

DESOTO HEALTHCARE SOLUTIONS, LLC

Self Pay in the COVID-19 Environment

Presented by Richard R DeSoto, CRCE – I
For Windham Branham and Salud Revenue Partners



Exploring Solutions That Work™

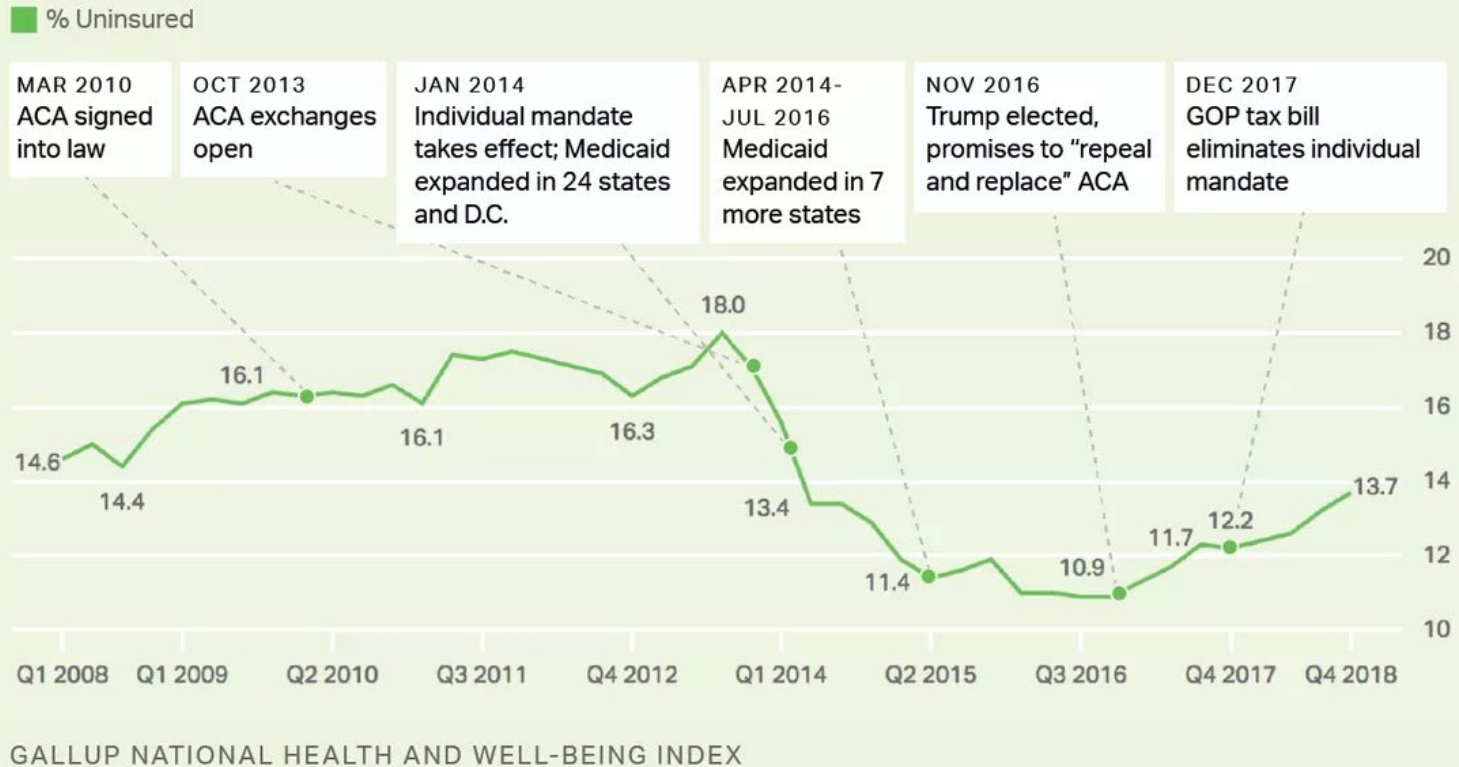


Richard DeSoto BIO

- Principal & CEO DHS, LLC established 2010
- 40 years of revenue cycle experience
- 30 years as a Certified Revenue Cycle Executive
- Former VP RC Ops Perot System Eastern Div
- Former CIO/CTO Dell Computer RC Group
- Former Manager (for a day) Miami Marlins
- Author “Never A Hero”

