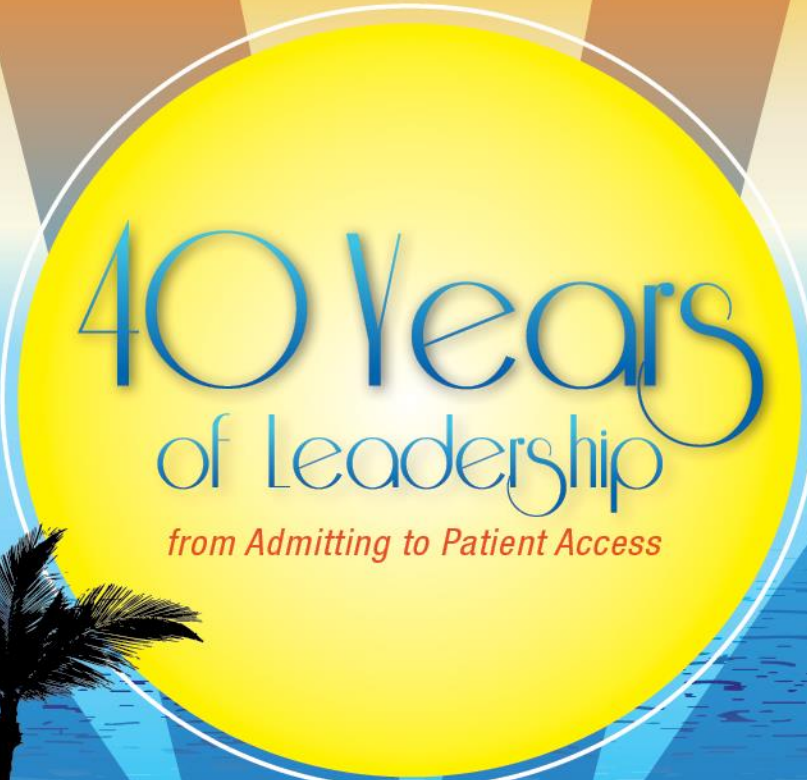


NAHAM'S 40TH ANNUAL EDUCATIONAL CONFERENCE & EXPOSITION

A large yellow circle with a white outline, containing the text "40 Years of Leadership" in blue and red. The background of the slide features a stylized sunset with orange and yellow rays, a blue sky, and silhouettes of palm trees.

40 Years of Leadership

from Admitting to Patient Access



Your Number Three Payer is About to be Your Worst Nightmare

Sheila Schweitzer
CEO and Chair PatientMatters, LLC.

