

NAME

Novant Health® - Southern Piedmont Region

LOCATION

Charlotte, N.C. and surrounding counties

MEMBER FACTS

- Presbyterian Healthcare, an integrated health care organization based in Charlotte, is the Southern Piedmont Region of Novant Health, the largest private, not-for-profit health system in North Carolina. Presbyterian Healthcare includes Presbyterian Hospital Main, Presbyterian Hospital Huntersville, Presbyterian Hospital Matthews, Presbyterian SameDay Surgery Center, Presbyterian Breast Center, Presbyterian Imaging Center, Presbyterian SouthPark Surgery Center, a physician division and other ancillary services.
- In February, 2006, Novant Health was ranked the Eighth Most Integrated Health Network in the nation by Verispan, a research firm that evaluates health care systems.
- In 2005, Presbyterian Hospital received the VHA Best Practices Award for Clinical Quality Improvement for involvement in StrokeSense. Both Presbyterian Hospital and Presbyterian Hospital Matthews received Leadership Awards for Excellence for their treatment of patients with acute myocardial infarctions.

HBCS Case History: Novant Health

The Challenge

Presbyterian Healthcare, the Southern Piedmont Region of Novant Health, provides comprehensive health services in state-of-the-art facilities for 14 counties in North Carolina. The system is comprised of four acute care, in-patient hospitals, medical clinics, outpatient surgery and diagnostic centers and rehabilitation programs for a service population exceeding 2.2 million. Presbyterian Healthcare employs a medical staff of almost 1,000, including more than 300 physicians. Annual emergency room visits top 106,000, and discharges number 35,500. All of the patient revenue and billing activity for the facilities fall under the scope of a centralized billing office, managed by Chris Williams, director of patient accounting.

When Williams joined the staff at Presbyterian Healthcare in 2002, he knew that there were issues to surmount in accounts receivable management, especially in handling self-pay receivables. His major concerns were the lack of capital investment in technology for managing the accounts and the inadequate number of employees committed to working the portfolio. "It was basically a matter of statements going out the door from the CBO and that was about it," said Williams. "No collection process was in place, no automated dialers were in use and there was no organized statement protocol." Aging, uncollected self-pay inventory was approximately \$10 to \$12 million. On average, the time between discharge and turning the delinquent self-pay accounts over to a collection agency was 365 days. There was no analysis of the self-pay accounts to determine their origins, and no understanding of common characteristics. Williams committed to

the chief financial officer that he would begin overhauling the system as one of the major initiatives for his first 90 days of employment.

Williams said he had always felt financial processes should be handled internally. “But I really had to open my eyes and change my thinking. If someone else could do it better, more efficiently and have better results, it was time to consider outsourcing.” He began to look at companies in North Carolina that provided health care billing and collection services; and then expanded his search across the country. He identified nine initial candidates who agreed to answer an extensive request for proposal. Williams developed 10 to 15 essential criteria on which to base his considerations, including sophistication of technology, staffing resources, leadership and management, current clients, flexibility and capability to serve a system of Presbyterian’s size. After receiving the RFP responses, he narrowed the list to four and began site visits and interviews.

Williams flew to Philadelphia to meet with Hospital Billing & Collection Service. Ltd. (HBCS), fully believing that his final choice would be a company much closer to his base. But after spending two-and-a-half days onsite, he came back to Presbyterian and told the CFO that he was completely convinced that HBCS was the company that was most capable and equipped to handle the job. The decision met with initial resistance from executives as well as his CBO staff, but Williams said he was “willing to hang his hat” on his belief in the company and their ability to help improve Presbyterian’s cash position.

The Strategy

Williams entered the contract with HBCS with a full commitment to make the relationship a partnership. He told his staff, “In order for us to be successful, they have to be successful. If we build the foundation right, less than six months from now, we will be seeing significant results.” He felt that it was important to quickly begin working with a dedicated account manager, and establishing a training regimen with HBCS staff, so they could function as a true extension of the Presbyterian CBO. An HBCS dedicated representative was quickly put in place, and three other HBCS employees were installed onsite at Presbyterian.

