THE C&E ADVISOR

Resources For Optimizing Your Revenue Cycle

Patient Responsibility is Our Responsibility

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President's Message

If nothing else, today's healthcare market is a volatile one. Providers are adapting to new payer models, with accountable care and high deductible health plans having significant impact on cash flow. Accordingly, providers are adopting accounts receivable processes for consumers that have been longstanding in other industries, including financial services, utilities, and telecom.

Managing the entire lifecycle, including the potential sale of aged A/R has become much more mainstream over the last 10 years. The desire of providers to implement a profitable, compliant, and sensible solution to their revenue cycle challenges and cash acceleration needs has never been greater. With the right partner, the impact of selling should be no different than the impact of using contingency collection agencies to recover delinquent accounts.

Mike Boyle
C&E Acquisition Group

In many cases, clients have informed us that this practice has enhanced overall collections, as it creates an expectation of payment within their patient bases. C&E Acquisition Group recognizes the important role that physicians, clinics and hospitals play in local communities, and conducts its business with the highest degree of professionalism and respect for patients and clients. Careful due diligence helps us understand an organization's unique needs and ensures that our tailored collection efforts meet our clients' expectations prior to starting a relationship. Thank you in advance for taking a few minutes to review our position on current trends in this volatile market.

INSIDE THIS NEWSLETTER:

HFMA Executive Survey: Self Pay and the Benefits of Prospective Patient Engagement

by Tim Wilson | C&E Acquisition Group

HFMA published this very useful and important information on June 1, 2016:

With the proliferation of high-deductible *health plans (HDHPs), patients are having to pay a larger portion of their healthcare bills, sometimes surpassing amounts they can afford. To sustain revenue and limit the possibility of bad debt, hospitals and health systems must develop robust methods for communicating with patients about their financial responsibilities, as well as implement strategies for proactively collecting payment. Although most organizations have started efforts in this area, there is substantial room for improvement, and many hospital leaders are unsure about where to focus their resources to produce favorable results.*

With this in mind, HFMA researchers — with sponsorship from Parallon — surveyed senior finance executives and revenue cycle leaders to learn about their organizations' self-pay processes and patient financial engagement efforts. Survey findings paint a picture of the current state of patient collections and reveal key areas for improvement, including pre-service pricing, automation, and presumptive charity care.

The survey report highlights **10 Focus Areas for Self-Pay Process Improvement**. However, the report doesn't suggest how hospitals could find the money to implement these process improvements.

That's how we can help --- we pay hospitals and healthcare systems up-front for aged patient accounts including insurance deductibles, co-pays, co-insurance, balances-after-insurance, and pure self-pay accounts. The funds from our **purchase or lease** of patient accounts could be used to implement self-pay process improvements aimed at accelerating revenue and avoiding patient bad debt going forward.

To learn how we can help you come up with the money to implement HFMA's recommended process improvements, email Tim Wilson, Business Development Manager, or call Tim at 443-371-7894.

To learn HFMA's survey results and the ten focus areas, download the key findings from the survey.

Turning A First Debt Sale Into A Hospital Strategy

by Larry Dukes I Aurum Consultants

Debt sales are too often viewed a single events instead of part of an overall financial strategy. The best in class healthcare institutions analyze the variables involved in making this decision as part of an ongoing process.

So, you are the Chief Financial Officer and you have tested the water to create a cash infusion to fund clinical technology purchases. You have been considering selling your patient debt portfolio for some time. You have been courted by debt buyers after placements with collections agencies. You have a small internal staff servicing early collections. After packaging your portfolio, you have received a valuation and consummated your first debt sale, Your diligent efforts and execution have rewarded your hospital with the cash needed to make your purchase of needed equipment without further investment.

Congratulations! Are you done? Is that it? Well, it depends.

For many creditors, this has been a big step just to consider a debt sale. Tor those that want to step to the next level a mature set of buyers awaits and a new set of considerations can make ongoing strategy effective. Best in hospital have developed and execute selling delinquent receivables strategically to maximize collections and improve their bottom line. The ongoing analysis and debt sale planning allow these hospitals to control and meet expected returns.

Debt Sale Strategy is a relatively new development in healthcare but not in industries like financial services. Bank of America was one of the early adopters in 1989 when they were the first to sell warehoused delinquencies and form an ongoing strategy. With statistical modeling and segmentation analysis, BoA are able to understand the economics of collections operations and closely manage their alternatives to achieve annual return goals.

There are three fundamental components to turning your one-time sale into an ongoing debt sale strategy:

• First, as an organization, look at your overall business plan and determine the use of funds created from debt sales. What is the frequency of need to support these purchases? Are you counting on these funds for strategic one-time purchases or will you use then to fund ongoing operational expenses? This evaluation provides an idea of TIMING as a hospital goal.

• At the same time, to form an ongoing effort, a new mindset and exercise of tools is needed. The new strategy must be grounded in analytics. An assessment should be engaged to evaluate the performance at all stages of delinquency. Segmentation analysis will help breakdown the segment and offer insight to the performing and non-performing pieces of your portfolio and the efficiencies of the hospital and collection agency efforts. If this prowess does not exist within the organization, consulting firms can provide the capabilities and insight. The combination of this component and the first provides the GOALS and ANALYTICS.

