



## Getting a Grip on Billing

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It sounds simple enough. A patient sends an e-mail to a hospital asking how much it will cost out of his own pocket to have his gallbladder removed. Odds are, if he gets an answer at all, the response will be long in coming because generating such estimates is far from simple. Yet, it's a service that more patients are asking hospitals to offer.

Faced with ever higher insurance deductibles - or lacking insurance altogether - more consumers are shopping around for their health care much as they would for a car. After all, they already use the Web to generate quotes on services ranging from travel to mortgages

In the face of this burgeoning consumerism movement, hospitals interested in staying a step ahead of their competitors are scrambling to provide improved customer service, including providing estimates. But they're discovering that gathering all the necessary data for an estimate can be very time-consuming and cumbersome. Hospitals making the effort, however, find they are in much better position to generate patient loyalty.

Quoting an estimate might include such steps as verifying insurance eligibility and coverage, either online or by phone; determining how much of a patient's deductible obligation remains; diving into a contract management system to determine the terms of a deal with a specific insurer; and perhaps studying an average of recent procedure charges for self-pay patients.

Hospitals are taking a wide variety of manual and automated approaches in an effort to streamline the bill estimate process. In addition, they're taking many other steps to improve revenue cycle management in response to consumerism. For example, they're simplifying the language used in bills, and, in some rare cases, consolidating hospital and doctor statements. And they're accepting credit card payments at patient portals or kiosks.

**For many hospitals, meeting patient demands for information is creating a systems integration nightmare, says Ron Comejo, director of the revenue cycle practice at IMA Consulting, Chadds Ford, Pa. For example, estimating a bill "might require working with four or five vendors to integrate their applications and get the job done," he says.**

**Many older patient accounting systems aren't set up to produce bills written in patient-friendly language, he notes. In many cases, this forces hospitals to turn to an outsourcer for additional help.**

**And consolidating hospital and physician bills requires extraordinary collaboration - uncharted territory for many providers, he adds.**

#### A Creative Solution

Frustrated by the lack of functionality of available bill-estimating software, Alegent Health worked with one vendor to develop a custom application to meet its needs. The result? The Omaha, Neb.-based delivery system with nine hospitals now quickly provides detailed bill estimates to consumers on its Web site - a rarity in health care.

"The story behind it is that our CEO came back from a Chamber of Commerce meeting and told us that he announced that within a year, we'd offer the coolest cost-estimating tool in health care," recalls Scott Wooten, senior vice president and CFO.

The project involved far more than computer programming - although that alone was a tall order. It required cooperation from a number of players.

Wooten, like many other hospital executives, learned that health insurers, burdened with legacy information systems, often find it difficult to pinpoint such details as remaining deductibles and co-payment levels. So he took the extraordinary step of enlisting the support of a local employer to help get the ball rolling.

"We had a strategic relationship with a major employer here, Union Pacific, who wanted us to offer bill estimates," the CFO says. "They pressured their insurance company to cooperate with us on this project."

Alegent worked with MEDSEEK Inc., Birmingham, Ala., to create the MyCost application to gather all the necessary data for an estimate. It also worked closely with its hospital information system vendor, Siemens Healthcare, Malvern, Pa., to fuel the estimates with data from Siemen's claims clearinghouse database. MyCost also links to Alegent's managed care contract management system to obtain data for specific payers.

As a result of those integration efforts, potential Alegent clients can visit a Web site, type in their insurance or self-pay information, request an estimate on any of 500 services, and get a reply within seconds. Enrollees in certain health plans that cannot yet electronically provide complete data, however, must input their own information on copays and deductibles.

Since implementing MyCost in February 2007, Alegent has processed 82,000 transactions. But because the system doesn't retain patient identification, it doesn't track whether the curious consumers wind up as clients, Wooten says.

The CFO hasn't even attempted to calculate a return on the investment in the major application development effort. "This was driven by our strategy to embrace consumer-driven health plans and create relationships with consumers," he stresses. "We saw this as a way to simplify consumers' lives."

## Interim Steps

While Alegen has automated virtually all the steps involved in producing an accurate estimate of patients' out-of-pocket costs, many other providers have taken interim steps toward streamlining the process.

Integrus Health, a 14-hospital system in Oklahoma City, offers a "price line" phone number that consumers can use to receive estimates within 24 hours or less, says Brent Grimes, corporate director of patient financial services. Using a home-grown database, Integrus links information from its chargemaster list and its contract management system. That way, the hospital system can produce an estimate of likely charges for a particular diagnosis. It also calls the insurer to verify eligibility as well as benefits levels.

In addition to getting a return phone call, patients get a letter confirming the estimate.

"We had a need to serve patients who are doing comparative pricing in our market," Grimes says. "There are a lot of health care choices here in Oklahoma City. We also had a broken down system," he adds, pointing to inconsistent estimates among various Integrus hospitals.

