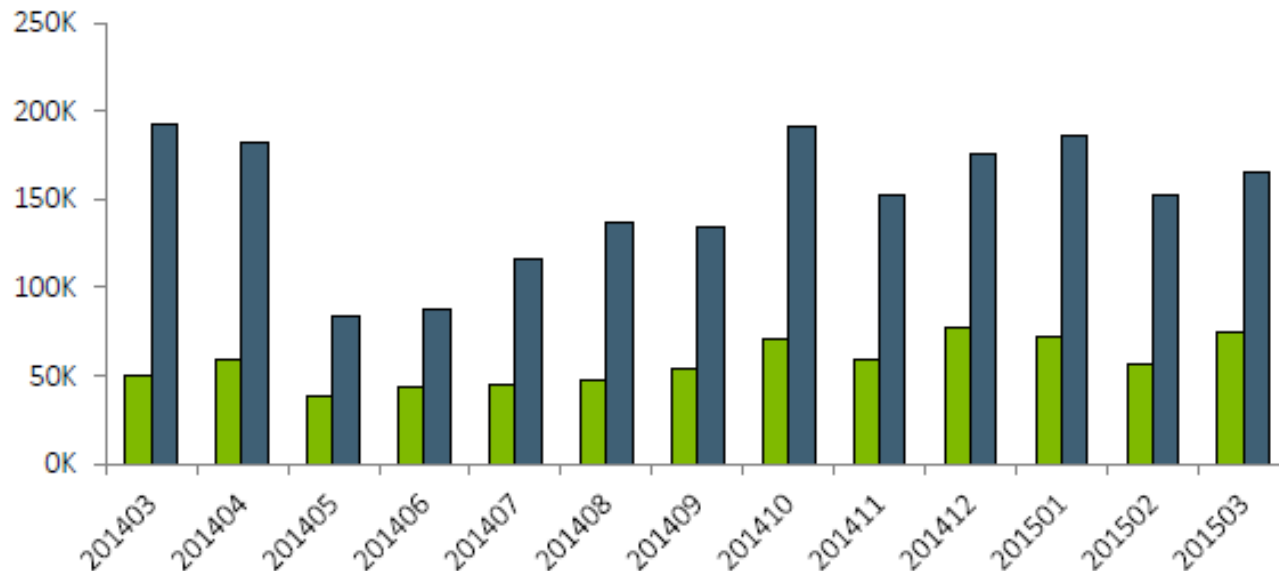


2

Compare Vendor Performance

Great agency relationships are built on a foundation of data that all parties agree is accurate.

Collection Activity - Outbound Calls by Agency



3

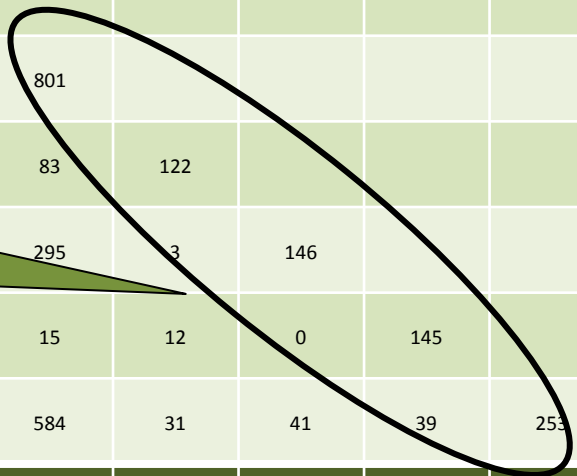
Measure Processes As Well As Performance

Measures of both collection data and work process data provides grater visibility to activity which can improve performance

Time Since Last Collection Activity – Last 6 Months

Activity Type	Days Since Placement	Placement Date Range	# Open Placements	# w/o Calls or # w/o Letters	Days Since Last Call or Days Since Last Letter							
					1-15	16-30	31-45	46-60	61-75	76-90	91+	
Letters	16-30	9/8/2011 ~ 9/22/2011	1,036	5	35	996						
Letters	31-45	8/24/2011 ~ 9/7/2011	859	2	6	50	801					
Letters	46-60	8/9/2011 ~ 8/23/2011	1,096	5	620	266	83	122				
Letters	61-75	7/25/2011 ~ 8/8/2011					295	3	146			
Letters	76-90	7/10/2011 ~ 7/24/2011				11	15	12	0	145		
Letters	91+	1/5/2011 ~ 7/9/2011	1,434	22	87	377	584	31	41	39	253	
Total			6,467	41	1,883	1,973	1,778	168	187	184	253	

Agency continues not to send a 2nd letter to some accounts. This has been consistent over time.



