



hfm TOOLBOX

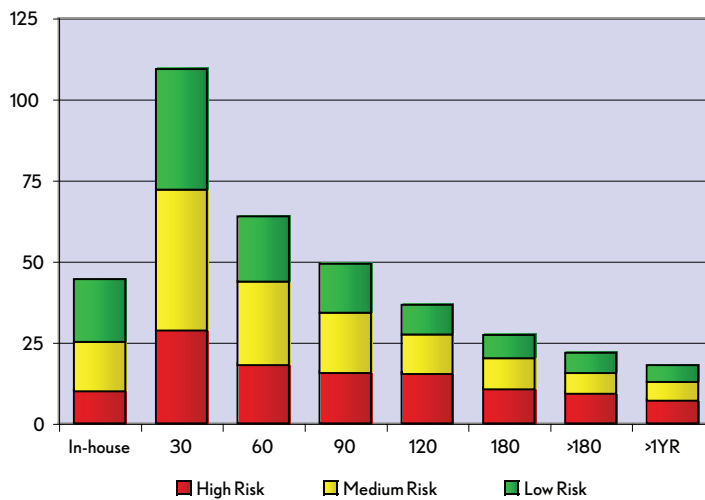
Adam Boehler
John Hansel

innovative analytics optimize self-pay receivables

TOOLS TO SHARE

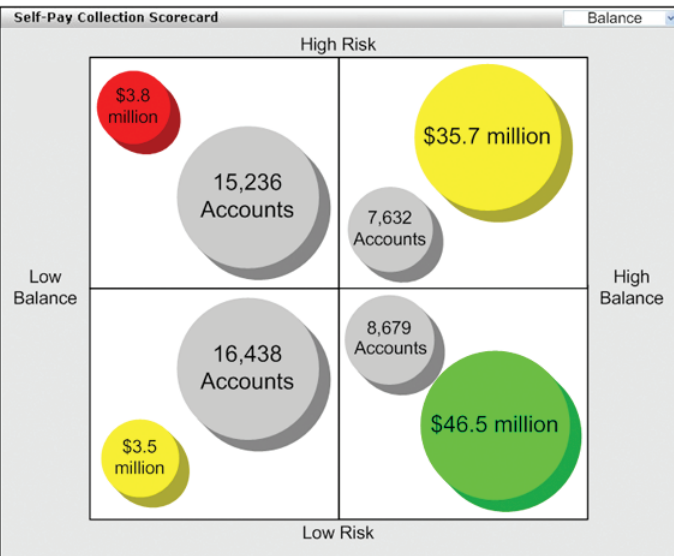
If you have developed a useful tool that you'd like to share, please contact Margaret Veach, senior editor, at mveach@hfma.org.

Aged Self-Pay Accounts Receivable (in Millions)



Risk Rank	A/R Outstanding	A/R %
High risk	\$12,665,088	27.9%
Medium risk	\$18,088,761	39.8%
Low risk	\$14,665,088	32.3%
Total	\$45,418,937	100.0%

Integrating consumer credit data into accounts receivable analysis is an effective way to both optimize and project the net collectible value of self-pay patient accounts. Healthcare-specific payment scores, credit history, income, and household size data provide important new metrics for understanding each patient's willingness and ability to pay a healthcare bill. This added dimension of risk empowers financial managers with actionable insight into the behavior of aged self-pay A/R and provides the necessary tools to optimize net collectible value.



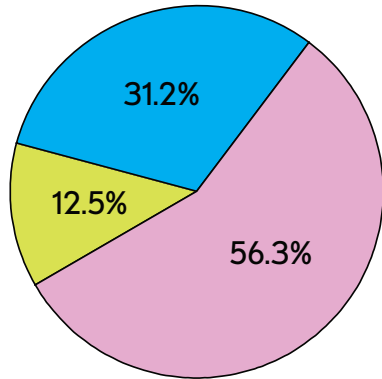
Analytic tools that segment self-pay patients based on risk enable healthcare organizations to understand which accounts are actually collectible and provide targets for more efficient collection efforts. One common strategy is presented in the self-pay collection scorecard, which charts balance on one axis and risk profile on the other. Receivables that fall into the low-risk/high-balance quadrant represent priority accounts that can be collected quickly. The opposite is true of the high-risk/low-balance quadrant, which includes those patients who are least likely to pay their bill and often represent wasted collection efforts. Hospitals that utilize collection agencies can maximize net revenue by maintaining low-risk accounts in-house and outsourcing high-risk accounts.



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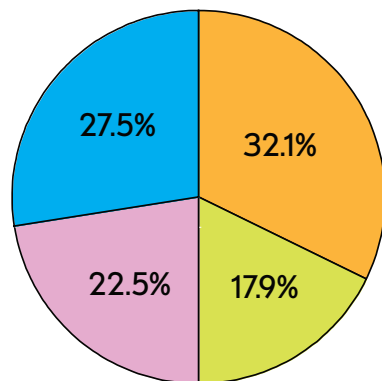
Demographic Errors and Fraud



	A/R Outstanding	A/R %
Demographic Errors	\$14,170,708	31.2%
Address	\$8,119,816	57.3%
Name	\$3,287,604	23.2%
Social Security number	\$2,763,288	19.5%
Fraud Flags	\$5,677,367	12.5%
SSN reported deceased	\$993,539	17.5%
Mail receiving address	\$1,907,595	33.6%
SSN reported misused	\$1,601,018	28.2%
SSN recently issued	\$1,175,215	20.7%

Third-party consumer databases can also be used to identify and correct the demographic errors and fraud that can hinder collection efforts for more than 40 percent of self-pay patient accounts.

Charity Care Eligibility Analysis



	Charity Balance	A/R %
Charity Care Eligible	\$10,310,099	22.7%
Full charity (100%)	\$2,835,277	27.5%
Charity discount A (90%)	\$3,309,542	32.1%
Charity discount B (65%)	\$1,845,508	17.9%
Charity discount C (30%)	\$2,319,772	22.5%

Another application of self-pay analytics is to perform a charity care eligibility analysis to identify charity care and public assistance opportunities before those accounts go to collections. For many healthcare organizations, a significant portion of bad debt could be reclassified as charity care, and it is crucial for financial managers to have the consumer data and analysis tools to ensure that charity care cases are appropriately recognized.

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