

Patient Satisfaction and the Revenue Cycle:

Improving the Billing Process to Generate “Net Promoters” for Your Organization

Airlines often send their passengers off with a cheery announcement along the lines of “We know you have a choice of carriers, and we thank you for choosing us.” Will the same spiel become a staple of hospital customer service departments? In leading healthcare organizations it is. Today about 30 percent of Medicare payments to hospitals are based on quality or value – and the portion of these payments based on HCAHPS patient satisfaction scores is set to rise from 1.5 percent in 2015 to 2.0 percent in 2017. This direct link between patient satisfaction and revenue will likely become stronger because the U.S. Department of Health and Human Services has set a goal of linking 90 percent of Medicare payments to quality or value by 2018.ⁱ

In many ways, Medicare’s value-based payments are one symptom of a much larger trend that is sweeping across the healthcare system. Hospitals are increasingly focused on improving the patient experience and increasing patient satisfaction. They are hiring chief patient experience officers and teams of people to improve their HCAHPS scores. Why? Because in an era of increasing competition and consumerization, hospitals need to think about patient loyalty the same way other consumer-facing industries have

for decades. As patients become increasingly empowered to make health care decisions – and increasingly responsible for paying the bill – hospitals cannot afford for discharged patients to simply leave the hospital healthy. Patients also need to feel good about the experience so that, the next time someone in their family needs medical care, they will return to the same facility. The average patient influences more than \$1.5 million in lifetime hospital expenditures for his or her household,ⁱⁱ so one dissatisfied patient puts a significant amount of revenue at risk. The implications for hospitals’ financial health are so clear that a recent study found patient experience and satisfaction is the number-one priority for healthcare executives.ⁱⁱⁱ

There is no doubt the “consumerization of healthcare” is occurring. The new era of increased focus on quality and satisfaction, entry of new competitors into the healthcare delivery space and the changing economics of care require a focus on promoting patient satisfaction in the revenue cycle and new metrics for assessing effectiveness.



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The Billing-Satisfaction Connection

Hospitals have a persistent problem with patient satisfaction related to billing, and therefore, it is a natural place for management to focus. The billing experience has a clear, direct and strong influence on overall patient satisfaction, especially because it is the last interaction a patient has with the provider and thus is the “last impression” that influences the patients’ likelihood to return to that provider in the future. The influence is not usually positive — patient satisfaction ratings fall by an average of more than 30 percent from post-discharge through the billing process.^{iv}

Billing in the healthcare system is so notoriously complex that patients not only have low expectations that bills will be accurate, but they also have a reduced sense of responsibility for paying them. Forty percent of patients do not pay medical bills simply because they do not understand them.^v Hospitals shouldn’t assume that their patients who do pay are satisfied customers — 81 percent of patients report anger or frustration related to medical bills.^{vi}

As a result, there is a growing movement to extend patient advocacy services to help patients navigate through billing and insurance processes. Savvy health systems are targeting the billing process because they see it as an area where they can harvest low-hanging fruit for improving patient satisfaction. Short term, financial advocacy services improve revenue recovery, and longer term, such efforts help build patient loyalty, which leads to recommendations and return visits. Patients that are satisfied with billing are five times more likely to recommend the hospital than those that are not.^{vii}

Applying Patient Advocacy to Improve Billing Satisfaction

Although patient advocacy is commonly associated with care delivery, it can easily be extended to billing practices to help improve post-discharge satisfaction. Patient advocacy

helps manage patient expectations, which in turn reduces the misunderstandings that result in dissatisfaction.

Patient advocates have successfully been used prior to care delivery to explain to patients their insurance benefits, check the physician status in the insured’s network, confirm treatment authorization, ensure the patient has realistic expectations for out-of-pocket expenses and work with the patient to proactively design an account resolution plan. After treatment, the right patient advocacy program begins by assisting a patient with all charges regardless of provider. The advocate then ensures that claims were processed correctly, handles any billing or claim disputes on behalf of the patient and proactively develops payment plans as necessary. By helping patients navigate the healthcare system from a financial perspective and fixing any issues along the way, patient advocates can be the difference between a very frustrating patient experience and one that engenders long-term patient loyalty.

Although patient advocacy may sound like an expensive proposition for revenue cycle executives trying to increase cash and reduce expenses, vendors like Adreima offer easy-to-implement and low-cost advocacy solutions that are enabled by technology. By automating part of the advocate workflow, these solutions make it practical to scale one-on-one advocacy services across a larger patient population, which improves the return on investment for the initiative.

A leading California health system that implemented Adreima’s Patient Advocacy solution experienced a 29 percent increase in patient payments.^{viii} At the same time, 100 percent of patients surveyed agreed that patient advocacy improved their experience with the hospital, and that having patient advocacy, they are more likely to recommend the hospital to family and friends. Patients working with a patient advocate are both more likely to pay their bills and happier with their experience, which in the long run has a much larger financial impact for the hospital.



