SEGMENT FOR BETTER SELF-PAY RETURNS

> "CCI's scoring and segmentation strategies have increased the efficiency and effectiveness of our collection efforts while keeping our costs budget-neutral."
>
> *Jeff Sherman, Director Patient Accounts, Tallahassee Memorial Healthcare*

TALLAHASSEE MEMORIAL HEALTHCARE   TALLAHASSEE, FL

Tallahassee Memorial HealthCare (TMH) is a private, not-for-profit community healthcare system. TMH serves a 16-county region in North Florida and South Georgia with a 772-bed acute care hospital, a psychiatric hospital, specialty care centers, three residency programs, and 22 affiliated physician practices.

CHALLENGE

Tallahassee Memorial Healthcare (TMH) had utilized CCI's pre-collect service since 2000. Their strategy included a successful combination of agency engagement following the regular hospital statement flow for both self-pay and self-pay after insurance patients.

Being a college town and the state capital, Tallahassee maintains a moderately transient population. The hospital experiences a high number of bad addresses and patients who are difficult to track down after receiving hospital services. CCI has helped collect balances that would have otherwise been placed with agencies in bad debt. CCI also identifies bad addresses and secures updated mailing information for many patients. While the strategy has been extremely successful in getting the general patient population to respond favorably, current trends stemming from the Affordable Care Act require a new approach. Patient out-of-pocket expenses have grown and TMH has been challenged to find new ways to escalate collection efforts without increasing their cost-to-collect.

SOLUTION

Confronted with developing new, progressive strategies that might increase cash, TMH outlined a plan with CCI to enhance collections using scoring technology to identify accounts with a higher propensity to pay and use automated calling systems to contact certain patients by phone.

The first step in the plan involved working smarter, identifying the patients who are likely to pay versus those who are less likely or unable to pay. Accomplished through the assignment of a score designed specifically for healthcare, accounts were segmented into groups based on their score relative to their propensity to pay and balance size.

Segmentation allows specific actions to be taken on each category of account, resulting in a more strategic, intentional and cost-effective approach to collections. Certain segments of accounts require a high frequency combination of phone calls and letters, while other segments fare just as well receiving fewer "high-maintenance" communications but with convenient and automated options for patients to self-serve.

Amount Collected per Dollar Spent

67% Increase

$16.40

$9.80

before   *after*

*Every dollar TMH invested in collections prior to segmentation yielded $9.80 in recoveries. After introducing segmentation, collections per dollar spent climbed **67%** to $16.40.*
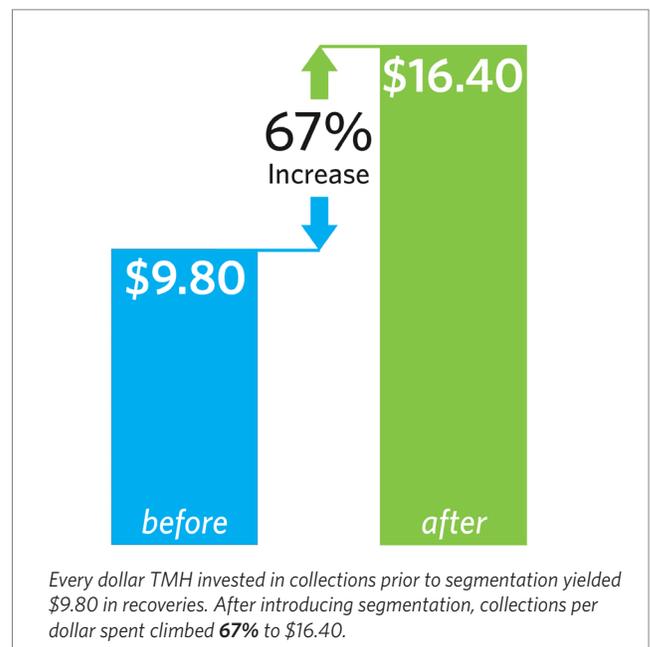
fig. 1

The second step in the plan introduced automation through the use of Interactive Voice Response (IVR) calls. Using IVR technology to make outbound calls is effective because it dramatically increases the number of patients that TMH is able to reach daily when compared to traditional dialing. Making the switch from live staff not only saved time but it saved money. Calls placed during business hours are "attended", providing the ability for call recipients to connect directly to hospital staff. After-hours messaging is scheduled to reach patients at optimum times in the early morning or evening, before or after work. Most patient questions can be answered by an automated IVR system and patients can make payments any time of the day or night.

RESULTS

Prior to segmentation, every dollar that TMH spent with CCI generated $9.80 in collections. Since implementing scoring and segmentation, TMH now collects $16.40 on every dollar spent, which reflects an increase of 67% (fig.1). With scoring and segmentation in place, accounts with a higher propensity to pay are receiving more efficient and effective communication, which is a much better use of resources..

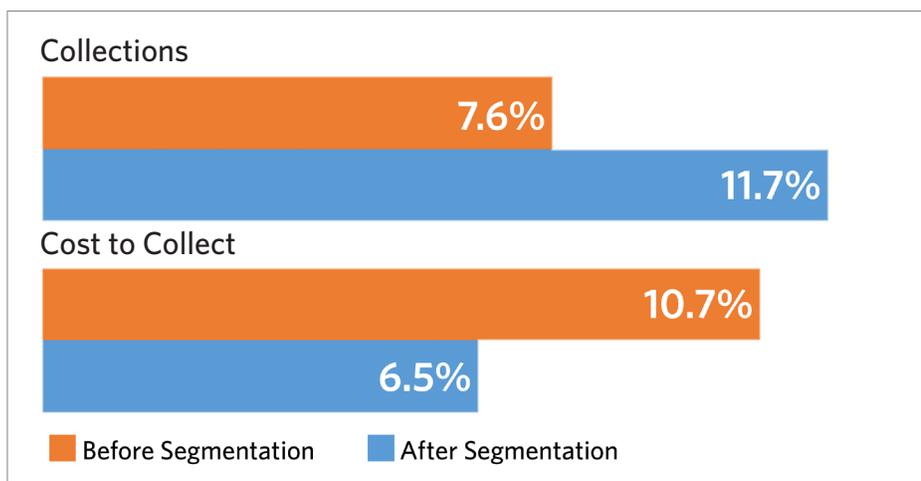A review of traditional self-pay performance indicators shows significant improvement in overall collections and a decrease in cost to collect. Self-pay collections have increased 54%. Prior to beginning the new strategies, collections averaged 7.6%; with scoring and segmentation, collections now average 11.7%. TMH is also pleased to find a dramatic decrease in their cost to collect with CCI. Their cost as a percentage of collections is now only 6.5% , a 39% decrease from the former 10.7% cost.

Utilizing new technologies and strategies from an existing partner has proven to be a very profitable investment for TMH as they continue to evolve with their changing patient population. While the new approach has been validated by the incoming dollars and improved KPIs, it has also been a surprisingly easy strategy to implement. CCI's integration with TMH's STAR Patient Accounting system allowed for an aggressive "go-live" schedule and ensured minimal risk as there was no additional software required and no interface to build. CCI support staff worked with TMH to time a slight modification to their CCI controls inside of STAR and the long-established data feed provided all that was needed to begin the new strategy.

Self-Pay Performance Improvement

Collections

7.6%

11.7%

Cost to Collect

10.7%

6.5%

■ Before Segmentation   ■ After Segmentation

fig. 2

CCi

POWER ON THE INSIDE