

# Reducing Accounts Receivable and Eliminating Statement Costs Through an Early-Out Vendor Partnership

## Highlights

### Profile

#### Stillwater Medical Center

- Stillwater, Oklahoma
- Beds: 119
- Net Patient Revenue: \$137 Million

### Challenge

- Organizational growth increased the workload of SMC's billing staff, prompting the business office to seek a method of improving collections without adding additional resources
- Self-pay accounts and self-pay after insurance were placed with a third-party vendor after 45 days, presenting opportunity for improvement
- SMC wanted to offset its statement costs by partnering with an organization that could help redesign and distribute its patient statements

### Solution

- A new process was established in which accounts were placed with FPRS the third day after balances are due and subsequent summary bills are sent to patients every 29 days for the first 90 days
- FPRS and SMC collaborated to design a patient statement that is both patient-friendly and easy to understand
- SMC's staff educated patients about FPRS and constructed a seamless, patient-centric model

### Results

- SMC has increased its accounts receivable self-pay revenue by 1%, or approximately \$150,000 per month
- FPRS's redesigned statements and subsequent summary bills have eliminated SMC's statement costs
- FPRS's flexibility and ease of communication has helped better fulfill the needs of SMC and its patients

As the healthcare industry trends towards greater financial transparency for patients and more accurate and timely reimbursement for providers, leaders are considering steps to meet these needs without adding expensive resources. Working with an external partner to handle early-out services and to help redesign patient-friendly statements is one option that can assist with this endeavor. Stillwater Medical Center (SMC), a 119-bed acute care facility that provides healthcare services to the residents of north central Oklahoma, partnered with an early-out vendor that became an extension of its business office and helped redesign its patient statement to facilitate more timely collections.

### Challenges

As SMC expanded, leadership began looking for improved collection processes to accommodate increased patient account volumes in a cost-effective manner. "We were growing from a small hospital into a small health system with multi-specialty practices joining us," says Tamie Young, Corporate Business Office Director at SMC. "At the same time our hospital accounts receivable was growing with increased patient deductibles and co-insurance. Securing the hospital patient A/R in a customer-friendly manner would allow us to concentrate internal resources on processes for our increased physician and provider-based billing volumes."

Historically, SMC used a hybrid approach for self-pay accounts and self-pay after insurance, with statements produced through a third-party vendor but controlled by SMC's business office. In this workflow, accounts were retained by SMC for 45 days before being placed with a partner. "I analyzed the data surrounding this process and knew there was opportunity for improvement without creating an internal self-pay unit. Therefore, I defined what I was looking for in a partner and began researching and conducting interviews," Young says.

During this screening process, Young's top priority was to find a partner that would function as a true extension of the business office and create a seamless environment for patients, who may contact both the partner and SMC's central business office (CBO). Young also sought out a partner that could help redesign SMC's statements to help offset the organization's statement costs. To meet these goals, SMC located an external partner that would be willing to adjust processes and work within SMC's financial policies and procedures in order to best meet patient needs and accurately represent SMC.

### Solution

During her search for a business partner, First Party Receivables Solution (FPRS), a division of Professional Finance Company, stood out to Young. She notes that FPRS is structured similarly to SMC's consolidated business office, with a career ladder in place that allows staff members to advance to the specialist level. "FPRS's specialists review services and the status of patient accounts, which is the same structure I have in my office. This aligned nicely with SMC's processes," Young says.

Young outlined her needs to FPRS and held meetings during the interview process to confirm that FPRS would be the ideal partner for supporting SMC's goals and creating

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**– Tamie Young**  
Corporate Business Office Director  
Stillwater Medical Center

**Sample Business Card Provided to SMC Patients**



*SMC leaders realized that patient access team members needed an effective tool to help patients understand FPRS and its role. SMC's team handed out this business card to patients while providing a standard explanation of FPRS's services.*

a patient-centered environment. SMC's patient access staff were involved from the start of the partnership, asking questions and providing suggestions, as well as learning how to optimize their new partner through training. To successfully launch the early-out process, staff from FPRS came onsite for two days.