• The final piece of the equation are the CONTINGENCIES. A set of "what-ifs?" should be formed to trigger the strategies formed. These include several factors including but not limited to:

- Debt Sale Market Factors
- Overall Economic Situation
- Changes in Patient Mix
- Healthcare Policy Change

As with any established strategy new or old, they must be tested frequently. The new analytic environment created will provided a "sandbox" for analysis and "challenger" options to the "champion" debt sale strategy created.

Yes, there is a thriving debt sale market. Yes, you can develop an ongoing strategy to maximize the cash created by this alternative. And yes, this can help the Hospital CFO achieve goals in ways not traditionally executed by their peers.

Compliance Corner

Collecting on patient accounts is challenging on multiple fronts for healthcare providers, and among those, compliance is a key factor. As hospitals and healthcare providers are forced to work harder to collect on high deductible health plans, scrutiny abounds consumers, their attorneys, and regulators. Check out this article by InsideARM.

The 3 Big Factors That Make Patient Self-Pay a Headache for Providers

According to Healthcare Finance News, more than half of provider bills don't get paid. And for every dollar billed to patients, providers have historically failed to collect 65 cents. Providers are experts at managing insurance reimbursement, but collecting self-pay dollars is a different story. With the average annual deductible for covered workers increasing 255% since 2006 and projected to continue this growth trajectory, providers are faced with a daunting challenge to remain profitable. **Read More**

Know the Actual Cash Value of your aged patient AR

by Tim Wilson | C&E Acquisition Group

Rapid growth in high-deductible health plan enrollment raises new patient AR challenges for most hospitals. Bad debt write-off is now a critical indicator of hospitals' financial wellness.

It's important to know the Actual Cash Value of your aged patient AR so you can objectively determine how to attain the best return on these assets.

Let's discuss valuating your aged patient accounts including insurance deductibles, co-pays, co- insurance, balances-after-insurance, and pure self-pay accounts.

In 15-minutes, we'll discuss your situation and cover these important questions:

- *What is a "valuation" of patient accounts?*
- *Why should you consider getting a valuation?*
- *What do you get from a valuation?*

Email Tim Wilson, Business Development Manager, or call Tim at 443-371-7894 to schedule a phone call.

New Weekly Webcast C&E Perspectives

by C&E Acquisition Group

C&E Perspectives is an ongoing series of 30-Minute Webcasts for Hospital Executives.

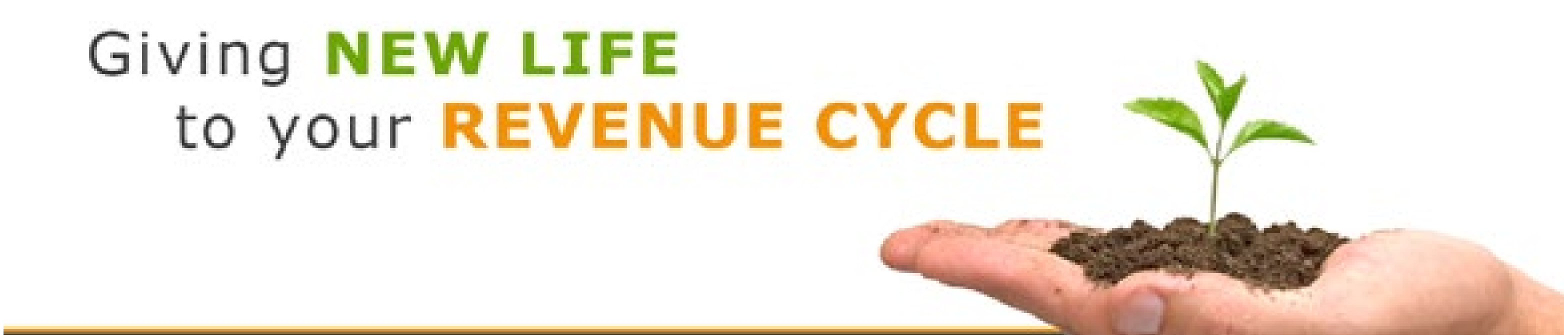
C&E Perspectives webcasts will share ideas, information and expertise to maximize the value of self-pay accounts and to help healthcare providers get all the revenue they deserve for providing high-quality patient care and improving the health of the communities they serve.

Join us every Tuesday and Thursday at 2PM ET.

Learn the Actual Cash Value of your Aged Patient Accounts

Three things Hospital Executives should know about their Non-Performing Patient Accounts

REGISTER NOW



C&E Acquisition Group LLC is based in Bel Air, Maryland. Founded in 2008, our initial focus was on acquiring consumer debt, including credit cards and retail loans.

Recognizing the myriad of changes that impact healthcare providers such as narrowed operating margins, increased patient responsibility and expanded privacy and collection regulations, we applied our experience in consumer collections to the healthcare market.

Specifically, we acquire medical debt in late stages of the revenue cycle focusing on self-pay and patient responsibility balances. We manage more than a million patient accounts totaling more than $1 billion in receivables. Our approach includes fully evaluating and addressing the existing billing and collection processes for each client and developing an effective and consistent strategy to improve their bottom line.

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