

A SIMPLE GUIDE

Patient Pay Strategy

Patient pay is here to stay.
Make it go your way.



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Why you need a patient pay strategy

More and more balances fall to patient deductibles, leaving less of what's owed to be paid by insurance. This trend holds regardless of practice size or specialty. By 2019, 51% of the workforce was enrolled in a high deductible health plan. Expect this statistic to increase each year.¹

Relying on revenue collected from patients carries risk. Consider this example: A patient who participates in a high deductible plan visits your practice at the start of the calendar year. All payment for services rendered will come from the patient's pocket. If you don't collect payment before the patient leaves your office, the likelihood of ever collecting it decreases significantly, especially if the patient never needs to return for another service.

One McKinsey & Company study revealed that providers expect to collect only 50 to 70 percent of a patient's balance after a visit.² A substantial amount of medical bills go to collections. Based on a JAMA study, collection agencies in the United States held \$140 billion in medical debt in 2020. According to collection agencies, these debts are less likely to be paid than other forms of debt.³

This e-book will help you develop a strategy to optimize payments from the patients served by your practice.

Set the stage for payment

Pre-visit is a crucial time in patient payment collection. Expect to begin implementing your strategy before the patient steps foot in your office.

For now, the focus is on verifying patient's eligibility for insurance coverage, benefits, and demographic information. This should be done 24 to 48 hours in advance of the patient appointment.

Equally important is your communication with the patient before they arrive.



Set expectations

Take advantage of every touchpoint to remind patients that that they must show their insurance card at the front desk and make required payments at the time of service. Include this message on your patient portal so it's visible when patients self-schedule a visit. Also, include it in appointment reminders sent by text, phone, or email.

Be transparent

If your practice does not accept the patient's insurance coverage, let the patient know. The patient may choose to go to another provider—one who participates in their health plan.

Transparency is best; you must weigh the risk of losing the patient against the risk of never receiving payment. If your patient wants to keep their appointment, make it clear that they must pay upfront and how much they will owe at the time of service.

Confirm your patient's address.

Sending out statements to a wrong address wastes time and money and won't result in payment.

Key points

- Patient payments are a growing source of revenue and more critical than ever to supporting physicians, staff, and the entire practice. Expect the trend toward reliance on patient payment to increase.
- Collecting balances due from a patient can be challenging. You need to develop a strategy. This strategy should include steps for pre-visit, point-of-service, and post-visit phases of patient care.
- Optimize the patient pay process. Communicate to patients that payment, or at least a portion of it, is expected at the time of service. Make it easy for your patients to understand what they owe and pay it.
- Monitor your patient pay success.

Be ready to talk about money

It's time for the visit. The strategic goal now: Collect as much as possible at the point of service. The more you can optimize this phase of the patient pay process, the less reliant you will be on the more challenging tasks of billing and collections after the patient has left your office.

Patient estimation

By the time the patient walks in the door, it's critical to know how much they are responsible to pay. Your front desk staff needs to tell the patient what they owe and collect this amount from them.

Use an online estimation tool integrated with your practice management (PM) system to determine what the patient will be expected to pay at the time of the visit. This estimate is based on their insurance plan. Prepare front desk staff by making sure they have ready access to this information.

It's all about communication

From a business perspective, communicating with patients about their financial obligation is a necessary part of each visit. The challenge—conversations with patients about money make most healthcare professionals uncomfortable.

Physicians often have no visibility into their patient's ability to pay or knowledge of whether a patient ever actually pays for services. Some physicians are shocked to learn they provide ongoing care to patients whose accounts are repeatedly turned over to collections. Still physicians almost always continue to see patients regardless of what is owed.

At the end of the day, physicians want to practice medicine, not play debt collector.

Consider an incentive program

Some practices implement an incentive program for the front desk staff responsible for collecting patient balances. For example, a practice could offer a prize to the team member who collects the highest dollar amount or percentage of balances due from patients. While collecting payment is not, generally speaking, a fun activity, this type of program may help motivate staff.

Three key terms in cost-sharing

Make sure that your front desk staff understands the difference between three types of cost-sharing: copays, deductibles, and coinsurance.

Copay

This is a set dollar amount the patient pays for each office visit. For example, an insurance plan may require the patient to pay a \$30 copay for each time they see the doctor. Usually, the patient pays a copay at the time of their appointment.

Deductible

This is a set amount the patient must pay before their insurance plan starts to pay. For example, a health insurance plan may require a patient to pay \$8,000 in medical expenses before health insurance starts sharing the cost.

Traditionally, medical practices wait to bill the patient for deductible amounts until after the service is complete and the insurance company has processed the claim. However, now many practices are switching to point-of-service collections. These practices use a cost estimation tool and ask patients to pay an out-of-pocket amount based on an estimate of their deductible, or a portion of that amount, before leaving the office.

