



Compliance and Revenue Cycle

The key to long-lasting success



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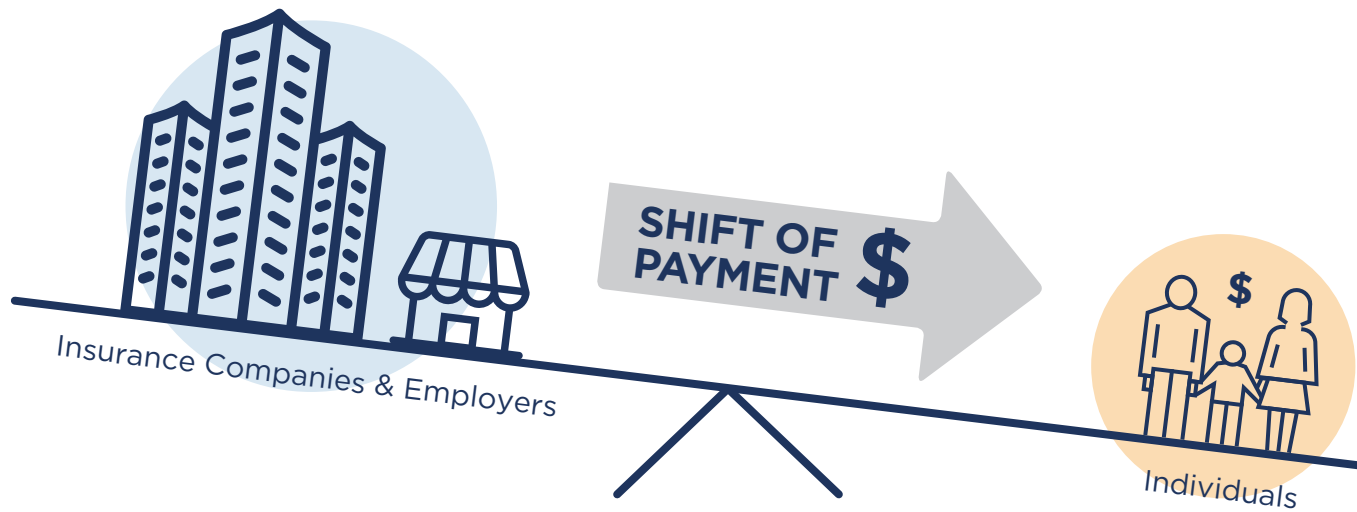


The shift of payment responsibility from employers and insurance companies to individuals has meant patient pay has become a major source of revenue—and headaches—for providers. Collecting medical debt effectively is hard enough, but ensuring compliance adds another critical requirement to the process.

A host of federal, state and industry consumer protection regulations govern the collection of medical debt. The eyes of regulators are on providers and their vendor partners to ensure no entity is taking advantage of consumers.

The penalties for failing to comply are significant. Not only does noncompliance threaten a facility with liability, but its positive reputation in the marketplace can also be endangered. That's why it's vital to understand how consumer protection laws affect your facility's policies and procedures, and how to ensure a culture of compliance for you and your revenue cycle partners.

INTRODUCTION



Over the past seven years, the number of Americans with high-deductible health plans (HDHPs) has doubled, from 11 million to 22 million. While there is a lot of talk about consumerism in healthcare, the shift of payment burden from insurance companies and employers to individual consumers is where the rubber meets the road.

Staying in compliance requires a deep understanding and experience with myriad federal and state laws, as well as credit reporting agency (CRA) regulations governing how data can be furnished that might affect a patient's credit score.

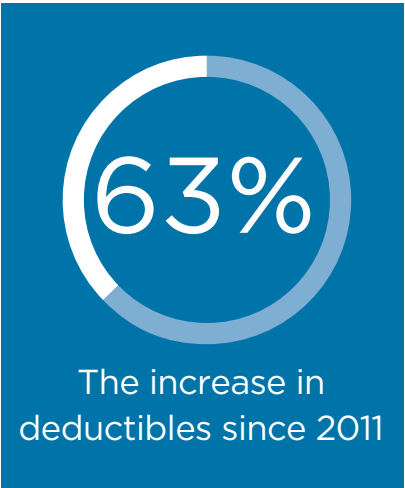
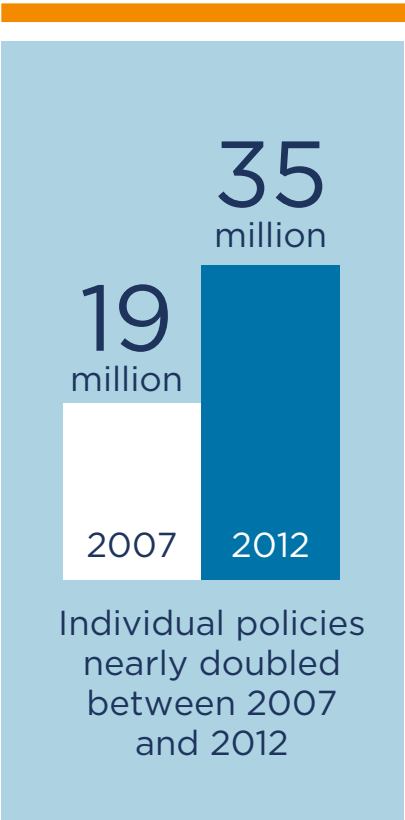
The growth of healthcare consumerism means that patients are protected by a host of federal and state consumer protection laws, as well as industry regulations. Operating successfully and ethically as a provider means being in compliance with all of those regulations.