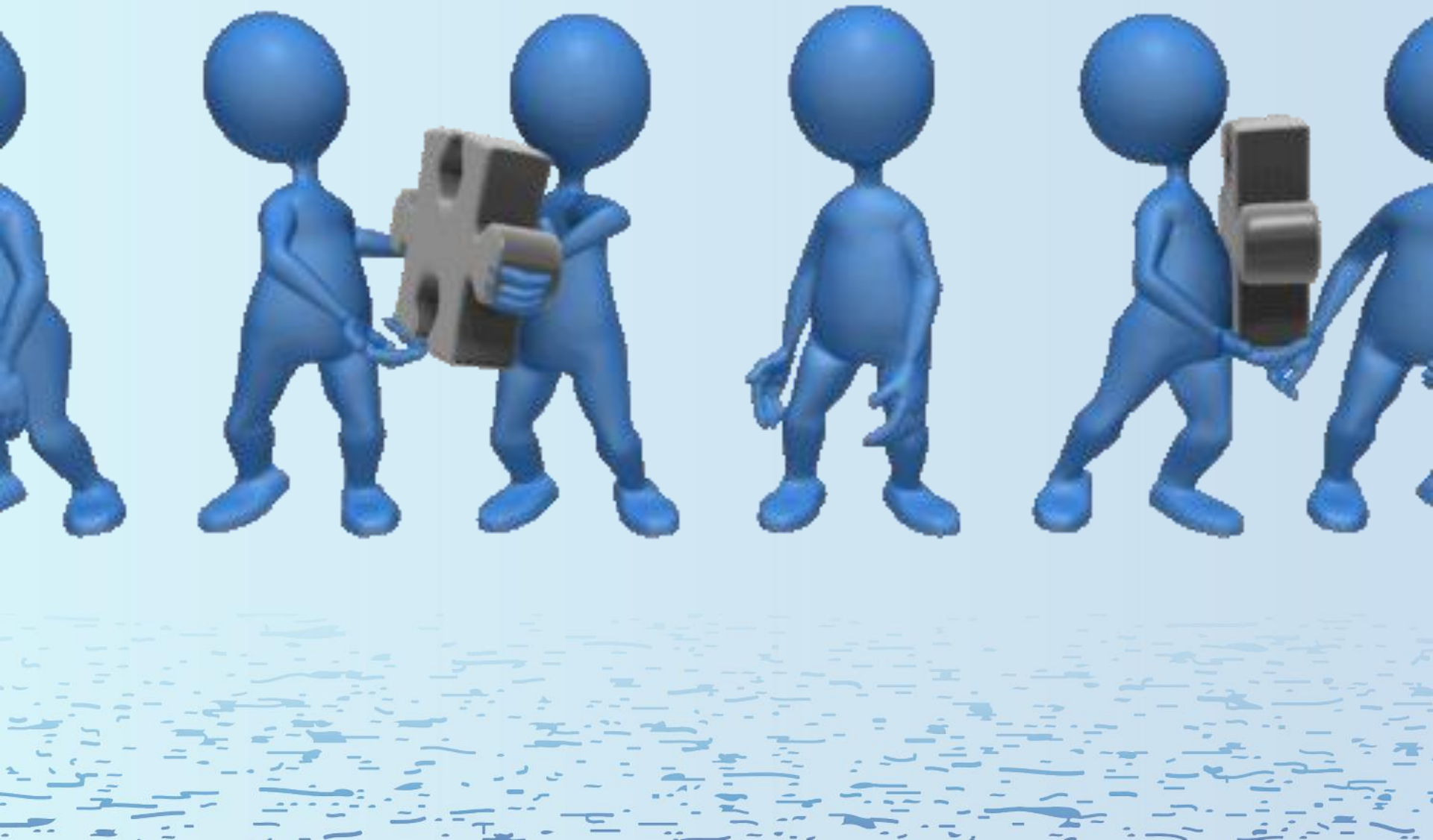


Business Value Proposition

Think that Self Pay is Going Away?
Think Again!



Who is Your Third Largest Payer?





Foundation and Problem Statement

So you are thinking with exchanges that self pay
will go away?

Not!

- It is projected national out-of-pocket expenses will rise more than \$400 billion by 2016. Double the amount in 2001
- Mandated coverage in 2014 will increase basic insurance plans, leaving the patient to cover up to 40% of the responsibility
- The percentage of Americans enrolled in employers' high deductible plans jumped to 28% in 2012



Did you know?

- Self Pay has become the number three payer behind Medicare and Medicaid
- Consumer out of pocket financial responsibility is expected to be as much as 32% more per family in 2014
- “Insured” patient doesn’t guarantee full payment
- A new skill set is required to enroll, educate, and advocate for the patient
- ICD.10 could potentially increase the patients responsibility



