



The Bottom-Line Impact of nTelagent's Self-Pay Management System

How Hospitals and Other Service Providers Can:

- **Increase** Upfront and Overall Collections
- **Reduce** Bad Debt
- **Improve** Communications With Patients
- **Ensure** Compliance

*... All With nTelagent's **Retail Application for Healthcare***

An nTelagent Case Study
Published 2009

www.ntelagent.com

nTelagent, Inc., 330 Mallory Station Road, Suite B-3, Franklin, TN 37067
615-866-0483

Introduction

Now more than ever, hospitals and other healthcare service providers are struggling to reduce bad debt, increase upfront and overall collections, ensure and document compliance efforts, and treat *all* patients—from the uninsured to the insured—in an appropriate and consistent manner in relation to their financial accounts. The financial viability of our healthcare system depends on providers' ability to effectively and efficiently address these challenges.

"The Self-Pay Management System is a **one-of-a-kind tool that will help both patients and providers in our communities**, as we work to ensure hospitals receive appropriate compensation for services so they can continue to provide exceptional community benefits."

—Tommy Cockrell, chief operating officer of the South Carolina Hospital Association

In this case study, we'll look at how **nTelagent's Self-Pay Management System (SPMS), known as The Retail**

Application for Healthcare, can help hospitals and other providers to improve the handling of patient accounts, as well as reveal the impact SPMS can have on a provider's bottom line.

In the past, the primary payors in the healthcare industry were either private or public insurance organizations, and healthcare providers' systems were built specifically to bill and accept payments from these payors.

However, things have changed. Today the industry has shifted to a retail model. And the market is not just moving in that direction: **The retail model in healthcare has already arrived.** The healthcare industry is struggling because many providers are not set up to effectively determine and collect payments from individuals at the point of service.

It is often the case that patient access staff members are not provided with effective tools, training or support for handling the complex situations that arise on a daily basis. This can lead to an inefficient revenue cycle, missed opportunities for collecting payments, increased bad debt and misclassification of charity care.

Consider: According to a recent nTelagent study of over 40 healthcare providers' aged trial balance (ATB) reports, 50% of the patient accounts that were written off as bad debt showed a capacity to pay. An additional 17% of patient accounts that were written off as bad debt had been classified as having low household income and/or low net worth. This

"Like most healthcare providers, our small and rural hospitals are facing the challenges related to the increasing number of self-pay patient accounts. In fact, our self-pay/uninsured balances have risen to 20%. After looking at different systems, we decided that nTelagent has **the most comprehensive solution to address payment collection on the front end**. ... nTelagent's Self-Pay Management System has been welcomed with open arms. Our member hospitals are signing up daily to get this solution implemented—to help them bring more self-pay dollars to their bottom line, and to help them manage these accounts in house, instead of outsourcing them. The system has also helped us to more efficiently and accurately document our charity care cases."

—Kathy Whitmire, managing director,
HomeTown Health (Georgia)

indicates that they could have been evaluated for government assistance programs (e.g., Medicaid or local or state programs) or charity care processing, but were not. Over 30% of the bad debt write-offs occurred due to unavailable patient data, revealing that adequate personal information is often not collected or verified pre-registration or at the point of service.

Indeed, contrary to popular opinion, the primary reason bad debt has increased so much over the last two years is not just the result of the uninsured. Based on a national study by nTelagent, **two-thirds of all**

bad debt is caused by insured patients. Healthcare service providers are not collecting the deductibles, co-pays and co-insurance because they have never had a retail solution ... until now.

When consumers go to a retail store to purchase appliances or other high-cost items, they are always presented with the appropriate price—including discounting and financing options—at the point of sale by the retail clerk.

How is this possible? The store has an application that tells the clerk exactly what to do and what to tell the customer. This is the approach that nTelagent has taken. **The Self-Pay Management System tells healthcare registrars and financial counselors exactly what to do and what to say to each patient at the point of service about**

pricing of services, discounting, terms, and charity and government programs if appropriate.

For self-pay patients, nTelagent's system helps to ensure that their accounts are handled properly and consistently from the point of service, creating a proactive dialogue from the beginning about a patient's financial responsibilities. SPMS answers the following questions on the front end:

For the Healthcare Provider:	For the Healthcare Consumer:
How much will I be paid?	How much will it cost?
Who is going to pay me?	What is my financial responsibility?
How am I going to get paid?	What are my payment options?

Answering these financial questions upfront in an appropriate and consistent manner allows both the provider and the patient to focus on what really matters: top-quality patient care.