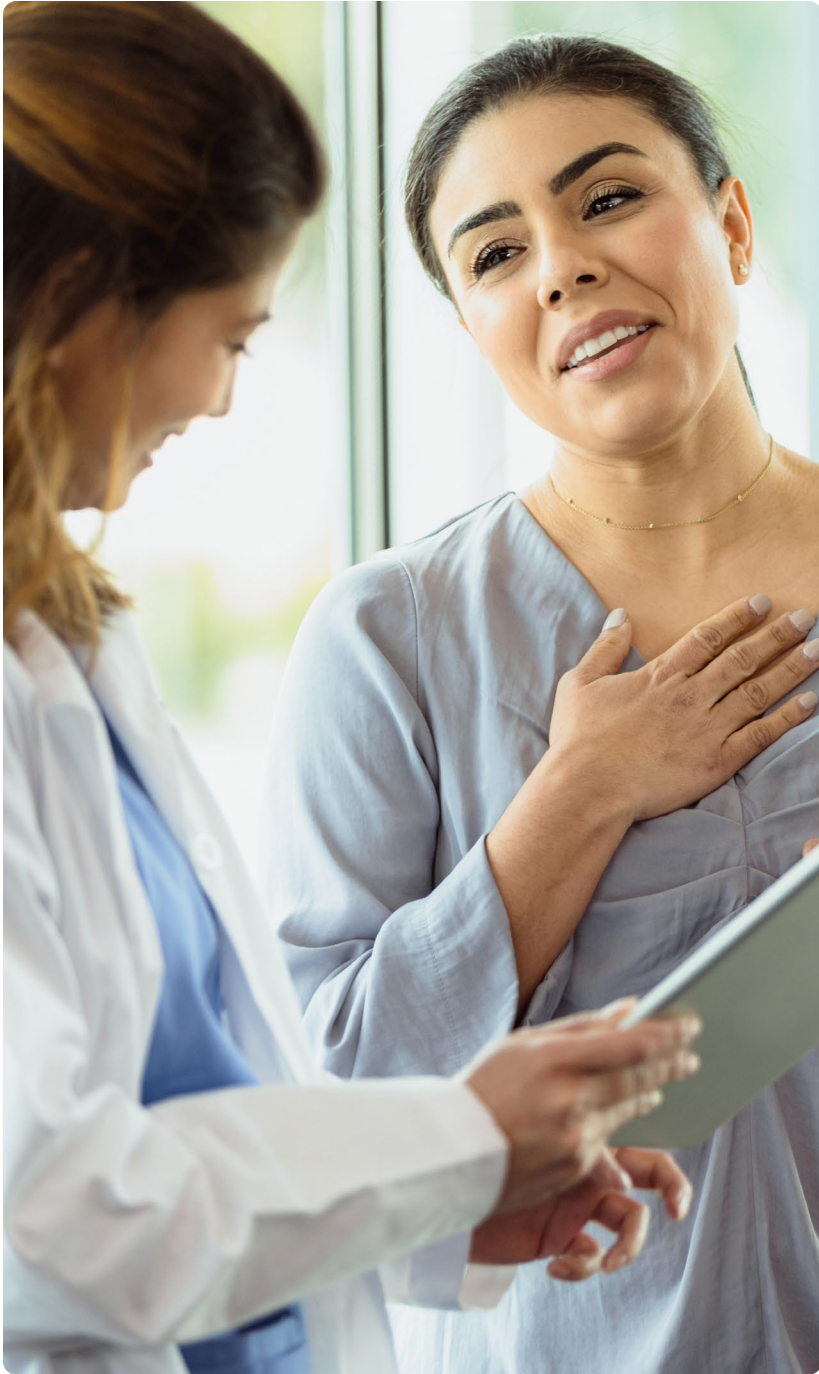
Some practices are reluctant to collect deductibles based on cost estimates. Deductible amounts may change unexpectedly, based on timing of services. For example, if a patient visits another healthcare provider immediately before their appointment with your practice, the deductible amount they owe may change. Your practice's cost estimate could be rendered inaccurate.

Coinsurance

This is the percentage of the cost the patient must pay for a service after they meet their deductible. Commonly, patients must pay 10 to 20 percent for medical services out of pocket. The practice may wait until after a claim has been submitted and the insurance company has processed the claim before billing the patient for the coinsurance amount.

With point-of-service collections, the practice may use a cost estimation tool and ask for payment of coinsurance, or a portion of it, before the patient leaves the office. As with deductibles, some practices are reluctant to collect coinsurance at point-of-service because of the possibility of inaccuracies in estimation based on timing of services.





Patient counseling

At times, the conversation about financial obligations with the patient must go beyond a simple request for a copay at the front desk. Such a discussion should always be a conversation, not a confrontation. It should take place in a private place away from the waiting room. It's helpful to create a cheat sheet with definitions of terms and key points for your staff as well as a script to follow to aid these conversations.

If the size of your practice warrants it, consider providing a financial counselor as a resource to patients. This person should have experience discussing expectations and negotiating payment. If this isn't an option for your practice, educate and train your front desk staff to develop the necessary skills.

