

Hospital billing update

A recent letter to the editor about hospital billing contained several misstatements and errors in fact. Medicare payments and co-pays are set by the Centers for Medicare and Medicaid Services. Doshier and other hospitals can't and don't charge greater than what is defined by Medicare on the remittance advice.

Read more on this subject in the following article from *State Port Pilot*, May 25, 2016, reprinted by permission.

Doshier Memorial Hospital

Write-offs prompt early pay, discount plans

By Terry Pope, Associate Editor

Not many businesses can afford to write off \$10-million in bad debt every year. Most wouldn't be in business very long.

Doshier Memorial Hospital in Southport faces such numbers on a yearly basis from treating patients who may have no means to pay.

"Doshier is not unique," said the hospital's chief financial officer and vice-president Dan Porter. "Every hospital faces this. It's the dynamics of our healthcare system."

Doshier is a not-for-profit community hospital that provides care to anyone, regardless of the patient's ability to pay. It provides charity care ranging from \$1.5-million to \$2-million each year to patients who meet federal poverty guidelines.

Those services include visits to the emergency department or inpatient admissions and surgeries, or all levels of care.

But that's just a portion of the \$10-million the hospital writes off from its accounts as uncollectible each year. One doesn't have to fall within the poverty guidelines to find it difficult to manage those unexpected medical bills.

Seeking to help patients and Doshier close that \$10-million gap, the hospital hired a financial counselor last May to assist patients in applying for Medicaid, the federal program that reimburses hospitals for providing care to low-income patients. That move is paying off.

Porter said the hospital often asked patients why they did not apply for Medicaid. When patients found out that qualifying was a lengthy process involving state and county inquiries, they often never followed through with the paperwork.

"We worked out an arrangement with Medicaid," said Porter. "Our counselor can help them complete the application. It's been beneficial to our patients. Obviously, everybody benefits from that. The hospital gets some kind of payment and the patient benefits."

Though Medicaid reimbursements are just a fraction of the actual cost for services, some payment is better than none, Porter said. If the counselor is

successful in obtaining Medicaid certification for patients, the hospital is allowed to retroactively bill for three months on patient accounts.

Dosher's financial counselor is also trained to help patients apply and qualify for insurance policies through "Obamacare," the Affordable Care Act. Patients who have insurance coverage are often alarmed at the high deductibles they are still required to pay for hospital care. It can range in the thousands of dollars, depending on the policy the patient holds.

To help patients handle such unexpected costs, Dosher has both a prompt-pay policy and an extended payment plan for both uninsured and insured patients.

Uninsured patients can receive a 30-percent discount on total charges. Insured patients can save 20-percent if they are willing to pay the full balance within 45 days from insurance payment or within 30 days of the mailing of the first statement.

"It's a labor-intensive process to collect from patients," said Porter. "We choose to offer a discount. Some hospitals do, some don't, but a vast majority of them do. We're no different from the rest of the hospitals. We're not doing anything abnormal. We're very consistent with other hospitals."

Dosher's extended payment plan offers monthly payment terms for up to 36 months, depending on the balance owed. The prompt-pay policy discount is aimed at enticing patients who can afford to pay to put cash up front rather than allow bills to drag on for months or even years.

"We have \$10-million in bad debts that we write off each year," said Porter. "Part of the reasoning for offering this type of program, by offering discounts, is that 80-percent is better than zero."

Earlier this year, Dosher added a new payment processor that allows patients to go online and view their bills, by either a computer or phone. The bills have also been made less complicated and more concise.

"The patient can now send messages to billing," said Tina King, Dosher's revenue cycle director. "Those messages are looked at daily."

Some patients are more technologically savvy than others, said Porter, but many are still not accustomed to managing their bills online. Hospital staff had to step back and view the billing process to make sure it was clear and available to patients, he said.

That includes making sure Dosher's patients understand the prompt-pay and extended payment plan process up-front, before services are provided.

"We need to beef-up our communication on that front," said Porter. "As I look back, we know it's not been communicated very well. It's like, that's just the way it's always been done."

"Some patients are very thorough and attentive," said Porter. "Some, once they get the paperwork, then they start thinking about it. We're identifying where our issues are."

Porter said he hopes the steps hospital staff has taken can help reduce that annual \$10-million write-off.