

MANAGED CARE

OUTLOOK

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Providers Continue to Struggle with Calculating What a Patient Owes at the Time of Care

Nearly half (49 percent) of health care providers do not have the ability to calculate a patient's financial responsibility beyond a copayment while the patient is in the office, according to the 2009 NaviNet Healthcare Payment Management Survey. As a result, providers often are unable to collect from patients until after a claim is adjudicated. The survey also draws attention to the fact that many providers are reluctant to accept credit and debit cards for services other than a copayment.

"The goal of this survey was to see where providers are in terms of developing policies and acting on those policies when it comes to collecting payment from patients either at the point of care or after the point of care," explains Kendra Obrist, vice president of marketing at NaviNet. "We wanted to get a clearer picture of how

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the market has progressed in terms of how well providers understand what patients are going to owe at the time of care and how well they are doing when it comes to developing business policies and procedures and developing tools to act on the information they have, once they have it.”

According to the survey, nearly one in five doctors does not accept credit cards or debit cards at all. Of the more than 80 percent that do accept cards as payment, most (87 percent) only accept them for patient copayments. High processing fees and hardware costs are the top reasons why providers do not accept credit and debit cards. Concerns over financial industry regulations are the next most popular reason for not accepting cards. (See Figure 1)

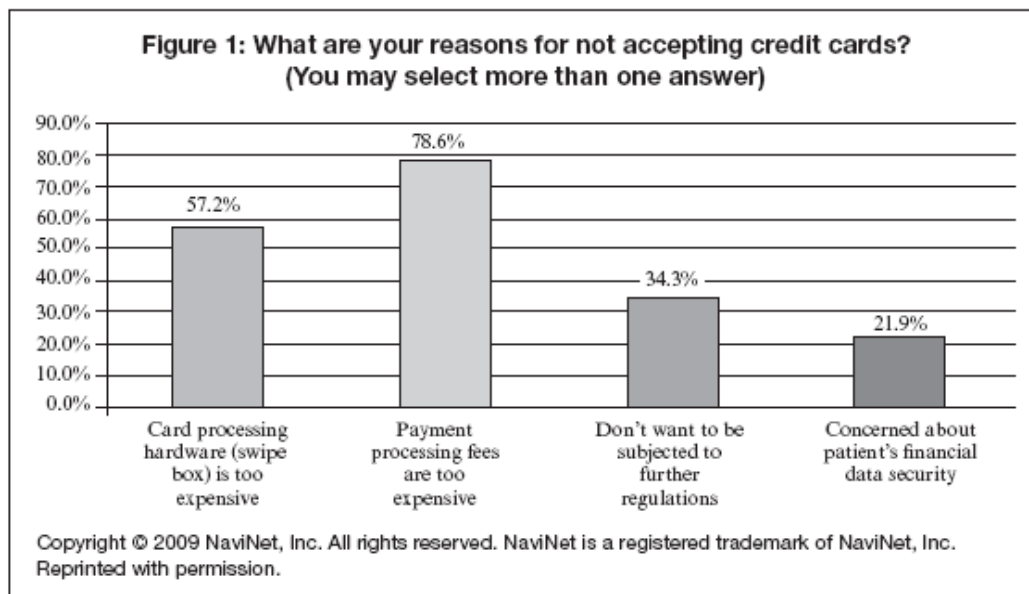
“Even though more than 80 percent of providers do take credit cards in their office, they are doing it in a way that I would describe as the most basic way possible,” says Obrist. “They are doing it at the front desk with a card swipe box, which can only be used to collect a copayment. That’s the way health care — more specifically, the physician environment — has been using credit cards for a long time. They

have not progressed in their access to information and their business policies to deal with using credit cards more pervasively.”

As more and more patients move away from the standard \$15 copayment to a much more complex combination of high deductibles and coinsurance, physicians must think outside the box when it comes to collecting payment for services, says Obrist. “Many [industry experts] believe that 30 percent or more of a physician practice’s revenue will soon come from the patient. If [providers] don’t develop the right policies and don’t have the right tools to access information, that revenue stream is at risk. Being at risk for a \$15 copay is one thing. Being at risk for 30 percent or more of your revenue is very different, and we believe providers are facing that very serious financial issue right now.”

Being able to capture revenue after the point of care is a big hurdle for many providers, acknowledges Obrist. If all a provider has is a swipe card at the front desk, and the only thing that the provider knows about a patient is that he or she has a \$15 copayment, that is really the only thing the provider can collect.

“The beginning of the real problem is that half of the providers don’t have any way to



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know what the patient owes them at the time of care,” stresses Obrist. “Beyond the \$15 copayment, they have no way of knowing if a patient has a high deductible plan, if the patient has reached his deductible, or even what the contracted rate is for the service he just received. All of those variables must be considered when calculating what a patient owes, and many providers simply do not have the tools to do so.”

Impact on Revenue

Imagine owning a business that sells a product — for example, electronics. Now imagine that a customer walks in, selects a television, and then hands you \$15 as a down payment and a business card with the name of a credit card company that he or she does business with and says, “How much do I owe you?” You know you have a negotiated rate with the credit card company for that television, but it’s hard to remember how much it is because you have so many different electronics in the store and you have lengthy, complicated contracts (none of which are the same) with multiple credit card companies. You tell the customer, “I’ll bill the credit card company and let you know how much you owe later.” The customer then walks out the door with the television.

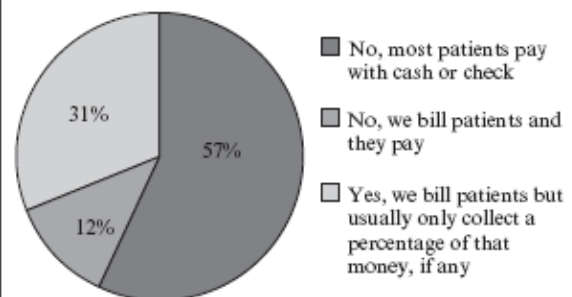
It is highly unlikely that a scenario like this would occur in the “normal” business world, and yet it happens everyday in health care. In many instances, patients walk out the door of their physician’s office without paying

anything more than the copayment and leave no guarantee of payment for any amount not covered by the insurer.

Roughly one-third (31 percent) of those surveyed by NaviNet say they lose revenue due to uncollected patient payments. (See Figure 2) Recent information from industry organizations shows that inability for providers to estimate, calculate, and/or collect at time of care is likely to cause cash flow problems that will only increase over time. A report by the National Association of Healthcare Access Management shows that the probability that a provider will collect the full amount of patient payment drops significantly (to less than 20 percent) after care is provided.¹

“Once that patient walks out the door, the provider’s chance of collecting anything further

Figure 2: Do you feel your practice loses money as a result of uncollected payments?



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decreases significantly,” notes Obrist. “It can be frightening for small businesses run by physicians who were trained to practice medicine and not run a business. They need help, and they need tools and resources that allow them to do this in a secure and compliant way that doesn’t put them at risk.”

The NaviNet survey was conducted from May 6 to May 26, 2009. Respondents included

1279 U.S. health care providers from provider offices, hospitals and facilities, billing and business offices, and ancillaries. Full results are available at www.navinet.net/files/hfma/credit-cardusage.htm. ■

Endnote:

1. Russell, James E. “Cash Collection Opportunities: Are You Collecting Every Dollar Possible?” National Association of Healthcare Access Management.