Make Your Patient Statements Work Harder

By Brian Washa and Patrick Maurer

Improving the efficiency of patient statements can equal or exceed cost reduction efforts—with the added benefit of improving the patient experience.

As patient balances climb, so does the cost to collect. So it’s common practice for providers to seek a lower-cost solution to print and mail their statements. However, cost reduction generally necessitates a move to lower-performing statements. The result is net-neutral financial results at best. In fact, costs may become higher overall as a result of extended billing cycles. In addition, more balances become bad debt.

With regard to statement preparation and distribution, the best financial results actually come by making patient statements more effective. Healthcare providers’ experiences show that positioning patient statements as strategic communications tools results in a higher overall percentage of payments and increased use of electronic payment options by patients.

Lessons from NorthShore University HealthSystem

The power of this strategy is exemplified at NorthShore University HealthSystem. Based in the northern suburbs of Chicago, this four-hospital system includes a 900-physician group practice and has annual revenues of approximately $2 billion. In early 2013, NorthShore significantly changed its approach to patient billing upon its launch of a single business office (SBO) approach, in which both hospital and medical group balances due from patients are integrated in NorthShore’s
NorthShore University HealthSystem
Patient Billing General Touch Points

- Financial counseling with point-of-service collection at 15 percent patient payment
- Charity care presumptive eligibility determination
- +5 days: first statement
- +35 days: second statement; phone call from business office for balances more than $2,500
- +50 days: automated phone call
- +65 days: third statement
- +80 days: second automated phone call
- +95 days: precollection letter and phone call; approximately 30 days thereafter, balances are forwarded to primary collection agency
- High-dollar accounts managed by internal self-pay collections team

Source: NorthShore University HealthSystem. Used with permission.

practice management system prior to creating patient statements. The SBO implementation streamlined billing processes by creating a single statement for a family guarantor, regardless of the specific services provided. NorthShore achieved what many have considered the holy grail of billing—combined hospital and physician billing with balances for all family members onto one monthly, integrated patient statement.

About the same time as NorthShore was preparing for implementation of the SBO model, the health system observed a pronounced spike upward in write-offs of amounts due from patients, as measured by six-month averages. Recognizing the SBO conversion as an opportunity to completely rethink its patient statements, NorthShore launched a project to incorporate strategic and customized communication elements into key areas of the printed statement, as well as online billing and payment tools. The objective was to develop statements that would encourage patients to take specific actions based on their individual billing circumstances.

Goals for the project included emphasizing electronic statement delivery and electronic payments; integration with the practice management system via single-sign, meaning one login/password allows seamless access both to patient medical history and to billing and payment information; fewer billing-related calls to administrative personnel; and measurable increases in key revenue cycle metrics.

The First Step: Break from Traditional Billing Practices

The first step toward NorthShore’s goals was a decision to go beyond “traditional print.”

NorthShore sought to maximize performance of each statement by segmenting the messaging based on the data attributes of the account. For example, messages would be tailored based on balances owed, the billing cycle, or whether or not patients were on payment plans. The health system could then integrate that customized messaging into key patient contact points, including patient statements, online portals, and e-mail communications. The objective was to shift payments earlier in the time-line and, ideally, to the first statement.

NorthShore also made a strategic decision to promote payment plans for balances unlikely to be paid on the first statement, thereby initiating some payment and helping to avoid forwarding accounts to third-party collections. In addition to targeting financial success metrics, NorthShore aims to be empathetic to the patient billing experience, offering user-friendly solutions.

Furthermore, NorthShore chose to maintain control over patient billing. There are many vendors who could handle billing, but the health system wanted to ensure compassionate patient approaches and IT integration.

Segmentation to Increase Statement Performance

At NorthShore, revenue cycle leaders recognize that products and features alone aren’t going to be enough to solve a complex problem that involves multiple patient touch points before, during, and after an episode of care. They knew that they couldn’t take a piecemeal approach to a complex problem.

Each month, NorthShore sends billing data for approximately 105,000 patient statements to a billing vendor partner. Patient statements are then generated with variations based on patient payment behavior and necessary data. For example, early-cycle, low-balance statements may encourage patients to use easy mobile payment options or late-cycle statements might introduce payment plan options to prevent write-offs. Patients are grouped into different segments based on those characteristics and different messages are sent to them to improve payment efficiency and speed.

The following factors govern how NorthShore’s patient statements vary.
- What point in the statement cycle—whether the first, second, or third statement
- Whether the patient/guarantor owes more or less than $250
- Whether the patient/guarantor has already established a payment plan

Although NorthShore has specific messaging for its particular patients’ needs, the following goals are likely to be common to other health providers undertaking similar projects.
- Low balances: highlight the availability of online billing to encourage quick, on-the-spot payment.
- High balances: focus on the availability of payment plans.
- New charges to households with existing payment plans: stress the need to pay the new charges and/or contact the billing office to arrange for adjustments to the payment plan.
Financial Improvements and Next Steps at NorthShore

NorthShore has seen measurable improvements in key revenue cycle metrics, including a “new normal” in six-month average write-offs, which are now some 30-40 percent lower than when the upward spike occurred in early 2013. Positive factors include the transition to the SBO billing approach, improvements in the economy, and healthcare insurance expansion via the Affordable Care Act—with an integral component throughout being the project to make statements more efficient.

NorthShore’s efforts to get optimum performance from patient statements continue. The health system has established a patient billing task force to evaluate and improve on successes to date. The team’s charter is to review analytic dashboards; identify challenges and opportunities; and optimize messaging, segmentation, channel communication strategies, and process changes based on results.

Patient statements designed as flexible, strategic communication tools can become vehicles to deliver the right message at the right time to the right patients. The results, in combination with other business initiatives, can yield meaningful financial improvements, such as NorthShore’s increase from 19.5 percent to 23.19 percent of payments made on first-cycle charges. That and other improvements are examples of why providers benefit by taking a strategic approach to statements rather than focusing on costs alone to achieve stronger financial results.

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