Uninsured Patients – Pre-Covid-19

Percentage of U.S. Adults Without Health Insurance, 2008-2018

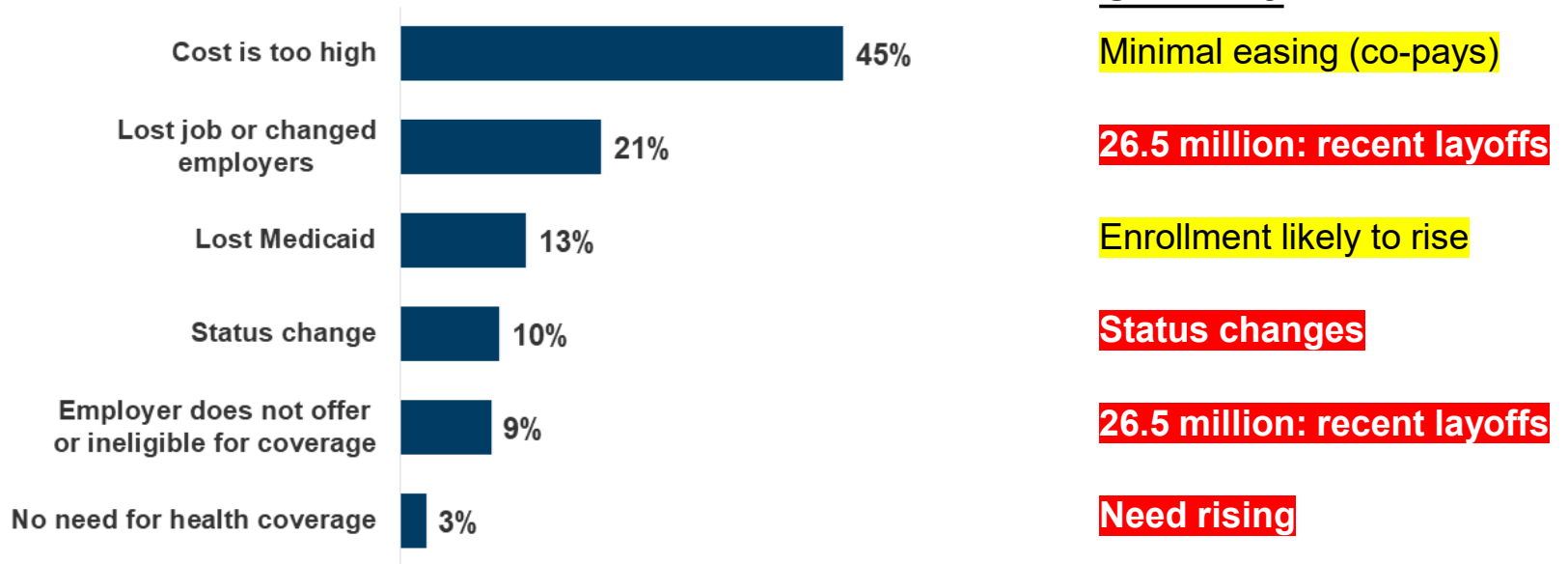


Post Covid-19: Underinsured trend will continue to rise - 15% to 20+% new jobless claims in last 5 weeks – 26.5M new jobless claims

Shifting Reasons for Uninsured: Covid-19

Figure 6

Reasons for Being Uninsured among Uninsured Nonelderly Adults, 2018



NOTE: Includes nonelderly adults ages 18 to 64. Respondents can select multiple reasons. Status change includes marital status change, death of spouse or parent, or ineligible due to age or leaving school.

SOURCE: KFF analysis of 2018 National Health Interview Survey.



Self Pay Significant, Worsening with Covid-19

Organization Type	SP Accts	SP Amount	Total Accts	Total \$	AVG SP Bal	% of AR \$	% Accts
800 to 1000 Physicians	161,726	\$ 12,206,484	496,417	\$ 51,400,494	\$ 75.48	23.7%	32.6%
Multi Hospital System	136,733	\$ 240,161,664	365,071	\$ 1,192,456,380	\$ 1,756.43	20.1%	37.5%
Large Urban System	40,136	\$ 164,954,134	70,822	\$ 438,516,649	\$ 4,109.88	37.6%	56.7%
Large Urban System	43,958	\$ 56,757,088	142,837	\$ 137,510,950	\$ 1,291.17	41.3%	30.8%
Community Hospital	28,203	\$ 33,707,856	64,829	\$ 138,226,984	\$ 1,195.19	24.4%	43.5%
Community Hospital	55,428	\$ 63,226,983	131,658	\$ 215,801,898	\$ 1,140.70	29.3%	42.1%
Community Hospital	21,885	\$ 16,400,636	71,894	\$ 62,076,359	\$ 749.40	26.4%	30.4%
Community Hospital	25,906	\$ 14,935,953	85,814	\$ 77,689,541	\$ 576.54	19.2%	30.2%
Community Hospital	21,254	\$ 6,700,055	75,890	\$ 83,030,277	\$ 315.24	8.1%	28.0%
Community Hospital	29,831	\$ 13,598,339	40,803	\$ 85,725,521	\$ 455.85	15.9%	73.1%
Summary 10 Providers	565,060	\$ 622,649,193	1,546,035	\$ 2,482,435,053	\$ 1,101.92	25.1%	36.5%

