



Collections: The New Normal

Issues to Discuss

- The Changing Payor Landscape
- Shifting the Risk
- How to Prepare for the New Normal
- Key Metrics and Benchmarks

The Changing Payor Landscape

- Significant consolidation occurring in the Payor Market.
 - Anthem and Cigna combination would create the largest health insurer in the country if the deal is completed
 - Aetna and Humana deal is significant especially in the Medicare Advantage market.
- Potential to Decrease Provider Payment Rates and Create Narrower Networks with more onerous Administrative Requirements
 - Typically would migrate to more favorable contract terms.
 - Preauthorization and Referral Requirements could become more stringent.

The Reallocation of Risk

- Who is looking to reallocate the Risks and Costs?
 - Employers due to rising premiums
 - Insurers due to Employer Financing Models and to Reign in Medical Costs.
 - Some Providers
- Where are the Risks and Costs being reallocated to?
 - Patients/Enrollees
 - Providers

The Reallocation of Risk

- How are the Risks and Costs being Reallocated?
 - Higher Deductibles and Coinsurance
 - Rationale due to Patients/Enrollees who have to pay more of the costs will seek less care.
 - Slows the premium rises associated with Employer Sponsored Health Insurance
 - New Payment and Financing Mechanisms
 - ACO's
 - Value Based Care and Reimbursement
 - Bundled Payment Methodologies

Evolution of Payment Mechanisms

Increasing Provider Risk

Fee for
Service

Capitation

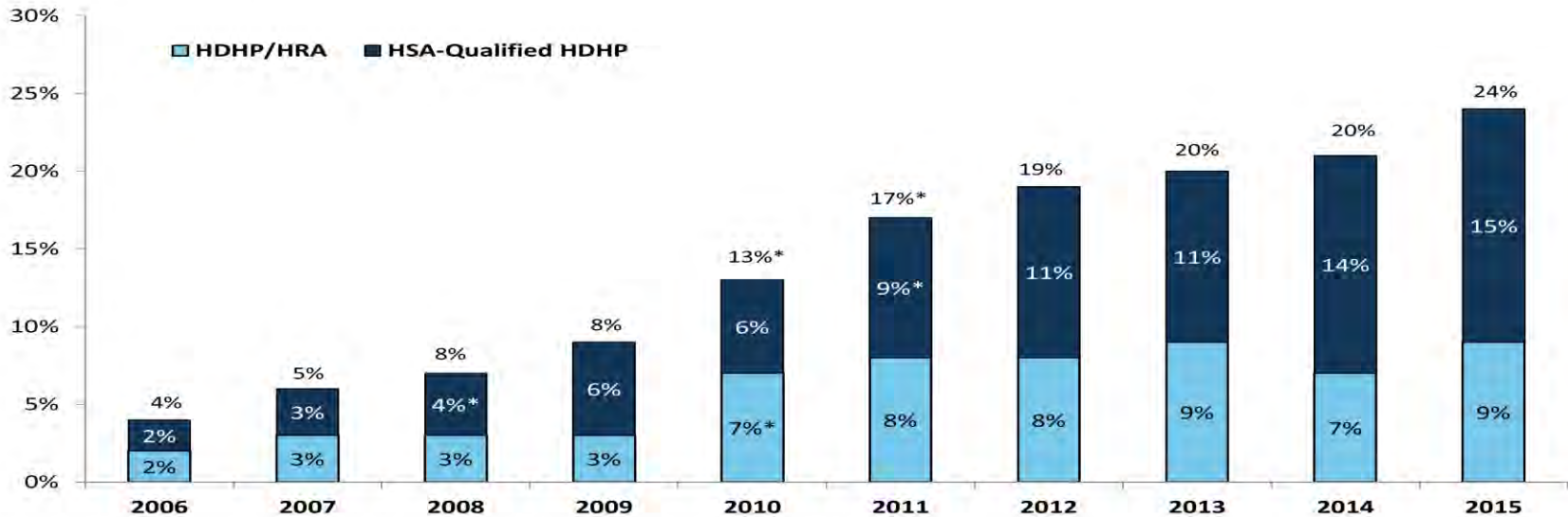
Value-
Based

ACO's

Bundled
Payments

High Deductible Health Plan Coverage Trends

Exhibit F:
Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2015



*Estimate is statistically different from estimate for the previous year shown ($p < .05$).