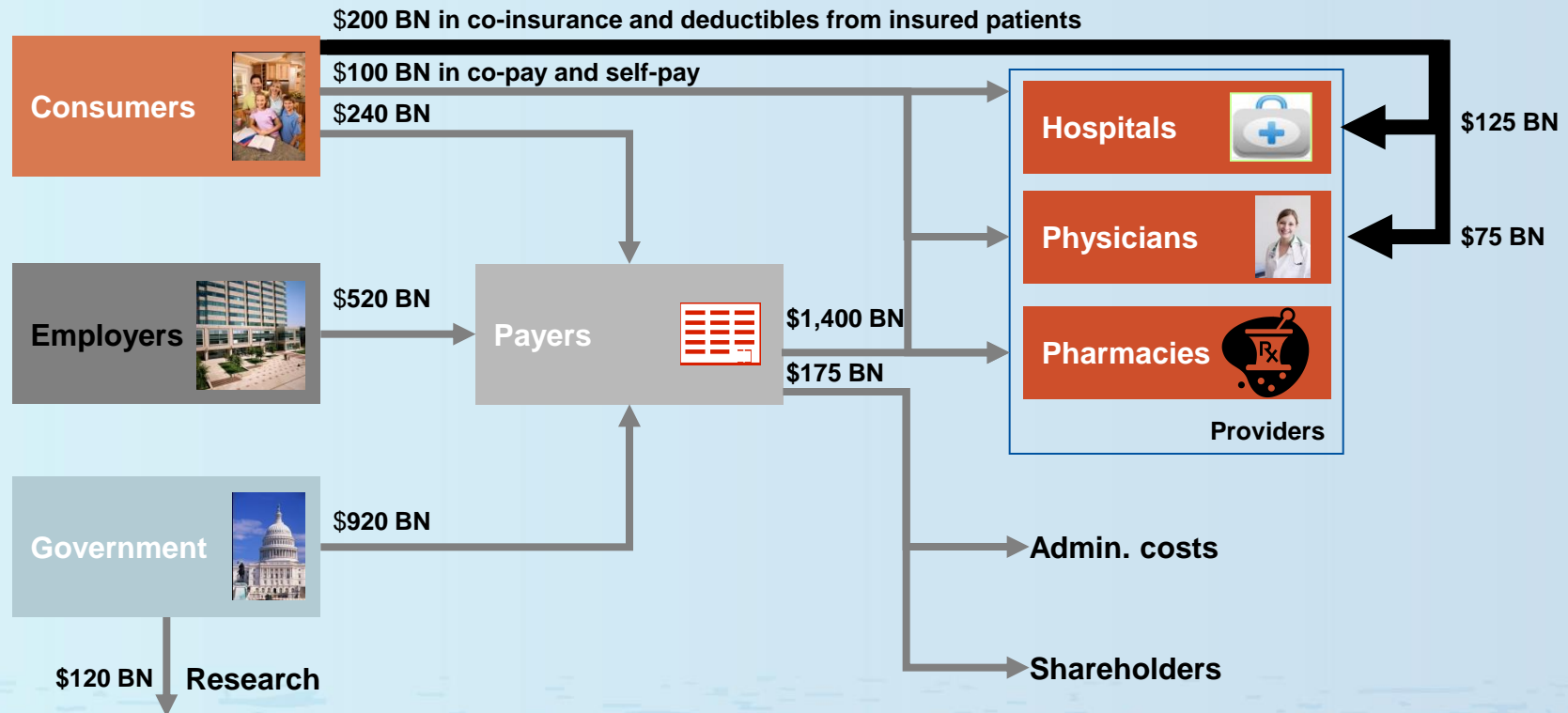
Did You Know?

- 55% of the patient financial responsibilities are never recovered
- 81% of “true” self pay responsibilities are never recovered
- 2X the additional cost to collect from the patient vs. the payer
- In 2007 patient responsibility was 12% of the total revenue
- In 2012 patient responsibility was 30% of the total revenue



Of \$2.1 TN in annual US healthcare payments flows, \$200 BN flows directly from consumers to providers as co-insurance and deductibles

- **Payments flows in US Healthcare (\$TN, 2010)**

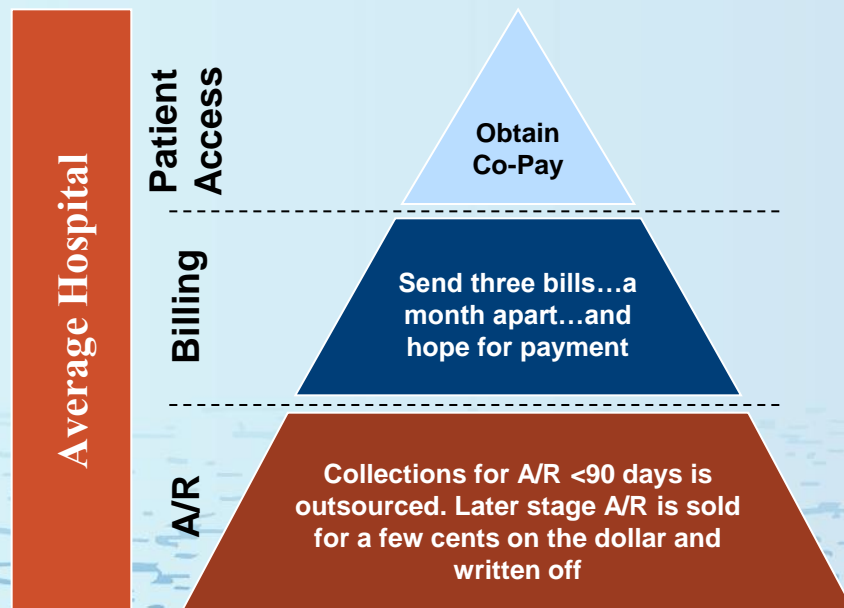


Direct payments from consumers to providers are expected to grow with increase in high deductible plans and as costs are shifted to consumers