3

Measure Processes As Well As Performance

Measures of both collection data and work process data provides grater visibility to activity which can improve performance

Time Since Last Collection Activity – Last 6 Months

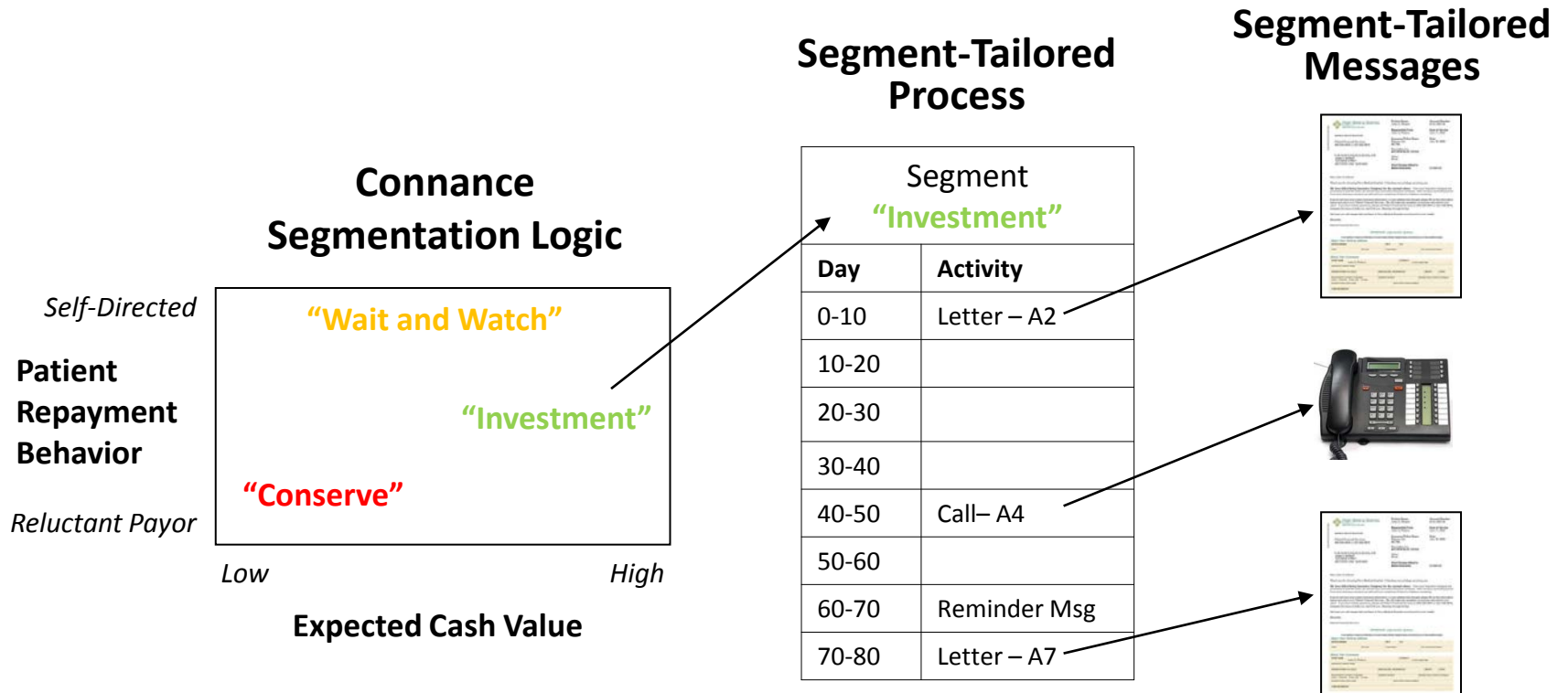
Activity Type	Days Since Placement	Placement Date Range	# Open Placements	# w/o Calls or # w/o Letters	Days Since Last Call or Days Since Last Letter							
					1-15	16-30	31-45	46-60	61-75	76-90	91+	
Calls	16-30	9/15/2011 ~ 9/29/2011	987	200	773	14						
Calls	31-45	8/31/2011 ~ 9/14/2011	914	162	283	464	5					
Calls	46-60	8/16/2011 ~ 8/30/2011	1,164	169	544	342						
Calls	61-75	8/1/2011 ~ 8/15/2011	654	94	326	163	10	42	19			
Calls	76-90	7/17/2011 ~ 7/31/2011	745	127	60	425	46	8	77	2		
Calls	91+	1/5/2011 ~ 7/16/2011	1,528	244	300	494	187	83	67	46	107	
Total			6,013	1,001	2,302	1,903	313	176	163	48	107	

