

# Closing the Gap on Patient Collections

By **Rebecca M.S. Busch**,  
President and CEO  
Medical Business Associates, Inc., and  
**Ishwarya Sreedharan**,  
Senior Analyst  
Medical Business Associates, Inc.



## CASE SUMMARY:

### Revenue Cycle Operation: Patient Collections

The use of both technology and integrated business workflow touch points prior to rendering services (or immediately after) has proven effective in generating collections. Patient engagement has been enhanced with user-friendly access to technology tools such as patient portals, kiosks, and provider apps. Patients clearly prefer these apps for scheduling appointments, communicating with providers (including billing departments!) through email, accessing medical records, obtaining cost estimates, and ordering and refilling prescriptions. Obtaining bills and making payments through online tools ranks high in patient preferences, which has an immediate beneficial effect to providers in collecting money for services rendered.

While beneficiary plans, both private and public, foot the lion's share of the costs for services rendered, a significant proportion of a provider's total compensation comes directly from patients. The amount paid by private payers is driven by negotiated contractual agreements, and government-sponsored plans are driven by established fee schedules and prospective payment systems. However, providers are still dependent on patient payments to support their operations.

## Why Patient Collection is Important for Organization Revenue and Patient Care

Figure 1

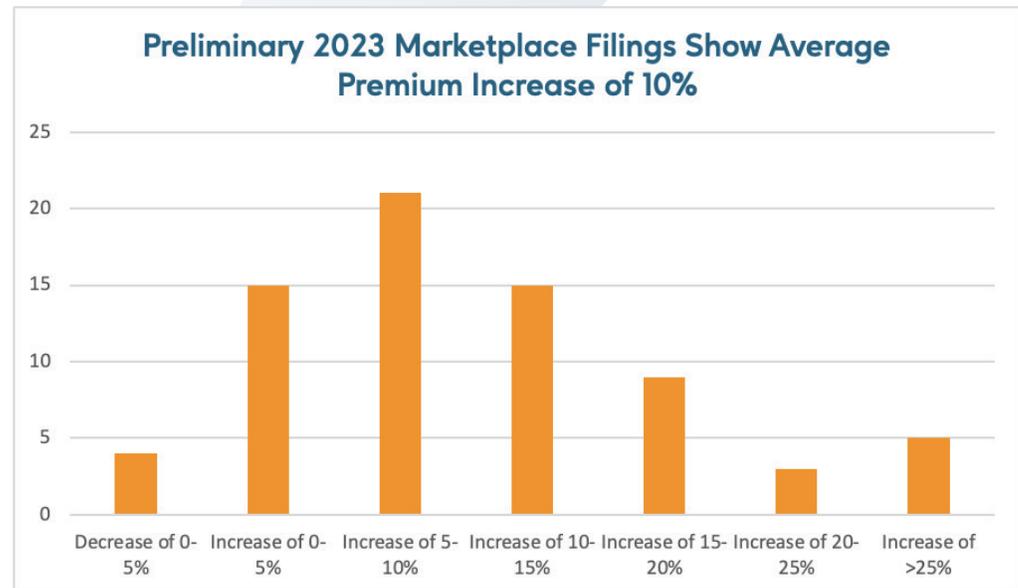
Increase in Employee Costs in Company-Sponsored Medical Plans					
Employee Costs	2020	2021	2022	'20-'21 % Change	'21-'22 % Change
Employee Premiums from Paychecks	\$2,453	\$2,504	\$2,520	2.1%	0.6%
Employee Out-of-Pocket Costs	\$2,013	\$1,798	\$1,892	-10.7%	5.2%
Total Employee Costs	\$4,466	\$4,302	\$4,412	-3.7%	2.6%

Source: AON

In 2022, the healthcare premium, co-insurance, out-of-pocket expense, and deductible for patients who get their insurance through company-sponsored health plans reversed the pandemic-induced decreases and are, yet again, on the rise. This accelerated surge, coupled with inflation, is leading to a significant increase in the financial responsibility of patients for their healthcare bills.

This trend is likely to continue. Since employer-sponsored plans are often multi-year, the effects of inflation are yet to come. Figure 1 shows a modest change in premiums from 2021 to 2022, but a more substantial increase in employee out-of-pocket costs. Figure 2 shows ACA plan providers seeking a 10% increase. While Medicare Part B premiums are anticipated to drop 3% in 2023, that follows the 14.5% increase the year before<sup>1</sup>. The various cost assumptions which underlie forecasted Medicare costs were substantially revised going forward, so the average annual growth rate of 5.5% per year might be a more informative perspective.

Figure 2



While employers are expected to hold steady the employee share of premiums at 22% from 2021 to 2023, high rates of healthcare cost inflation very likely will lead to changes in employer plan design, resulting in greater out-of-pocket expenses for employees. As this trend continues, providers are relying more on patient collections to meet their cash flow needs, a reliance with a mixed history of success. To improve on their collections history, many providers are turning to revenue cycle management companies, such as SimiTree Behavioral Health, for their expertise in streamlining the patient collections process, with the anticipated result of collecting untapped revenue from patients.

<sup>1</sup>Source: Forbes, Oct 4, 2022

### How SimiTree Can Help With Patient Collections

SimiTree Behavioral Health has identified several challenges that providers often face when it comes to patient collections and reimbursement. One of the major challenges is the inability of providers to offer transparent, patient-centric, and streamlined information technology tools. Patients typically prefer electronic communication and payment arrangements that are instantaneous and more transparent, but many providers still perform a number of their revenue cycle operations using

traditional, paper-intensive methods. In addition to increasing collections success, providers offering such tools hope to attract patients who are frustrated by out-of-date methods. While many providers have some form of patient portal system already in place, optimization and interoperability between different provider systems is a necessary next step.

A second challenge in collections and reimbursement is compliance. SimiTree Behavioral Health ensures that providers remain compliant in a constantly changing and highly regulated environment by facilitating audit trails and collection logs. An efficient and effective patient collection process begins at the admission and registration process; revenue cycle management companies can seamlessly integrate with providers' revenue cycle processes to implement smart solutions that span the entire life cycle of a claim, from registration to reimbursement.

Another major challenge for providers is creating the right financing strategy. Providers often lack the expertise and resources to understand when and how much to finance the patient, the financial goals of the organization, patient mix, and the technologies available to create an efficient financing strategy. Revenue cycle management companies leverage various IT solutions and advanced data analytics to create customized financing options for patients, thereby facilitating the successful implementation of patient financing. SimiTree Behavioral Health is no exception — in one engagement, SimiTree Behavioral Health developed individual finance plans as a routine part of the patient care process and leveraged its customer support team to follow up with patients, resulting in an increase of patient pay revenue by 23%.

Revenue cycle management companies like SimiTree Behavioral Health offer specialized services to providers that lack expertise in certain revenue cycle management functions. It has allowed providers to focus more on patient care and allow other experts to manage and improve their patient pay recovery processes, among other revenue cycle management functions.



SimiTree Behavioral Health specializes in solutions for behavioral health organizations of every size and market. From streamlining billing to recruiting top talent to sparking data-informed decisions, we empower your behavioral health organization to operate at its best. The result? You can focus on what matters most: delivering exceptional patient care. Speak with a representative today at **1.800.949.0388** or visit **[simitreehc.com/behavioralhealth](https://simitreehc.com/behavioralhealth)**.