Make it easy on yourself—and your patients

To encourage patients to pay, make it easy and give them options. Keep credit card information on file. Offer a payment plan with defined parameters and expectations. Knowing that you will get payment over a defined time period, say six months, is often better business than letting the patient walk out the door and hoping they'll pay in full once the statement is sent out.

Also, consider offering patients a third-party financing program. Doing so allows your practice to address cost concerns without taking on the role of a bank or financing company and assuming the risk and expense of billing and collections. Patients may prefer using this payment option instead of their credit card, especially if special financing is made available.⁴

Get the most out of your last chance to collect

After the patient leaves your office, the focus turns on sending out patient statements and, if necessary, turning over collections to an outside agency.

Get those statements out the door

Once there is a patient responsibility balance, a statement should go out as soon as possible. Consider sending out statements on a weekly or even a daily cycle if the size of your practice warrants it. Based on this schedule, you can stagger statements to avoid flooding your call center. Make sure that your statements are easy to read. Follow up with patient balance reminders via text, email, and phone.

From an IT perspective, verify that your practice management (PM) system is set up properly so that all patient balances actually make their way onto a statement. In NextGen® Enterprise PM, this means making sure patient statement indicators are turned on.



Make it easy to pay after the visit

Enable patients to pay online via a patient portal. Include information on how to make payments on patient statements. Include links to pay online in emails and text messages. Establish an interactive voice response process to make payment by phone easy and quick. Consumers today are accustomed to convenience—they're less likely to pay if they have to wait to speak with a staff member.

You sent the patient a statement. They haven't paid the balances due. Now what?

What to do if the patient doesn't pay

After you've generated two patient statements, send a pre-collection letter. Your message to the patient is straightforward: You need to pay us or we'll send your balance to a collection agency. If the patient doesn't respond, follow through—send the balance to a collection agency.

Establish a process to:

- Report patients for collections. Monthly is typical. Identify any patients that should be excluded from collections – VIPs, employees, or any other groups.
- Report payments for balances in collection. Make sure your office informs the collection agency when they receive a payment. Likewise, make sure the collection agency informs your office when they receive a payment.





Now go collect the money your practice has earned.

Monitor patient collection efforts

To ensure your payment pay processes are effective, monitor key performance indicators (KPIs), statements, and the performance of your collection agency on an ongoing basis.

Track your collections

How much did you expect to collect at the point of service versus what was actually received?

Monitor the registration accuracy rate and eligibility resolution rate

Determining eligibility prior to the patient visit and maintaining accuracy in registration will reduce denials, collection times, and the potential for loss of payment. The eligibility resolution rate tells you the percentage of eligibility issues that staff was able to resolve prior to the patient visit. Monitoring both the eligibility resolution rate and registration accuracy rate helps measure staff performance.

Review your statement process

Determine if statements are going out in a timely manner. Also, make sure the number of statements going out isn't excessive.

Evaluate the success of your collection agency

What is their average recovery rate? To evaluate collection agency performance, you need to establish reasonable expectations. Consider factors such as the amount of debt placed under collection per patient and the length of time the agency has had to work the accounts. Also, consider your patient demographics. How much difficulty is your patient population likely to face in paying amounts not covered by the insurance company? Once you develop a standard for evaluating performance, monitor the collection agency's results over time.

NextGen Healthcare Solutions

NextGen® Enterprise PM is a practice management platform that enables you to accomplish more, in less time, with less overhead. Use it to automate reports and statements, billing, claims, collection, recall letter generation, eligibility and claim status requests, and more. Reduce operating costs, capture missed revenue, and accelerate insurance payments.

NextGen® RCM Services offers a combination of advanced automation and specialty-based, professional RCM expertise to help you manage your revenue cycle. We offer better technology, better processes, and people who know how to make it work. Let us help you prevent denials, increase net collections, improve velocity of collections, reduce days in A/R, and enhance the experience of your patients.

Award Winning



Talk to an expert today.

Partner with us at 855-510-6398 or results@nextgen.com

Discover solutions that enable you to capture your practice's true revenue potential.

1 Sterling Price, "51% of U.S. Workforce Enrolled in High-Deductible Health Plans, Which May Leave Some Underinsured," ValuePenguin, January 25, 2021. <https://www.valuepenguin.com/enrollment-changes-to-high-definition-health-insurance-plans>. 2 Jacqueline LaPointe, "Key Ways to Boost Collection of Patient Financial Responsibility," RevCycle Intelligence, Xtelligent Healthcare Media, August 12, 2016. <https://revcycleintelligence.com/features/key-ways-to-boost-collection-of-patient-financial-responsibility>. 3 Sarah Kliff and Margot Sanger-Katz, "Americans' Medical Debts Are Bigger Than Was Known, Totaling \$140 Billion," The New York Times, June 20, 2021. <https://www.nytimes.com/2021/07/20/upshot/medical-debtamericans-medicaid.html>. 4 Rob Morris, "Third-party financing programs can help patients address cost concerns," Healio Orthopedics, June 2, 2015.