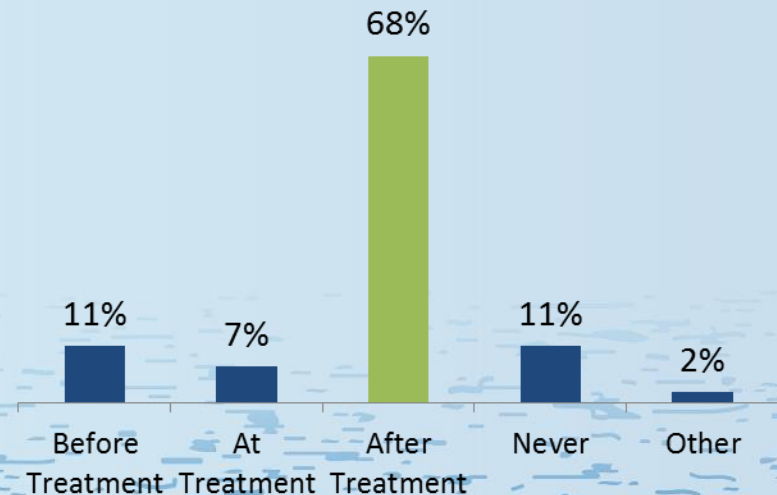


Historically, providers have focused on patient payments only after claims adjudication

- Current RCM activities primarily focused on payer receivables
- Hospitals are better prepared to manage clinical experience and have varied success in managing financial risk and economics
 - **Typically only 10% of patient receivables are collected at or before the time of service¹**