"It's not uncommon to see patients with a \$5,000 to \$10,000 deductible now, which can make them virtually a self-pay patient," Grimes adds.

The biggest challenge in providing estimates is that payers' Web sites lack sufficient information on a particular patient's coverage, such as their lifetime maximum benefit or current deductible status, says Mitzy McCulloch, Integrus' administrative director, revenue cycle. That's why hospital staff members usually have to call an insurer to firm up an estimate, she says.

Providing an upfront estimate greatly increases the odds that a patient will ultimately pay their self-pay balance, Grimes says. "Generally if they ask questions upfront, they'll work with you to work out a payment plan. The earlier you interact, the higher probability you have of receiving payment."

Plus, providing good cost estimates provides Integrus with a competitive edge, McCulloch contends. "It helps us win business because many of our competitors cannot provide such an accurate estimate."

At three-hospital Bellin Health System in Green Bay, Wis., patient financial advisors also generally call insurers to verify coverage details. Bellin has a "Compare Care" phone line to handle consumers' price quote requests, says Jeff Hampton, director of revenue cycle management. But it only offers quotes of average charges or price ranges from the past six months, which means most insured patients have to estimate out-of-pocket expenses on their own. "I'd love to create a process where we quote a flat price, guaranteed," Hampton says, acknowledging that achieving this goal will require I.T. enhancements as well as cooperation by payers.

Meanwhile, 112-bed St. Joseph Hospital in Bangor, Maine, relies on software from Craneware Inc., Orlando, to help prepare estimates. When patients call the hospital's Price Quote Line, a financial advisor uses the application to query the facility's

chargemaster and obtain an average price, says Lisa Killam, reimbursement charge supervisor. Soon, the hospital will upgrade the application so it can link to its contract management system, calculate payer-specific reimbursements and estimate out-of-pocket expenses, she says.

## Simplifying Bills

The industry has long been aware of the need for better communications about patient finances. For nearly a decade, many hospitals have been attempting to carry out recommendations from the Healthcare Financial Management Association's patient-friendly billing" initiative (see story, page 26). The effort calls for hospitals to use language in bills that's easier for consumers to understand, consolidating information so there are fewer line items and displaying it much like a credit card bill.

Many hospitals rely on an outside service to print and mail bills, so they're turning to those outsourcers to prepare the simplified bills as well.

For example, the 34 hospitals in Adventist Health System rely on Emdeon Business Services, Nashville, to create and mail bills. The hospitals simply transmit the necessary billing data to Emdeon, which then converts it into an easy-to-read statement, says Ken Ursin, corporate director of patient financial services for the Lake Mary, Fla.-based hospital chain. "We worked with them on simplifying the bill," he says. "We used to send bills with detailed information that the patient could not understand, with lots of abbreviations to fit everything in limited space."

Adventist's patient accounting system, from San Francisco-based McKesson Corp., lacks an effective way to produce patient-friendly statements, Ursin contends. "Emdeon puts a pretty face on our statements for us."

Like Adventist, Bellin Health System turned to its billing statement outsourcer, LaserNet Inc., Green Bay, Wis., to simplify its bills. But Bellin has taken the extraordinary step of consolidating bills for its hospitals and its 70 employed physicians, says Hampton, the director of revenue cycle management.

Bellin sends out one statement to each "guarantor," the person responsible for payment. Thus, one guarantor might get a mailing with hospital and physician bills for himself, his wife and his two children. "If we're going to advertise ourselves as Bellin Health, we need to stop acting like Bellin hospital and Bellin medical group," Hampton says.

Bellin, however, cannot consolidate all bills. That's because surgeons, anesthesiologists and other professionals not employed by Bellin still send out their own statements.

The Wisconsin provider also posts images of the consolidated bills on a secure patient portal, where guarantors can get updated information on their out-of-pocket balances.

Integrus Health in Oklahoma relies on RelayHealth, a unit of McKesson, to simplify language in the bills it mails on behalf of its hospitals, says Grimes, the corporate director of patient financial services. The bills now list charges by department, rather

than every line item, he notes, but patients can request an itemized bill. Integris also transmits bills via e-mail for patients who prefer not to get paper bills.

### Online Payment

Simplified bills help consumers better understand their financial responsibility. But many are accustomed to paying their bills online and wonder why many hospitals cannot accept such payments.

For two years now, patients treated at Adventist hospitals have been able to make credit card payments on a patient portal fueled by an application from NCR Corp., Dayton, Ohio. Many of the 34 Adventist hospitals also have introduced NCR self-service kiosks that patients can use to register upon arrival and make a payment. In 2008, the hospitals generated \$4.87 million in patient credit card payments via the portal or kiosks, says Ursin, the financial services director. The NCR technology automatically posts credit card payments to patient's accounts, eliminating a manual task.

Similarly, Integris uses technology from RelayHealth to accept credit card payments on a portal.

"The idea is to get off the paper and join the rest of the business world in becoming more electronic," says Adventist's Ursin.

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