And those laws are numerous and complex: There are laws aimed at protecting patient information and a patient's credit reports. There are laws protecting consumers in the process of debt collection—whether they're contacted by telephone, email or mail. There are laws limiting the amounts and interest that can be charged to a patient by the provider, and laws limiting the assets and income a patient can protect from a creditor. All of these consumer protections make collecting medical debt a more challenging endeavor.

Staying in compliance requires a deep understanding and experience with a myriad federal and state laws, as well as credit reporting agency (CRA) regulations governing how data can be furnished that might affect a patient's credit score. Because few hospitals and health systems have the specific expertise to address the collections process, they often turn to revenue cycle vendors to help. Unfortunately, many vendors don't have the size and scale or a proven approach to address compliance adequately.

The consequences of not paying enough attention to compliance are many and include the inability to collect bills for services delivered, exposure to legal liability, unhappy patients and the suffering of your facility's reputation. This Ebook will look at the challenges in today's healthcare market, provide best practices for becoming a compliant provider and discuss how to adequately evaluate your revenue cycle partner's culture of compliance.

The Shift from Patient to Consumer



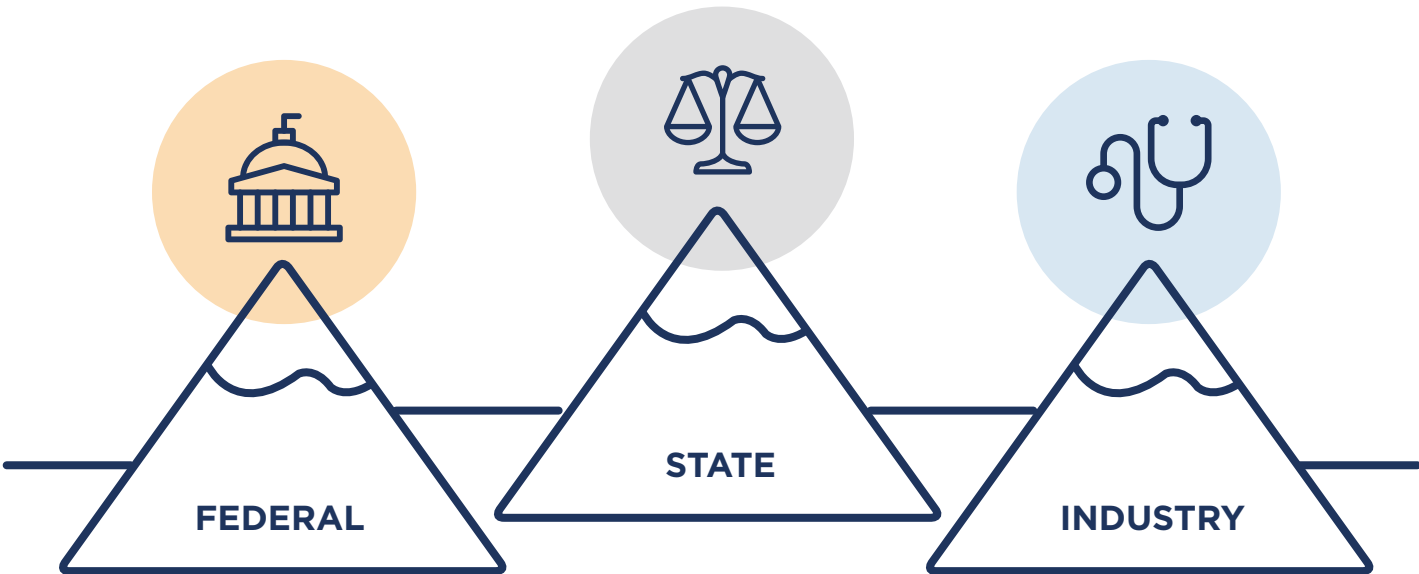
Until recently, providers haven’t been required to treat patients like consumers. Historically, American patients—accessing healthcare through employer-covered insurance plans—have been consumers only in an indirect fashion. Those individuals covered by health insurance typically paid minimal copayments and had lower-deductible plans.

