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The Benefits of Outsourcing Receivables

by HERSHEY DELPORTE

Today, more and more hospitals are using vendors to follow up on aged patient account receivables. There can be many reasons to outsource, and there are many different types of firms that handle this work. When considering outside help to work your institution's receivables, understand why outsourcing is necessary and then select a vendor with the right approach.

Temporary, Highly-Trained Staff

Outsourcing is a good temporary solution when you do not have sufficient staff to handle a backlog of old accounts. Many patient accounts departments are forced by budget constraints to allocate thousands of accounts per follow-up specialist. Since it usually takes three to six follow-ups to resolve an account, this could mean more than 10,000 pending contacts for an average follow-up rep. Even if all initial contacts could be completed, eventually timely subsequent follow-ups – key to finally getting an account paid – will fall behind.

Staff knowledge on the managed care complexities may also be a reason to outsource. With silent PPOs, pricing organizations, complicated managed care contracting, and different addresses for varying payment terms – all in addition to standard staff turnover – it can be quite a challenge to keep all staff trained to where they can effectively resolve all types of managed care claims. Take a real-

istic approach and determine the types of claims your staff handles best and outsource the rest.

Systems Bottleneck

The hospital's patient financial system may also create a need to outsource receivables. The system may not be set up to move accounts along after the primary payment is posted. For example, the process of billing secondary payers and/or patients may not be automated, so staff must verify each payment posted and manually "move the money" through the system. Obviously, the volume of work this creates can be overwhelming. If your system can be modified to automatically move accounts, you still may want to outsource just to get caught up.

Best Practices

After making the decision to outsource, look for the following from your vendor to help ensure the best results:

Determine if the vendor will identify the underlying reasons accounts are not being paid or will just work to recover cash, because a firm that provides both will help you fix the problem not just deal with the symptoms.

Ask about vendor staff that will be working your accounts: how much hospital billing experience do they have; do they consult managed care contracts; which payers have they worked with; have they used your patient accounting system before, etc. This will determine if the vendor will be adding real value.

Find out what account-specific documentation the vendor will provide. If they can enter notes directly into your patient accounting system, your staff will be better prepared to handle phone calls and correspondence that still come their way.

Make sure the vendor is prepared to

collect supporting documents (e.g. remittances, vouchers, bills, and correspondence); otherwise they may create additional work for your staff and defeat the purpose of outsourcing.

Get clarification on who will be performing account maintenance; in many cases you can get the vendor to handle things such as transferring liability, secondary billing, and correcting insurance information that again lessens your staff's workload.

Lastly, determine the types of reports you will get throughout the project including the frequency of in-person meetings. Firms that keep you informed make it easier for you to keep upper management supportive of your efforts, and help you resolve issues and improve your entire operation.

Outsourcing has proven to be valuable tool for hospitals to use in managing their receivables. And partnering with the correct vendor that has a sound approach can make all the difference, taking results from generating more cash to transforming your patient accounting process.



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