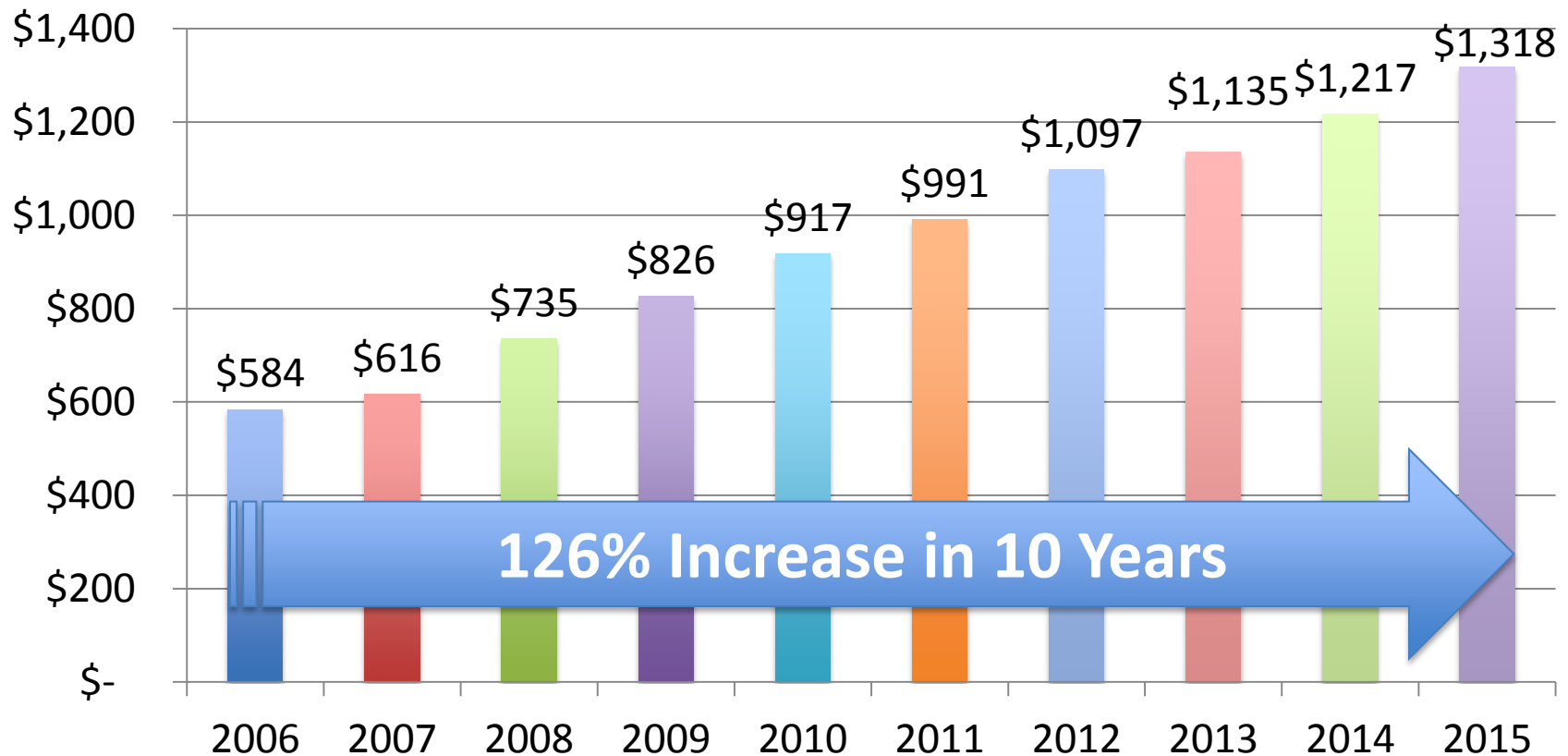
NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information see the Survey Methodology Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.



Changes in Deductibles from 2006-2015

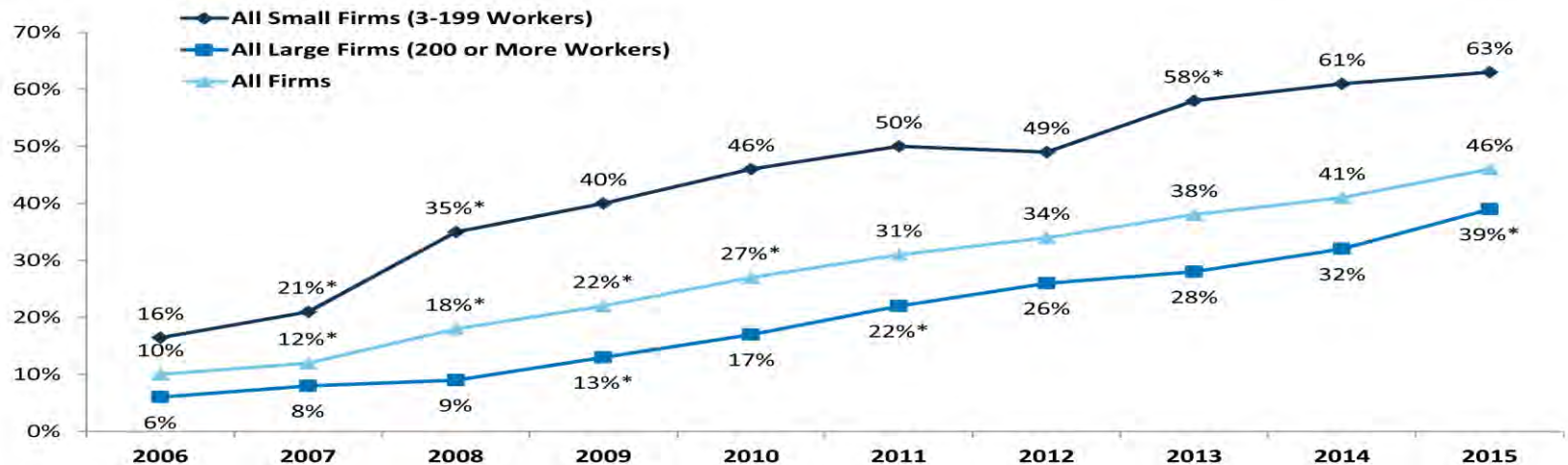
Single Coverage Average Deductible



**Source Kaiser/HRET Survey*

Deductible Trends

Exhibit G:
Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006-2015



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.