17% of accounts have not had an outbound call

4

Different Patients Need Different Types of Engagement

The right message at the right time gets patients to respond more productively, increasing cash, reducing costs, enhance patient experience



4

Different Patients Need Different Types of Engagement

Differences in segment characteristics support account-appropriate collection routines

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Collection Strategy	Highly automate	Auto/reactive CSR	Identify payor early	Self cure First	Early intervention with settlement
% of Accounts	20%	26%	37%	12%	5%
% of Collection	1%	11%	26%	25%	36%
Avg. Balance at Assignment	\$526	\$64	\$1,800	\$318	\$4,029
Unit Yield	\$7	\$46	\$78	\$221	\$754
% Accounts which Paid (Event Rate)	6%	73%	21%	79%	56%
% of Balance Paid if Pay	53%	97%	43%	89%	52%
Collection Rate	1%	72%	4%	70%	19%

***In-source / Outsource Segmentation Strategy
Highly responsive and self-directed accounts***

5

Technology For Vendor Management is Critical

Reduce IT burden, reduce administrative challenges, improve productivity and focus on more strategic initiatives

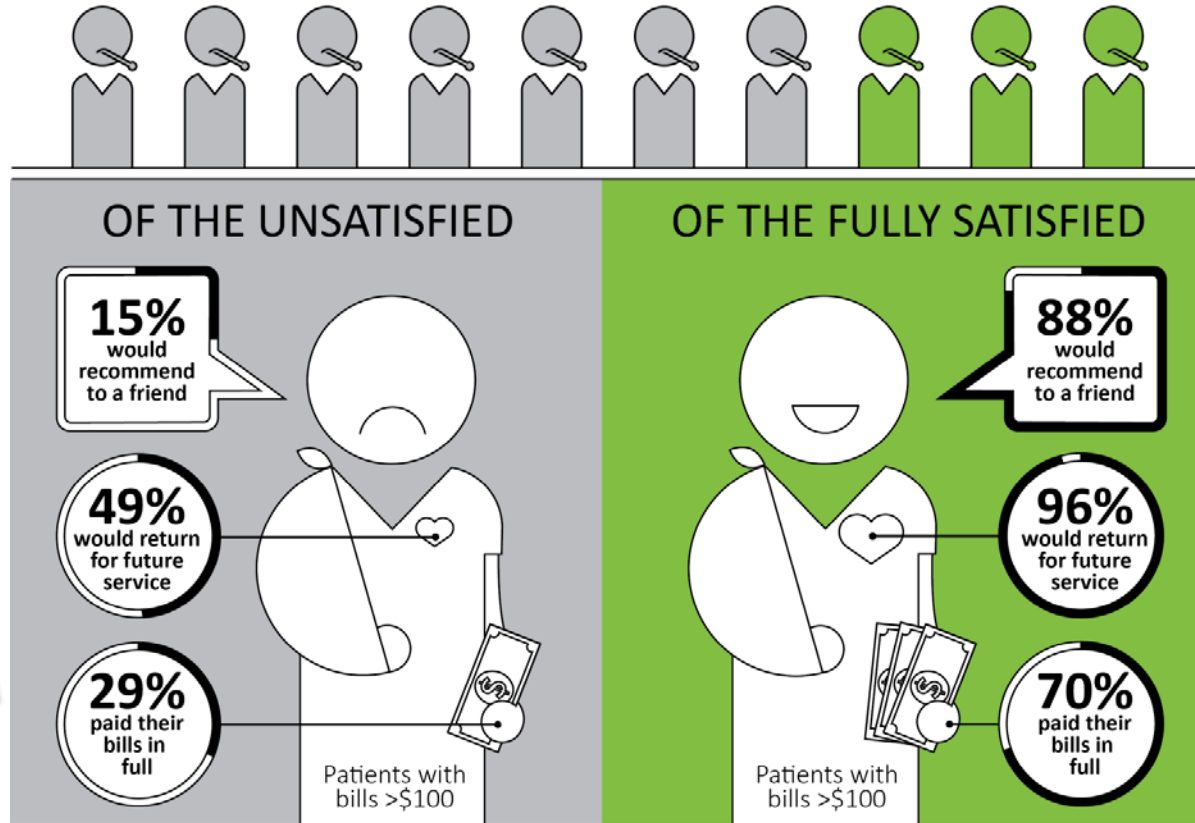
- Consolidate the number of interfaces between the hospital and agencies
- Eliminate lost accounts
- Accurately calculate commissions
- Intelligently route accounts to the best agencies
- Improve communications with your agencies
 - Recall accounts
 - Request recordings