That’s no longer the common scenario. More Americans hold individual policies, with the number of non-employer sponsored, non-Medicare or non-Medicaid policies almost doubling between 2007 and 2012, growing from 19 million policies to 35 million policies.

Costs have increased dramatically, with premium costs reaching 3 to 4 times the cost of inflation. Premium costs have risen 19 percent since 2011. And costs have shifted from insurance companies to employers, and from employers to individuals. The increase in deductibles since 2011 is 63 percent.

Until 2011, the portion of a hospital’s revenue mix that was made up of patient pay, or patient responsibility after insurance, was less than 10 percent of total revenues. Now, it may represent 25 percent or more of the payment mix. Patient payers have moved to the front of the line as a priority and concern for hospital leadership because as more Americans are using high-deductible health plans, providers are trying to collect an ever-elusive source of revenue.

As providers struggle to adjust to the shift in payment from payer to patient, and the new realities of healthcare consumerism, they step squarely into a complicated web of consumer protection laws and regulations. Those laws protecting consumers from debt collection—medical debt in particular—create daunting compliance challenges.





Federal Consumer Protection Laws Requiring Provider Compliance

Consumer protection laws and industry regulations that affect providers have been in place since 1970. The most recent regulations governing the collection of medical debt were part of the Affordable Care Act (ACA) enacted in 2010. With the rise of high-deductible health plans, compliance with these regulations has become a critical issue.

The relevant federal laws that apply to providers around the collection of debts are:

Fair Credit Reporting Act (FCRA): The FCRA is designed to protect consumers from having inaccurate information on their credit reports. Providers and vendor partners who work on behalf of a provider to collect a medical debt are considered “furnishers of information” under the FCRA.

Fair Debt Collection Practices Act (FDCPA): The FDCPA is designed to protect consumers from “abusive” practices in how debts are collected. The law governs hours for when calls can be made, prevents calls being made to a patient’s place of employment and regulates the manner in which patients are contacted by phone, mail and electronically.

Telephone Consumer Protection Act (TCPA): The TCPA relates to protecting patients from calls related to accounting, debt collection, payment notification, eligibility and other financial issues. It regulates “robo-calling” techniques and requires specific consent when it comes to the ways providers and their vendor partners can contact patients.

Internal Revenue Service (IRS) Regulations: As part of the ACA, IRS regulations were added to govern not-for-profit hospitals and health systems. Hospitals, depending on their not-for-profit status, may be required to offer financial assistance plans (FAPs) to self-pay patients that meet certain income thresholds.



State Regulations Governing the Collection of Medical Debt

Another layer of laws protect consumers at the state level. State laws around the collection of debts include statutes designed to:

Guard patient assets and income: All states have laws to protect a patient's assets and income, with different statutes for exempting house, car and some wages from the collection process.

Require charity care or mandate financial assistance: All states have laws to protect lower-income patients from the high costs of care, with many states requiring financial assistance plans, which must be published and disseminated. Many states limit the amounts of money that can be charged to patients who qualify for those income thresholds.

Prevent “balance billing”: Six states—California, Connecticut, Florida, Illinois, Maryland and New York—have comprehensive laws to disallow the practice of balance billing, which can be a particular issue when a patient incurs out-of-network charges. Providers would typically bill the difference between the charge and the amount covered by insurance. Some states will cap the amount that can be billed.

Cap interest on payment plans: If a patient agrees to a payment plan, the plan must be in compliance with state restrictions on the amount of interest that can be charged on that debt.

Clarify the purpose of communication: There is a federal requirement to disclose the purpose of communication (“This communication is from a debt collector. This is an attempt to collect a debt...”), which is known as the mini-Miranda. Many states have their own additional mini-Miranda requirements for oral and written communications.

Validate the debt: All states have laws to ensure debt being collected is valid, and there is proof that you are obligated to pay. States have their own set of requirements governing the sending of validation notices following the delivery of a first communication about a debt.

Ensure licensed debt collection: States have laws to ensure that govern whether a vendor is permitted to operate as an extended business office to a healthcare provider.

Limit when calls can be made: States have laws, in addition to federal requirements, that govern the allowable time of day that calls can be made to collect a medical debt.