In addition to the above functionalities, SPMS helps providers to meet and monitor federal and state compliance efforts, with the Red Flag Compliance Report specifically addressing the FTC's new Red Flag Rules. SPMS documents every patient encounter and is auditable at the patient level and at the system-user level.

It's simple. **By moving workflow to the front end of the revenue cycle and providing instantaneous scripts, nTelagent helps providers to ensure a better patient experience through clearer communication and better handling of patient accounts, while improving upfront and overall cash flow, receivables and profitability by reducing bad debt.**

"nTelagent has finally given me a tool for my Patient Access Specialist to receive instructions on how to handle the various situations that occur at point of registration in order to maximize cash collections. The Self-Pay Management System (SPMS) has **allowed us to show improvement in cash collections upfront based on each patient's true capacity to pay.**"
 —Diane Oglesbee, Director of PFS, Upson Regional Medical Center, Thomaston, Ga.

The Retail Application for Healthcare: Bottom-Line Results

Now let's look at SPMS's effect on a healthcare service provider's bottom line. After implementing nTelagent's Retail Application, providers can expect to significantly decrease bad debt and increase upfront and overall collections, while ensuring good patient relations. The numbers speak for themselves:

- On average, facilities implementing SPMS for all patients saw an increase in upfront collections of approximately **\$110.00** per registration.
- Depending on the facility's unique situation and use of SPMS, this number can be even more dramatic. For instance, one of nTelagent's hospital clients saw an average of **\$186.00** per registration.
- As another specific example, a 120-bed hospital increased cash by **\$50,000 monthly** as a result of SPMS. These numbers, combined with the other benefits of SPMS, could easily equate to a reduction in overall bad debt of **5% to 10%**.
- In the emergency department, SPMS has an even more impressive effect on providers' bottom lines. On average, ED collections increased by **50%** per registration for nTelagent clients.
- Due to its compatibility with existing legacy systems, providers can simply bolt-on nTelagent's integrated platform to existing systems. The average implementation time is only **four to six weeks**.

"As is happening all across the country, our hospitals here in Texas are facing the challenge of efficiently and consistently managing self-pay accounts, from collecting co-pays and co-insurance upfront to screening for charity care. It is truly one of the industry's biggest problems. ... The Self-Pay Management System is a unique tool that will help both patients and providers in our communities, **ensuring that all patient accounts, from the insured to the uninsured, are handled in an appropriate and consistent manner.**"

—Jim Dixon, president and CEO of the Texas Hospital Association's marketing subsidiary HealthShare

-
- Compared with other solutions, SPMS yields a strong (and fast) return on investment for clients. On average, healthcare providers **double** their upfront collections and reduce the number of non-emergent bad debt patients seen. In addition, providers see a reduction in the volume of returned mail due to bad addresses, and they show **\$500,000+** for ROI, usually within the first 90 days.
 - Additional savings occur due to the **reduction in outsourcing costs paid to collection vendors**. Accounts are many times referred to early-out vendors for collection, due to payment arrangements not being agreed on at point of registration. As an example, if Patient A incurs \$1,000 in ED charges for an after-hours visit, his account may be given to an early-out vendor simply because no one knew what arrangements he qualified for at point of service. At an average of 8% being paid to early-out vendors, the healthcare provider will pay \$80 to collect an account that could have just as easily been resolved at point of service with the SPMS rules for the registrar to follow. To further emphasize this point, consider the following: A CEO of a collections company focused on the healthcare industry reports that he regularly is given accounts to collect that are basically uncollectible because the patient is eligible for charity and government programs. And this costs everyone unnecessary time and money, and could potentially subject patients to unfair collection practices.

Note: nTelagent recommends using SPMS on all patients, in order to ensure consistency in practices, compliance with federal regulations for collections and highest return on investment.

About nTelagent, Inc.

nTelagent, Inc. has developed The Retail Application for the healthcare industry, called the Self-Pay Management System (SPMS). Similar to applications used in the retail industry at the point of sale, the company's proprietary, automated system tells healthcare registrars and financial counselors exactly what to do and what to say to each patient at the point of service regarding financial responsibilities.

Moving workflow to the front end of the revenue cycle, nTelagent helps providers ensure a better patient experience through clearer communication and better handling of patient accounts, while improving upfront and overall cash flow, receivables and profitability by reducing bad debt. In addition, SPMS serves as a compliance tool for the new Red Flag Rules and other federal, state and local regulations.

Using non-credit scoring data, SPMS provides interactive scripts that integrate patient demographic information with each provider's business policies and rules. The system allows for price transparency and automatically identifies discounting options, social services eligibility and charity care options when applicable, ensuring that patient financial accounting—for both insured and uninsured patients—is handled appropriately and consistently.

Visit www.ntelagent.com for more information.