6

Patient Satisfaction With Collections Matters

Only 29% of patients gave a top rating of fully satisfied with hospital billing



Source: Connance 4th Annual Consumer Impact Study September 2013

7

501(r) Presents Opportunities to Improve

Rising expectations and challenges around financial assistance for patient-pay patient collections requires attention

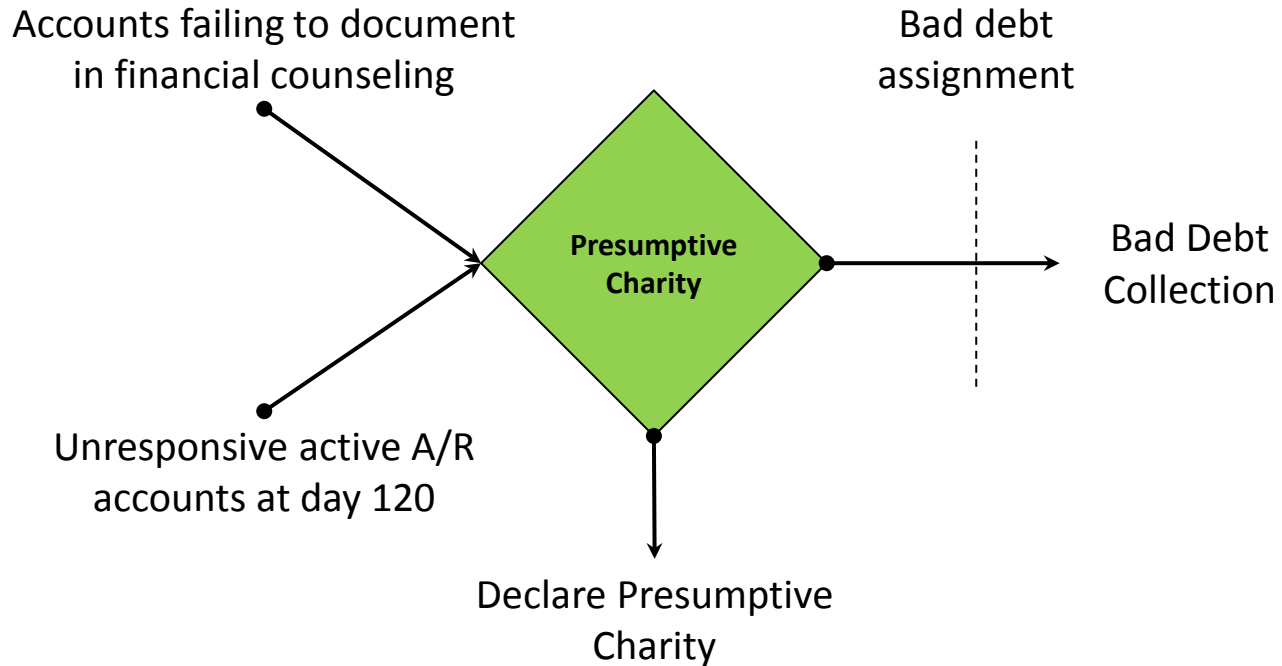
December 11, 2014 – Consumer Financial Protection Bureau issues report with findings that 43 million Americans have medical collections on their credit reports Director Richard Cordray states “The CFPB is taking action to improve credit report accuracy. Getting medical care should not make your credit report sick.”