Industry Regulations Providers Must Observe

Equifax, Experian and TransUnion, the three major credit reporting agencies (CRAs), have regulations that protect consumers as well. Providers and their collections vendors must comply with CRA rules in order to maintain their ability to furnish data, which is an important point of leverage in their ability to collect on a medical debt.

CRA regulations for data furnishers: CRAs have their own industry requirements above and beyond the FCRA that require providers and vendor partners to clarify dates of delinquency and requires providers to address disputes from consumers about their credit reports in a timely manner.



A Culture of Compliance

The first and most fundamental step to create and sustain a culture of compliance is to have a purpose and values statement that resonates with colleagues. For Parallon, this means that our values of integrity, unity, service, learning, accountability and respect underpin everything we do. And our purpose of serving and enabling those who care for and improve human life in their communities, serves as a solid foundation of the why behind what we do. The elements of a successful ethics and compliance program which are necessary for a good culture of compliance include:



1. 1. Setting standards. Grounded in HCA policy, Parallon created a set of policies and procedures that govern all aspects of compliance and operational processes. Additional guidance, compliance alerts and support from corporate and local Ethics and Compliance Officers help to further clarify and support these standards



2. 2. Communicating the standards. Mandatory training for all employees serves to encourage and re-enforce key elements of an effective compliance program. Training on the Code of Conduct, privacy, billing and other areas of compliance risk are fundamental to ensuring a compliant culture.



3. 3. Provide a mechanism of reporting potential issues or concerns. Even organizations that prioritize a culture of compliance can experience potential instances of non-compliance. When this happens, it is important to have a process in place to allow employees to report concerns without fear of retribution. Implementing an independent ethics line where concerns can be reported anonymously if desired is an important step in establishing this process



4. 4. Monitoring and auditing. Having a Code of Conduct, policies and procedures and a great training program is wonderful, but without a process to measure, audit and monitor there is no way of knowing if the program is actually effective. Parallon has developed a set of compliance functional standards that are monitored by local Ethics and Compliance Officers. As another layer of monitoring, HCA's Internal Audit department routinely audits these standards as well as a myriad of other compliance risk areas.



5. Maintaining an organizational structure that supports the furtherance of the program. Because of the ever-changing nature of the regulatory environment, organizations should have a team dedicated to compliance, including personnel who are focused on monitoring regulations. This also includes having committees, local ethics and compliance officers and responsible executives who are the subject matter experts in their areas of compliance risk.

Building a Culture of Compliance at Novant

“We’ve been developing awareness around compliance throughout the medical group. We are talking about it consistently in every venue.”

—**Kelly Black**,
vice president
of revenue,
Novant Health

Complying with regulations that govern the collection of medical debt is essential for providers. Health systems and larger providers are tackling the challenge by creating a culture of systemwide compliance. Over the past five years, Novant Health has created such a culture to help guide internal staff and outside partners, including revenue cycle vendors.

Novant Health is a Winston-Salem, N.C.-based health network serving four states and made up of 15 medical centers and hundreds of outpatient facilities and physician clinics. Novant employs more than 26,000 people and 1,500 physicians. Three Novant executives—**Kelly Black**, vice president of revenue; **Michael Sardilli**, senior director of vendor relationships and revenue cycle services; and **Denise Perna**, senior director of coding and insurance followup—recently shared some insights on how their compliance culture was developed, and how successful compliance conversations are a consistent part of how Novant focuses on a higher-quality delivery of healthcare.

Novant’s revenue team has a close working relationship with the compliance department, with all departments governed by a 33-person Coding Compliance Resource Group (CCRG). This group serves as a resource to various departments within Novant’s medical group. Twice a year, the Corporate Compliance department holds summits devoted to compliance.

“We’ve been developing awareness around compliance throughout the medical group,” Black says. “We’re talking about it consistently in every venue. The CCRG publish monthly education blasts to help people understand the availability of compliance guidance related to their specific workflows. We devote attention to it so that everyone has it in mind.”

Novant requires outside partners to provide compliance certification and stay on top of national regulations and requirements, including financial assistance program notifications and plain language summary notification requirements, the Telephone Collection Practices Act (TCPA), and Section 1557, the nondiscrimination provision of the ACA.

A revenue cycle compliance committee also meets once a month to discuss issues and review agenda items identified by revenue cycle team members.

“Everybody is aware of what is happening, and what we need to do,” Perna says. “If we do see something, we know how to report it.”

As a result of its renewed attention to compliance, Novant has seen success throughout the revenue cycle.

“We no longer have many incidents,” Sardill says. “Sometimes we have to track down a payment that was made that we weren’t able to locate. But as far as compliance with the major regulations, we haven’t had any incidents.”



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