A new process was designed for self-pay and self-pay after insurance accounts. This process begins when the accounts are electronically placed with FPRS on the third day after balances are due; patients receive a summary of the detailed bill. FPRS staff will then contact the patient to confirm they have received the statement, ask if they have any questions, and then offer to take a payment. FPRS also sends subsequent summary bills to patients every 29 days for the first 90 days. Throughout this new process, patients may also be assisted by SMC's internal customer service team at the CBO. A designated Customer Service Representative (CSR) communicates with the FPRS team to address patient issues or patients who are at the CBO and need to coordinate payment arrangements.

As patients began interacting with FPRS's staff in Colorado, SMC and FPRS worked together to explain FPRS's new role in the payment process through business cards that were distributed by patient access staff. SMC and FPRS also continuously make process adjustments to help staff more effectively meet the needs of the patients and community. For example, SMC increased the standard number of days before the initial call in response to community feedback. "Originally that phone call was made at day 10. While that was successful in other communities, it did not work in this community. Every area's demographics are different, so FPRS worked with us to identify a better workflow. We decided to move the first call to day 20, and our patient community has been receptive to that change," Young says.

FPRS also provided services to help SMC revise its patient statements. This began during the initial interview process when Young

and her team viewed FPRS's sample statements and provided feedback. Typically, early-out vendors send a series of letters to patients that do not resemble a statement, but Young decided to take the opposite approach. "I was determined that I wanted to offset my statement costs, so I needed it to be a real statement," Young says.

When the partnership began, FPRS brought statements that had been customized to incorporate SMC's initial feedback. SMC continues to work with FPRS on additional adjustments to create a unique statement that is easily understood and best meets patients' needs.

**Results**

SMC's redesigned statements and summary bill process saved Young and her staff both the time and costs associated with sending out statements. In addition, by placing accounts with FPRS on the third day after balances are due—rather than day 45—SMC increased its accounts receivable self-pay revenue by 1%, or approximately \$150,000 per month. Young notes that while this was a notable but small percentage increase in total accounts receivable collections, SMC was "able to keep its reallocated staffing model and eliminate the cost of statements."

Likewise, the ease of the partnership has allowed SMC to consolidate positions in its business office. SMC has positioned one CSR to manage communication with FPRS and assist in the walk-in customer service area. "We have communication with FPRS down to an art, so I do not need to have one full-time individual just to correspond with them," Young says. "The staff at FPRS are always available. Their responsiveness amazes me. Individuals at all levels of the organization are actively involved to try to make their processes better all the time."

She notes that throughout the two-and-a-half year partnership, FPRS has been accessible and flexible when working with her and her team. For example, the FPRS customer team typically communicates in real time with clients through its client portal, but the design of SMC's CBO did not allow them to fulfill the necessary resource requirements. The process was consequently modified so that high-priority action items are sent directly to a designated CSR at the CBO while all other account action items or questions are sent in a weekly spreadsheet to SMC's follow-up team for research and return responses. This modified workflow allowed Young to keep the existing staffing model for patient accounts and customer service within the consolidated business office. SMC and FPRS continue to work together to monitor and adjust the sequence of patient calls to ensure their continued effectiveness. Their latest partner initiative includes FPRS' analysis and reporting for qualifying charity care status.

By formulating an early-out option with an external vendor, SMC's leaders have adapted their collections process and statement design to better fulfill patient needs, facilitate more timely collections, and increase cash flow while maintaining patient satisfaction. +

**About First Party Receivables Solution**

- FPRS provides a patient-friendly offsite extension to hospitals' business offices that expedites cash collection on self-pay accounts.
- By tailoring its approach to each institution's individual needs, FPRS seamlessly integrates with existing in-house accounting systems.
- FPRS delivers comprehensive status reports and identifies insurance discoveries to bill to payers, write-offs for charity care, and bad debt.
- For more information, please visit: [pfccollects.com/p/self-pay-outsourcing](http://pfccollects.com/p/self-pay-outsourcing)