When Patients Learn About Treatment Costs



¹)HFMA "Strategies for Effective Self-Pay Management", March 2010

²) Leerink Swann, October 2010

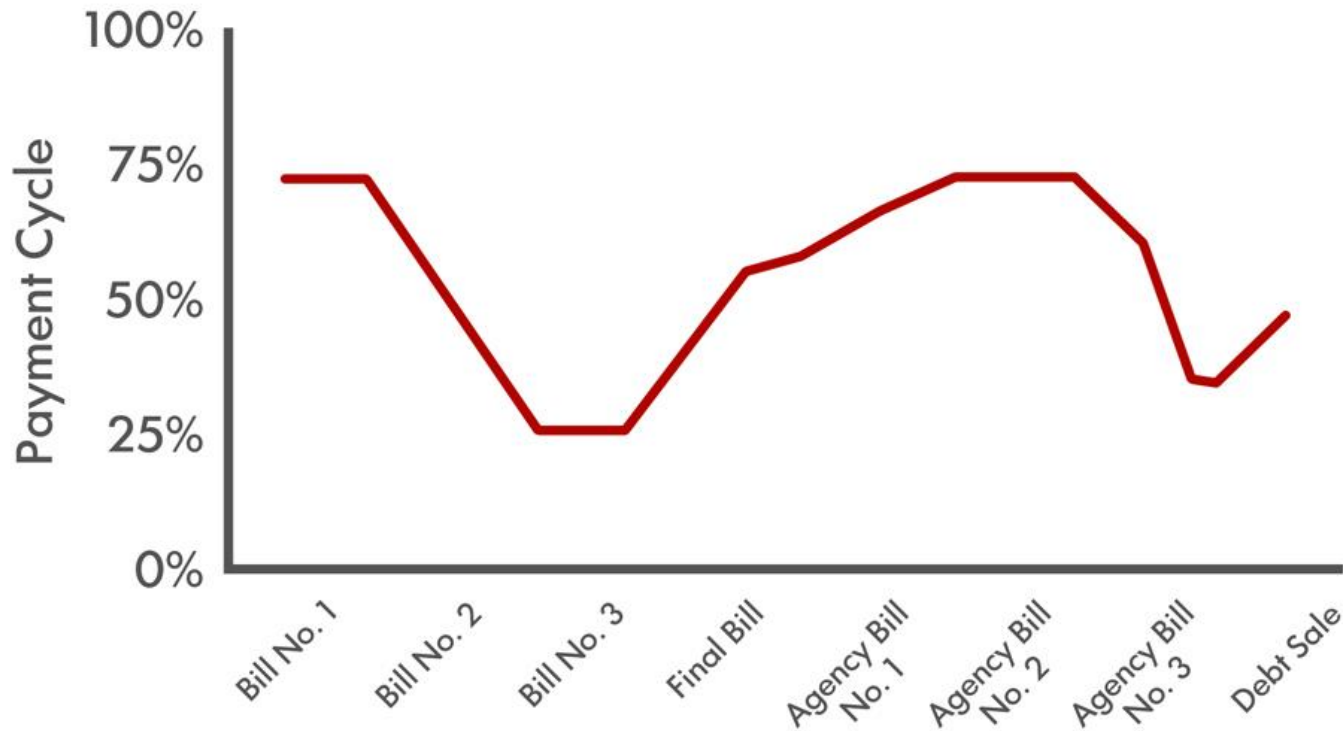


Facts

Patients learn providers behavior / practices

- Number of bills
- Discounts
- Charity
- Collection Practices

Patient Payment Behavior





Patients and Social Media

- 87% of all electronic payments were made before the due date
- 13% of all electronic payments were received within 5 days of issuance
- ***Patients who receive “e-Statements” and “pay online”***
- 93% paid before the due date
- 29% paid within 5 days





Do you have a Partner and Strategy?

These are just a few facts providers, payers, and employers need to acknowledge as their future.

They need to have a strategy and/or partner to respond to the changes. The operating model around the patient out-of-pocket will have to change.



Bad Debt

Charity Care Bucket: Patients who legitimately cannot afford to pay

Bad Debt Bucket: Patients who are unwilling to pay



Remember When 12-15% Recoveries Were Cause For Concern?

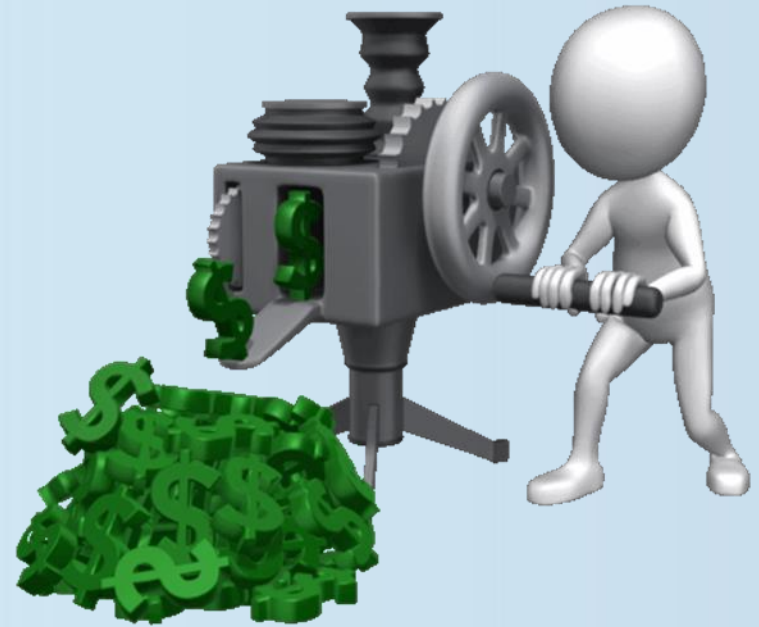
- Historically, hospitals have written off about 3-5% of revenues to bad debt
- Today that number is trending toward 7-9%
- Providers recover less than 9% of every dollar of healthcare self-pay bad debt





Best Practices

- Financial Clearance
- Discounting
- Loan Programs
- Early Out
- Denial Management
- Medicaid Eligibility
- Propensity to Pay
- Estimator
- Identity Validation
- Debt Sale





Challenges

- 501R
- Exchanges
- Proposed Rule 1455 and 1599
- ICD.10



501R

- Publish FAP
- Discount Charge
- Third Party –Statement Vendors, Early Out, Collection agencies, Debt Buyers, and Medicaid Vendors
- Explain the process



Exchanges

- Penalty vs Premium
- Navigator vs Advisor/Counselor
- Strategy Medicaid Vendor
- Strategy Loan Program



Proposed Rule 1455 and 1599

- Two Midnight Stays
- ICU
- Orders
- One Day Stays
- Operating Model



ICD.10

- Budget
- Strategies
- Operational Impact and Cost
- Training
- Financial Impact
- Contracts
- 4th Q 2014 and 2015--Cost



SIX KEYS TO SUCCESS

Leadership and employee education on the importance of patient liability collection. It's often a culture change!

1

Standard scripting so that employees are well-prepared for conversations and the patient experience is reliable and accurate

2

Consistent processes across all patient access areas for insurance verification, determination of patient financial responsibilities and POS collections

3



SUCCESS

Automated patient
payment
estimation,
collection and
posting at the
point of service

4

Robust and
automated
reporting to
facilitate
identification of
opportunities for
improvement

5

Standard
measurements
and goals with
publication of
results at system-
wide, facility,
service and
employee level

6



Questions

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