

January, 2008

PRESS CLIPPING

Self-Pay Balances by the Millions... Are We Ready?

Here We Go

The controversial and complicated path of the collection of self-pay balances continues to be a major challenge faced by hospital patient account directors, managers and CFO's. Hospitals are now challenged with dramatic growth of their AR related to patients who are uninsured and under-insured. To aggravate the issue, recent popularity of Consumer Directed Health Plans bring high deductibles and limited coverage. Now more than ever, the path to collection of these self-pay balances has become a critical issue faced by managers of self-pay accounts.

Point A to Point B

As a collection attorney focused on the collection of healthcare debt, I often observe the conflicting goals of my hospital clients, relative to their desire to collect self-pay accounts while balancing that desire with the hospital's mission. The hospital struggles with its role of a community based, not-for-profit hospital, needing to serve the charitable aspect of its mission while being fiscally responsible to carry out that mission. Typically in collections we teach our staff to politely and diplomatically move from point A in the collection process to point B with as little deviation as necessary. Point A is defined as talking with the patient or responsible party. It is no easy task to get to point A which requires multiple attempts by phone, numerous letters, the assistance of technology such as predictive dialers, the struggles around caller ID, answering machines and the like. When we finally reach point A, our goal is to proficiently move to point B, resolution of the account through payment in full. Even with the challenges of contacting someone regarding their delinquent account, the even greater challenge is assisting them with options in resolving the debt. By examining these challenges the hope is that we can resolve a larger percentage of self-pay accounts.

Is it a Debt?

Some of the questions that we need to ask ourselves are as follows. Is a self-pay balance a debt due a creditor that must be paid based on certain terms and by a certain time? Instead, do we allow the patient the ability to set their own terms of repayment, both in terms of dollar amount and time of payment? Should we incorporate the payment of interest and collection fees in the patient's consent form? Should the hospital business office continue to help the patient avoid payment of the debt by finding either alternate payers of the debt or allowing the debt to be written off as charity? Healthcare is a unique breed unlike any other creditor. The path to payment (point B) is certainly a winding road with many obstacles.

Some other considerations are the following. Should a full credit application be completed prior to discharge? In addition to discussing charity

(continued on next page)



REVENUE RECOVERY | ANALYTICS | ATTORNEYS

Harris & Harris, Ltd., 600 West Jackson Boulevard, Suite 400, Chicago, IL 60661 P: 312.423.7421 or 866.781.4538 HarrisCollect.com

Excerpts reprinted from *First Illinois Speaks* Newsletter, January, 2008.



As a collection attorney focused on the collection of healthcare debt, I often observe the conflicting goals of my hospital clients, relative to their desire to collect self-pay accounts while balancing that desire with the hospital's mission.

- Arnie Harris, Esq., President & CEO, Harris & Harris, Ltd.