- **Early warnings:** HFM September 2015 edition, article “the self-pay problem”
 - 10 Providers 565,060 accounts - \$622.6M in self pay AR
 - Represents 25% of total AR
 - Above includes SP and SP after insurance
- **Covid-19:** Shifting priorities exacerbates the self-pay problem

Flexing Staff w/ Covid-19 Disruptions

Accounts	SP AR Amt	Total AR Accts	Total AR \$\$	Avg SP Bal	% of SP to AR \$	% of SP Accts to Total Accts
565,060	\$622,646,193	1,546,035	\$2,482,435,053	\$1,102	25.1%	36.5%
#Accts / FTE	2500	3000	3500	4000	4500	5000
#FTE's	226	188	161	141	126	113
Basic Salary Expense with Benefits per FTE						
\$25,000	\$5,650,600	\$4,708,833	\$4,036,143	\$3,531,625	\$3,139,222	\$2,825,300
\$30,000	\$6,780,720	\$5,650,600	\$4,843,371	\$4,237,950	\$3,767,067	\$3,390,360
\$35,000	\$7,910,840	\$6,592,367	\$5,650,600	\$4,944,275	\$4,394,911	\$3,955,420
\$40,000	\$9,040,960	\$7,534,133	\$6,457,829	\$5,650,600	\$5,022,756	\$4,520,480
\$45,000	\$10,171,080	\$8,475,900	\$7,265,057	\$6,356,925	\$5,650,600	\$5,085,540
\$50,000	\$11,301,200	\$9,417,667	\$8,072,286	\$7,063,250	\$6,278,444	\$5,650,600

	<u>Pre Covid-19</u>	<u>Post Covid-19</u>
• Providers / Vendors: similar requirements	X	X
• Vendors more technology & more cost	X	X
• Basic staffing cost structure is similar	X	X
• Vendors at risk, collect or no payment fee	X	X
• Reduced electives dramatically shifts staffing		X
• Reduced yield: non-existent or difficult to obtain new reimbursement sources		X

Know Your Self Pay A/R Before and After Covid-19

Post Covid-19

- What % of revenue is straight Self Pay?
 - What % of revenue moves from Insurance to Self Pay?
 - What % of each above is collected?
 - Age your payment activity like you age your AR
 - What is your % of bad debt to total revenue?
 - What % of your total patient population are send to bad debt collection agencies?
-
- How has the % changed?
 - What's the impact of the 26.5 million recently unemployed?
 - How has the yield shifted?
 - What's been the payment trends? How are they extrapolated?
 - What's the impact and what's the outlook, for reserves?
 - How has this % changed?
-
- How to re-balance internal staff and the relationship with my SP vendor?
 - What's the vision/plan per quarter, through at least 2021?

What To Do in the Era of Covid-19

- **Re-review** Collection and Financial Assistance Policy
 - FAP communication
 - Payment expectations
 - Failure to pay as expected
 - Extra ordinary collection actions, will Vendors comply
- **Re-review** internal practices Scheduling to Bad Debt (HFM Sep 2015)
- **Add to** statement messaging to Patients – impact of Covid-19
 - Confusion if payers will pay at 100%
 - Can hospitals routinely waive patient deductibles / coinsurance
 - Discounts for prompt payment
- **Review** telephone collection calls
 - Train staff with newly messaged scripts
 - Empathic but firm commitment to collect or resolve
 - Payment Plans, Covid-19 benefits (co-pays, etc)
- Automation
 - Text & Email
 - Patient Payment Portal
- Pre-Bad Debt Review (**more relevant than ever**)

Review your Vendors' Response to Covid-19

- What is your agreement with Vendors?
 - Time limits to collect and return
 - Extra ordinary collection actions
 - Lawsuits / Civil Action
 - Credit Reporting Agencies
 - Customer Service, Financial Assistance Applications
 - What are the Covid-19 specific actions they've taken?
- Age Vendor payments: how soon after placement is AR collected/resolved? What are the new projections with Covid-19?
- Recovery rate: before and after Covid-19
 - % of dollars collected / dollars placed
 - % of dollars resolved / dollars placed
- Net dollars returned not all about % fee
- Second Placement and/or Selling Bad Debt

HHS & Covid-19

- Families First Coronavirus Response Act 3/1/2020
 - \$3.5B in total funding, covers multiple groups
 - \$250M for Aging and Disability nutrition services available to 9/30/20
 - \$64M Indian Health Service for diagnostic testing
 - \$1B for diagnostic testing for uninsured
 - Website www.coviduninsuredclaim.HRSA.gov
- Health Provisions
 - Applies to Testing only (at present)
 - Eliminates cost sharing for testing
 - State options under Medicaid to cover testing related services (only) for uninsured

Presentation Questions



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