

To Bill and Collect, Technology Crucial

By Randy Phelps

A major challenge facing the health-care industry is the absolute necessity of employing a robust system to bill and collect payments from the rapidly expanding number of patients now responsible for settling their own bills.

Almost 20 million newly insured patients will enter the health-care system by 2014 as a result of the Affordable Care Act, creating a greater onus on practices and hospitals to bill and collect balances from outside their clinics. With an increased percentage of initial payments being shifted to the patient from traditional payers through high deductible health insurance policies, this is fast becoming a real challenge for health-care providers.

When this is set alongside the massive bad debt amassed every year by uninsured hospital patients — \$49 billion according to a recent report by the Department of Health and Human Service — it represents a serious issue for the health industry.

Without change, and unless processes are implemented to ensure more efficient and timely billing and collection of patient payments, then the increased bad debt incurred by 87% of health-care organizations, highlighted in a recent study by American Hospital Association, can only get worse.

However, proven technology offers a lifeline to health-care providers with flexible solutions to help patients pay, improve the prompt settlement of patient bills, and cut costs in the billing process.

Here's how technology can help health-care providers meet their new challenges.

PAYMENT METHODS CAN BE SIMPLIFIED TO ENCOURAGE PROMPT SETTLEMENT OF HEALTH BILLS

Patients are now being offered the opportunity to pay health bills by mobile phone text or SMS — a development that should be particularly attractive to the tech-savvy Generation Y. These patients are already comfortable with e-billing and e-payments for Internet and cell phone use, so it is a natural progression for them to settle health bills in this way.

By sending a text, patients can authorize a health-care provider to facilitate payment from a registered account.

In addition to traditional check and credit card payments, one of the facilities available to health-care providers is the ability to set up their own personalized secure online Web portals, branded with the relevant health-care provider's name and logo to engender the trust of patients. These accept debit or credit card payments and encourage patients to settle health bills in their own time, away from the practice.

PATIENTS CAN BE MOTIVATED TO SET ASIDE CASH FOR HEALTH BILLS IN PRE-FUNDED ACCOUNTS

Another method of simplifying the way patients settle health-care debt is the provision of pre-funded

accounts, which are managed online and can be topped up via any Web-enabled device. This works well for ongoing treatments and for some lifestyle surgery where prices are relatively fixed.

This ethos of pre-paying for services has been widely adopted in other industries and the advantage here is the reduction in risk of unpaid bills accruing since the money has already been set aside by the customer. From the patient's side there is no requirement for large deposits, which can be unpopular for new account holders and those with credit problems.

Mark Giddings, of the Florida-based Merchants Association Collection Division, said: "New developments in e-payments are enabling patients to pay online and through pre-funded accounts, which are encouraging patients to pay for procedures in advance, or at least to plan for payments effectively."

"This added flexibility is key for improving collections from patients. By providing them with a variety of easy-to-use and consumer-friendly payment methods, health-care organizations can significantly increase the likelihood of payment, while increasing convenience for patients at the same time."

ONLINE DEBT NEGOTIATION SOLUTIONS MITIGATE AGAINST INCREASING BAD DEBTS

The damaging prospect of spiralling bad debt from unpaid bills can be dealt with by health-care organizations using online debt negotiation solutions that enable patients to arrange a more manageable level of repayment.

Patients can deal with their debt problem privately, online, without having to engage with a billing department or collections agency, and can negotiate a payment schedule that they are comfortable with. The online solution facilitates an automated repayment schedule and self-generates reminder emails or auto dials the patient's phone number to ensure payments are settled on time.

PAPERLESS BILLING AND COLLECTIONS IMPACT POSITIVELY ON THE BOTTOM LINE

Embracing technology can bring real benefits to a health-care organization's bottom line — moving to a paperless mode of billing and payments can save them up to 90% of their paper and postage costs and achieve a 30% reduction in 'days sales outstanding.'

Even if patients follow traditional payment routes such as checks, there is now technology that will provide flexible check re-resentation options. For example, health-care providers can elect to represent checks on strategic days such as likely pay

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days rather than re-submitting immediately on successive days in the case of non-sufficient funds (NSF) items.

This strategy significantly increases the likelihood that funds will be available and consequently increases the chances of payment being made and the avoidance of repeat NSF charges for the patient.

Such a service is part of the check conversion process and re-resentation thresholds are selected by the provider and then set up within their software to activate upon notice of NSF.

FUTURE DEVELOPMENTS IN E-BILLING

And there are developments in the pipeline to make e-billing even more convenient and secure for those settling health-care payments. One such innovation provides patients with a very personal approach to online payments. One-time-use URLs can be generated from statements, so patients can quickly pay online without the need of logging on to a public online portal. Once the payment is processed, an email notification will be sent to both the customer and the biller — if a payment fails the biller is notified so they can follow-up with the client.

It is becoming clear that we are at a pivotal time for health-care organizations where billing and payment processing is threatening to impact on operating revenue unless changes occur quickly. Those who continue to rely on the traditional approach to billing and collections, where checks and account statements are mailed through the post, will miss out on real cost and efficiency savings.

The technology is developed, proven, and available now. Companies in telecommunications, Internet, and finance — and now the utility markets — are already enjoying the benefits of e-billing and payment processing, so there is no reason why health authorities, hospitals, and clinics don't do so as well.

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