Aggressive planning and preparation began in late May of 2002, covering every aspect of how an account would walk through the system operationally. Williams said the company’s technology proved to be of the highest quality. “I would ask them to do something,” he said, “and I was never told no.” During the RFP process, Williams had encountered reporting limitations from some of the companies he was considering. He said that with HBCS, he was able to ask for 100 things and actually get 100 things. He wanted to be able to “slice and dice” the data multiple ways at the facility level for effective analysis and management. In early August, a line was drawn and the system went live. “It was clean,” he said. “We went date forward.”

A concise work plan was built, based on agreed-upon strategic goals. HBCS implemented a follow-up protocol that began with an automated letter series that urges patients to call and speak to a representative to discuss potential ways to resolve their accounts. On average 30,000 to

35,000 letters are mailed monthly. Approximately 100,000 follow-up outbound calls are made every month using predictive dialer technology, and between 6,000 and 7,000 inbound calls are handled. To ensure effective patient communications, HBCS flags returned mail, and utilizes several Web-based solutions as well as the United States Postal Service database for address changes and corrections on all the accounts they work for Presbyterian.

Williams was convinced that many of the self-pay accounts were probably eligible for assistance from sources such as Medicare and Medicaid, but had not been recognized before entering the billing process. Although financial counseling is available on the front-end for inpatients, the majority of accounts that get classified as self-pay are outpatient accounts and many originate in the emergency department. He enlisted HBCS to help identify potential candidates for assistance programs and help patients with the applications. He also asked HBCS to pursue “found insurance,” where there was actually coverage but outstanding balances were sitting in the self-pay receivables. HBCS began to validate coverage, bill the carriers and follow up to adjudicate any issues that might delay payment.

Since the health system has been using the services of HBCS, the volume of uninsured and underinsured patients has dramatically escalated. Approximately 65 percent of the eventual bad-debt write-offs are for patients coming through the emergency department that are true self-pay financial class. More and more people are using these services as their only means to receive medical care. Using HBCS data for analysis, Williams has determined that there is a portion of the self-pay accounts that only produce two to three percent return. Through profiling this inventory, they have determined that these accounts have at least 12 common characteristics. By early analysis of self-pay accounts provided by HBCS, the Presbyterian can now look for these characteristics and determine early on what accounts should be classified as charity accounts. HBCS has taken on the responsibility for administration of the charity program, which has brought a much higher level of efficiency to the management of the whole portfolio.

For other accounts that are either for underinsured or self-pay patients who are able to pay a percentage of their bills, Presbyterian empowered HBCS with flexibility to negotiate settlements and resolve the balances immediately or to construct structured agreements. Williams says that working with HBCS also provides the opportunity to create different campaigns to focus on various sub-sets of the portfolio. For instance, they recently conducted a successful concerted effort to close out all accounts between \$250 and \$500.

Proven Results

In the spirit of maintaining a true partnership between HBCS and Presbyterian Healthcare, representatives from the health system conduct regular onsite visits to HBCS. Williams says “They need to really know us. They need to know where Matthews Hospital is located, where Presbyterian Hunters Hospital is located and so on. They need to know us beyond just names and

numbers and know what we're all about as a company." This spirit with close monitoring and collaboration has created a strong bond and impressive results.

In 2002, self-pay cash collections for the organization totaled \$26.1 million. The following year, with HBCS contributing to approximately five months of collections, the total had risen to \$27.3 million. In 2004, the number jumped to \$32.6 million for the project, and in 2005, it had risen again to \$38.8 million.

Unaudited gross revenue for the Southern Piedmont Region of Novant (Presbyterian Healthcare) was approximately \$1.4 billion in 2005. True self-pay accounts for approximately five percent. Working with HBCS has allowed Presbyterian to revise their expectations for self-pay collections to a more realistic level. "With uninsured people walking in the door with no third-party payor and maybe no job, we have to understand the real potential for the portfolio," Williams said. "Now we expect to collect between 10 and 12 percent on true self-pay. These are people with no eligibility for assistance." He adds that for self-pay after insurance, collections are up to between 50 percent and 55 percent. When Williams began, expectations were much higher, but less was being achieved. Accurate tracking has helped the organization understand what are reachable goals, and what are not.

Self-pay accounts regularly sat aging in the self-pay portfolio for 365 days before HBCS began working with the organization. At times, they may now hit 240, but the average now is 180 to 210 days. The goal is to resolve accounts within 120 days.

Williams adds, "I enjoy working with HBCS and their management team. We've built a great relationship. But, we're always pushing to make them better." He says he looks forward to seeing what they can achieve together.