December 29, 2014 – Final Regulations issued by Department of Treasury and IRS. Transition period - final regulations apply to tax years beginning after December 29, 2015. For earlier years (meaning now), hospitals may rely on a reasonable, good faith interpretation of the statute.

7

501(r) Presents Opportunities to Improve

Rising expectations and challenges around financial assistance for patient-pay patient collections requires attention



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501(r) Presents Opportunities to Improve

Rising expectations and challenges around financial assistance for patient-pay patient collections requires attention

- Reduce bad debt by up to 30% while increasing community benefit and reducing accounts to your agencies
- Consistency and comprehensiveness prior to assigning to bad debt
 - What do we do with those that are non-responsive?
- Confidence in public filings
 - Community Benefit submission
 - Form 990 Schedule H
- Improved control and oversight
 - 501(r) regulations
 - Extraordinary collections



Department of the Treasury
Internal Revenue Service



Consumer Financial
Protection Bureau

7

501(r) Presents Opportunities to Improve

Extraordinary collections actions stipulate which collection actions hospitals have been authorized to utilize in the event of no-payment

- Selling debt to another party (with certain exception).
- Reporting adverse information to credit bureaus.
- Actions that require legal or a judicial process, including but not limited to:
 - lien on property (with certain exception),
 - foreclosing on real property,
 - attaching or seizing a bank account or any other personal property,
 - commencing a civil action,
 - causing an individual's arrest,
 - subjecting an individual to a writ of body attachment, or garnishing wages

7

501(r) Presents Opportunities to Improve

Notification

- Final regulations significantly change what was included in the notice of proposed rulemaking under application and notification periods.
- Waiting period of 120 days from date of first post-discharge billing statement.
- Written notice must be provided at least 30 days in advance of initiating specific ECAs and meet informational requirements.

7

501(r) Presents Opportunities to Improve

Presumptive FAP-Eligibility

- Final regulations consider reasonable effort if hospitals determine eligibility using information other than that provided by individuals
- Presumptive eligibility must be described in FAP
- The final regulations do NOT treat as a reasonable effort, the use the presumptive method to deny financial assistance.

7

501(r) Presents Opportunities to Improve

Presumptive eligibility for less than most generous assistance

Most meet three conditions:

- Must notify individual regarding the basis for PE determination.
- Provide information on how to apply for more generous assistance and allow reasonable time prior to initiating ECAs
- Process complete application by end of reasonable time period

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7 Steps to Improving Vendor Performance

- Patient Responsibility is accelerating
 - Affordable Care Act (ACA)
 - High Deductible Health Plans (HDHPs)
- Regulations are increasing with 501 r and CFPB

Recommendations:

- Review your in-source / outsource strategy
- Compare vendor performance
- Measure processes as well as outcomes
- Different patients required different follow up strategies
- Presumptive charity provides an opportunity to improve
- Patient satisfaction with the business office matters
- 501(r) will require attention in 2015

- Providers and agencies share responsibility and opportunities
 - Revenue cycle impacts are significant
 - Increase cash
 - Reduce costs
 - Improve productivity
 - Enhance the patient experience

Questions?

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VP, Marketing



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