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Applying Net Promoter Score to Measure Patient Satisfaction

Hospital executives are also beginning to use Net Promoter Score, a measure of patients' likelihood to recommend the hospital, as their "true north" in pursuing patient experience goals. Leaders in the commercial sector have long known about the strategic and financial value of customer retention and have built sophisticated programs to improve and measure it. Given the consumerization of their industry, healthcare leaders are beginning to learn from the best practices used in the retail, consumer products and other industries, and Net Promoter is one such best practice that healthcare executives would do well to adopt.

The Net Promoter Score (NPS®) is a customer loyalty metric that is widely used in both the business-to-consumer (B2C) and business-to-business (B2B) markets, especially in the retail, financial services, transportation, industrial goods and services, telecommunications, consumer goods and airline industries. Twelve healthcare enterprises were among the 362 organizations that entered their results in the NPS database in 2014 (see a complete list and results at www.npsbenchmarks.com).

The NPS system provides a method for collecting customer feedback and applying it to improve the organization. The metric has also been found to be a strong predictor of overall financial health, and therefore many companies use NPS as the single metric to measure the success of their initiatives. One study found there is a strong, positive correlation between a company's Net Promoter Score and its five-year compound annual growth rate (CAGR).^{ix}

Hospitals can use NPS to understand and track "how they are doing" from the patient's perspective in a broad sense, and also to measure the impact of specific initiatives and programs such as patient advocacy. Adreima's Patient Advocacy service has an NPS of 80 versus the average hospital NPS of 55.^x

Net Promoter Score (NPS) explained

Net Promoter Score (NPS®) is a metric for customer loyalty that was introduced in 2003 by Satmetrix, Bain and Fred Reichheld following two years of research.

The Net Promoter Score, or NPS, is based on the fundamental perspective that every company's customers can be divided into three categories: Promoters, Passives and Detractors.

By asking one simple question — *How likely is it that you would recommend [your organization] to a friend or colleague?* — you can get a clear measure of your organization's performance through your customers' eyes. Customers respond on a 0-10 point rating scale and are categorized as follows:

- **Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth**
- **Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings**
- **Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth**

Organizations can determine their own Net Promoter Scores simply by surveying their customers on a 0-10 scale. To calculate your organization's NPS, take the percentage of customers who are Promoters and subtract the percentage who are Detractors.

Sources:

Bain, www.netpromotersystem.com/about/why-net-promoter.aspx
Satmetrix, www.satmetrix.com/nps-score-model/
The Net Promoter Community, www.netpromoter.com

Conclusion

Patient satisfaction is an increasingly important outcome for hospitals to manage. Medicare and competitive market entrants are forcing a focus on patient satisfaction, and pressure will increase in the years to come. The patient's perspective on their experience influences their likelihood to return to the hospital or recommend it to others when future medical needs arise. Overall, patient satisfaction is becoming a multibillion dollar variable in healthcare economics.

Because billing is one of the most common detractors of patient satisfaction, efforts to improve the patient revenue cycle experience are critical. Patient advocacy is a proven path hospitals are taking to meet the new challenges and financial imperatives associated with patient satisfaction. Extending patient advocacy to billing is another example of how hospitals are transitioning to patient-centered care, which aligns with the customer-centric philosophy of the Net Promoter Score movement. Implementing a patient advocacy program to improve patient satisfaction and using NPS to measure the impact of this and other programs are two concrete steps hospital executives can take to put their organizations on better footing amid the shifting healthcare landscape.

ⁱ U.S. Department of Health & Human Services press release "Better, Smarter, Healthier: In historic announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value" January 26, 2015. Accessible at: <http://www.hhs.gov/news/press/2015pres/01/20150126a.html>

ⁱⁱ David G. Morrissey, "The True Cost of Alienating Patients," Physicians Weekly, August 23, 2012

ⁱⁱⁱ HealthLeaders Media Industry Survey 2013

^{iv} Karen Cheung-Larivee, "Billing Process Linked to Long-term Patient Satisfaction," Fierce Healthcare, December 14, 2011

^v 2012 McKinsey & Co. Research Study

^{vi} Adreima focus groups

^{vii} David G. Morrissey, "The True Cost of Alienating Patients," Physicians Weekly, August 23, 2012

^{viii} Revenue results based on Adreima analysis from March-April 2014. Sample size: 361 accounts

^{ix} Satmetrix "The Power Behind a Single Number"

^x Julie Coffman and Phyllis Yale, "Would you Recommend this Hospital to a Friend?" Bain & Company Brief, December 19, 2007

Adreima provides patient-centered, clinically-integrated revenue cycle services to approximately 600 hospitals nationwide. This unique approach combined with a comprehensive revenue cycle perspective ensures clients achieve results by recognizing the full value of services provided.