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Hospitals adjusting billing and collections practices to meet ACA changes

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The Affordable Care Act has created some new realities for hospitals when it comes to billing and collecting from patients. Hospitals are adjusting by instituting a variety of processes.

At Omaha's Children's Hospital & Medical Center, the focus is on helping those newly insured under the ACA navigate their responsibilities.

In many cases, hospital staff are working with patients who never had insurance before and who may not understand the product they purchased on the exchanges, said Brian Argo, the hospital's vice president and chief revenue officer.

"So we've taken a more active role in helping (them) understand their benefits and possible out-of-pocket expenses. (Some) don't necessarily understand what co-insurance or an out-of-pocket max is," he said.

To meet the need, the hospital is training its financial counselors and front end staff to more aggressively review with patients the various ACA packages and fees.

Training includes providing counselors and other staff with scripting in order to convey a consistent message throughout the organization, Argo said.

The hospital is also in the process of partnering with a local bank to establish a patient loan program that will allow families to extend financial arrangements for up to three years on their hospital and physician balances, he said. By leveraging the credit rating of the hospital instead of the families' personal credit score, the hospital can ensure that its families receive a low interest rate.

Omaha's Children's Hospital & Medical Center is not the only hospital to put time and effort into training staff to provide financial counseling to patients, said Keith Hearle, founder and president of Verité Healthcare Consulting. Many have seen the value of providing financial counseling, however, he said, a good number of hospitals are struggling with questions of patient eligibility for insurance and charity care.

For example, if a patient has received services and isn't covered but was eligible to be covered through the exchanges, what does the hospital do? Does the hospital grant charity care, or

require the patient to provide evidence that he or she applied for insurance on the exchanges?

“We've been kind of flying blind ever since the ACA was signed as to the final mechanics of how the charity process is supposed to work,” said Hearle.

More “progressive” hospitals have been setting to work on the charity care issue, said Tom Gavinski, vice president of healthcare market and industry initiatives at receivables management solutions company, I.C. System. Gavinski represents his Minnesota-based company on a medical debt collection joint task force with the Healthcare Financial Management Association and ACA International. The task force was designed to provide hospitals with a blueprint for best practices for collections activity.

These progressive hospitals are offering so-called presumptive charity, where they contract with a credit scorer, who provides a propensity to pay score, he explained. If the score reaches a certain level, hospitals automatically write the expense of care off to charity care and notify the patient, sparing that individual the need to initiate the application process, said Gavinski. The step has been approved by a number of major auditing firms and is another way to determine who does not have the means to pay and would qualify for financial assistance.

But for all the collections creativity hospitals are coming up with, they still have yet to significantly change their billing and collections processes, said Gavinski. “… I don't think (hospitals) really understand (the ACA’s) full impact,” he said.

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