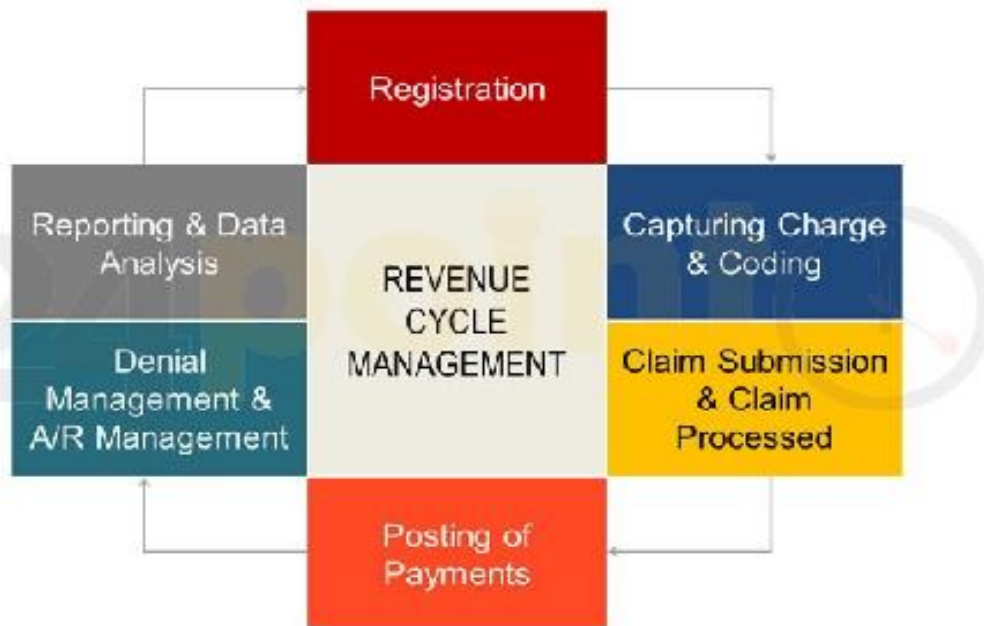


# The Impact of the Uninsured on the Hospital Revenue Cycle

# Revenue Cycle



# Revenue Cycle

- The **Healthcare** Financial Management Association (HFMA) defines **revenue cycle** as "All administrative and clinical functions that contribute to the capture, management, and collection of patient service **revenue**."



In other words, it is a term that includes the entire life of a patient account from creation to payment.



# ***REVENUE CYCLE MANAGEMENT***

**Scheduling  
&  
Patient  
Registration**

**Insurance  
Verification  
&  
Eligibility**

**Medical  
Coding**

**Charge Capture  
&  
Demographic  
Data Entry**

**Claims  
Transmission**

**Payment  
Posting**

**Account  
Receivables  
&  
Denial  
Management**

**Correspondence  
Follow Up**

**SelfPay  
Follow Up**

**Collections**

The impact of uninsured patient is one more burden for hospitals already struggling to reduce cost and **increase revenue.**

Self-pay patients typically include the medically indigent patient population (i.e., the uninsured and underinsured) and other patients with out-of-network insurance policies. The number of self-pay patients in this country is on the rise; driven by the downturn in the economy, rising insurance cost and higher patient share cost. Also with the rising number of patients with health savings accounts (HSAs) and other health plans with very high deductibles.

When patients can't pay these cost  
we can expect the accounts  
receivable (AR) days to go up, cash  
flow to slow down, an increase in  
bad debt, and several other  
revenue shortfalls.



# IRS 501(r)

In 2016 non for profit hospitals had to meet IRS imposed 501r guidelines to maintain their non for profit tax status. Hospitals were required to extend the number of statements to four statements within a 120-day period. This guideline increases the number of days self-pay (uninsured) accounts are on the hospital's receivables and delays the hospital for relieving these accounts through Bad Debt. It also required specific signage to notify all patients of the hospital's Financial Assistance Program and mandated how it's completed and managed.

The cost to collect from self-pay patient is up to three times higher than on commercial insurance accounts, and the longer a self-pay balance goes unpaid, the lower the probability to collect anything on that account. Hospitals also note that many self pay patients below a certain minimum income threshold (e.g., the uninsured, patients who receive charity care) typically do not pay their bills.





With the increase in many chronic diseases in America like Heart Disease, Diabetes, Hypertension, and Kidney Failure the burden of treating uninsured patients usually starts with a trip to the Emergency Room.



The Emergency Medical Treatment and Labor Act (**EMTALA**) is a federal law that requires anyone coming to an emergency department to be stabilized and treated, regardless of their insurance status or ability to pay, but since its enactment in 1986 has remained an unfunded mandate.

When an uninsured patient comes through the Emergency Room not only is the hospital impacted, but the specialist taking call in the ER, the Radiologist, or Anesthesiologist all become connected to the uninsured patients and assume the financial hardship.



Eighty-six percent of the nation's  
\$2.7 trillion annual health care  
expenditures are for people with  
chronic and mental health  
conditions



# **Engaging Patients as Financial Partners**



# In a Consumer Driven Revenue Cycle,

Facilities are engaging uninsured patients early on in the Revenue Cycle.

- \* Discussing their financial obligations, and doing more pre-service collections.
- \* Allowing price comparison among Providers.
- \* Training staff to deploy collection tactics during the registration process.
- \* Giving huge discounts for upfront cash payment.
- \* Offering Financial Assistance.
- \* Providing easy access for payment processing. Which includes online access to account information, web-pay and following-up through emails and phone calls.

Jackson partners with several outreach providers to provide charitable services for our patient like The Wellness Coalition, River Region Healthcare and several others.

QUESTIONS?

THANK YOU  
FOR  
Choosing

JACKSON HOSPITAL