Physician Risks Related to Higher Deductibles and Coinsurance

- Getting Paid Appropriately and Timely
- Significant Differences in Obtaining Payments directly from Patients vs. Insurers.
 - Ability to Pay
 - Propensity to Pay
 - Financing Discussions
 - Compliance Risks Associated with Waiver of Coinsurance and Deductibles
 - Recent Cigna Lawsuit against HDL for \$84 Million due to Routine Waiver of Coinsurance.

Medical Debt and Collection Practices are on the Government's Radar

- Federal Reserve Board Study Results
 - > 50% of all credit report filings are related to Medical Debt.
- Medical Debt is the #1 Cause of Bankruptcies in the US.
 - Estimated that > 60% of all bankruptcies are related to Medical Debt.
 - 78% of the population that files for bankruptcy actually have Healthcare Insurance.

Risks Related to Patient Financing and Collections

- Changing Legal and Operational Risks of Medical Debt and Patient Financing
 - Fair Debt Collection Practices Act (FDCPA)
 - Consumer Financial Protection Bureau (CFPB)
 - Placing more and more scrutiny on Medical Debt
 - Equal Credit Opportunity Act (ECOA)
 - Telephone Consumer Protection Act (TCPA)
 - Truth in Lending
 - State Consumer Protection Statutes

How to Prepare for the New Normal

- Consolidation and New Payment Models
 - Data, Data and more Data
 - Payment Rates
 - Contract Terms
 - Timely Filing and Appeal Guidelines
 - Denials and Net Payment Rates
 - Knowledge of Payor Administrative Requirements
 - Preauthorization and Referrals
 - Medical and Payment Policies

How to Prepare for the New Normal

- Higher Patient Share Responsibilities
 - Implement Patient Financial Counseling Policies and Procedures
 - Out of Pocket Requirements
 - Ability to Pay
 - Propensity to Pay
 - Income and Debt Related to the Federal Poverty Level and Proof of Income/Household Expenses
 - Negotiate Payment Plans
 - Drug Replacement Plans
 - Consider External Patient Financing Mechanisms
 - Third Party Financing Companies
 - Place of Service Considerations

How to Prepare for the New Normal

- Higher Patient Share Responsibilities
 - Tighten Your Collection Processes
 - Autodraft Implementation for Patient Payment Plans
 - Statements
 - Consider eMail and Text Based
 - Outbound Calls
 - Automated Dialing
 - In-House vs. Third Party Outsourcing
 - Inbound Calls
 - Staffing and Call Center Performance
 - Abandonment Rates
 - Average Speed to Answer
 - Call Time
 - After Call Resolution Time
 - Implement Key Performance Metrics
 - Collection Agency Utilization

RPM Keys to Revenue Cycle Success

Patient Intake

- ✧ Verification & Eligibility
- ✧ Authorizations
- ✧ Workflow
- ✧ QA & Audit Program
- ✧ TAT
- ✧ Secondary Capture
- ✧ OON vs. In-Network
- ✧ Single Patient Agreements
- ✧ Contracting Strategy
- ✧ Electronic Capture
- ✧ Patient Retention
- ✧ Financial Assistance
- ✧ Documentation
- ✧ Payer Selection
- ✧ Compliance

Charge Capture

- ✧ Expected Revenue Recognition
- ✧ Chargemaster
- ✧ eHR
- ✧ Electronic Capture
- ✧ QA
- ✧ Billable Items
- ✧ Timely Capture
- ✧ Charge Audits
- ✧ Missed Revenue
- ✧ Contract Mgmt
- ✧ Compliance
- ✧ Documentation Requirements

Billing

- ✧ Time to Close
- ✧ Electronic Capture
- ✧ QA & Audit
- ✧ Claims Mgmt
- ✧ Electronic vs. Paper
- ✧ Timely Filing
- ✧ Payer Knowledge
- ✧ Coding
- ✧ Medical Necessity
- ✧ Missing Documents
- ✧ Secondary
- ✧ Load Balancing
- ✧ Denials Mgmt
- ✧ Compliance

Collections

- ✧ Imaging & Workflow
- ✧ 835 Transactions
- ✧ Denials Management
- ✧ QA & Audit
- ✧ Incentives
- ✧ Timely Filing
- ✧ Pt. Pay/Early Out Strategy
- ✧ Contract Mgmt
- ✧ Productivity
- ✧ Payer vs. Specialty
- ✧ Timely Appeals
- ✧ Staffing Model
- ✧ Reporting
- ✧ Credit Balances
- ✧ Collections vs. Expected
- ✧ Compliance

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