Moving People to Pay: A Patient-Friendly Approach

Part I: Understanding the Patient

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Traditional methods of coercing payment from patients, such as those used by many collection agencies, often result in resentment, passive aggression, avoidance, and negative public relations. No wonder recoveries are lower! It is possible to effectively motivate payment while maintaining your patients' dignity and goodwill. Here we will explore the revenue recovery challenges resulting from today's economy and offer examples of proven methods for increasing collections and preserving relationships by evaluating:

- HFMA Patient-Friendly Billing Initiative
- A Patient's Thinking Process
- The Willing & Able Matrix
- Patient-Friendly Persuasion Tools
- Human Performance Technology

HFMA'S PATIENT-FRIENDLY BILLING INITIATIVE

Designed to ensure that patients are aware of their financial responsibilities in a clear manner, HFMA's initiative is based on a central theme:

Communicate information to patients in a manner that helps the patient understand what their financial obligations are, the ways they can meet those responsibilities, and then come to an agreement with the patient about how they will pay or otherwise resolve the financial obligation.

This is a challenge for all creditors. However, healthcare providers differ from typical credit grantors in at least 4 significant ways:

1) The service provided was probably not solicited.
2) Patients have a somewhat limited ability to choose or price compare.
3) Services have been rendered with no tangible reminder.
4) There is probably a third party involved in the payment for services.

These factors create the potential for misunderstandings and confusion, as well as the tendency for patients to psychologically view their healthcare debts from a totally different perspective; and this is why using traditional methods of coercing payment from patients doesn't work. Effectively dealing with today's patients must begin with an understanding of how they are motivated.

THE PATIENT'S THINKING PROCESS

A new model, developed over the past five years by KeyBridge Medical Revenue Management, has emerged that is based upon matching payment motivation methods with the patient's thinking process as it relates to paying their portion of healthcare bills.

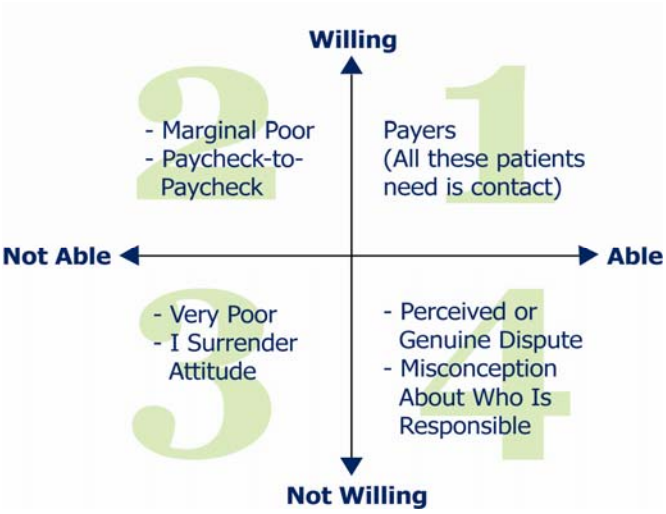
Self-pay management systems provider, nTelagent, reviewed 40 provider aged trial balance reports from organizations around the country and found that half of the accounts written off as bad debt actually belonged to patients who showed the capacity to pay their bill. Sixteen percent of them were classified as having a high household income and/or high net worth and 33 percent having moderate income/net worth. So, why didn't they pay their health care bills? At KeyBridge, our experience has shown that it is for one of two fundamental reasons:

1) The patient either believes they don't owe the bill, or …
2) They believe they can't pay it.

Notice that we're not saying that either are facts, just that the patient *believes* them to be true. Based on those beliefs you can see how patients fall into one of the four quadrants of the *Willing and Able Matrix*. (See *Willing and Able Matrix on next page*)

Part I: Understanding the Patient

The Willing and Able Matrix



Quadrant 1: Patients who are both willing and able

If a patient believes that they do owe the bill and they can pay it, guess what? They pay it! The patient-friendly way to proceed with these patients is to gently remind them of their balance and make it easy for them to remit payment. Using the wrong strategies and techniques to communicate with this category of patients can actually move them to become unwilling to pay based on their perception of how they were treated.

Quadrant 2: Patients who are willing, but not able

The Wall Street Journal has reported that 70 percent of Americans live from paycheck to paycheck--even people in the high and medium income brackets. According to Rex Kohl, President of Benefit Strategies, Inc., "Sixty percent of people lack adequate cash reserves…" and most people use credit to spend money they haven't earned yet. Even though they may acknowledge their responsibility, they probably didn't plan for the medical debt and may not have enough financial literacy to be able to figure out how to meet their obligation.

Because they don't know what to do, and they are embarrassed to be in their situation, these patients tend to avoid the problem until it becomes critical. These are the people that fall into the willing/not able quadrant, and there are proven methods for moving them out of this quadrant to become willing and able payers. The secret is, we can't change their situation, but we can motivate them by using some very sophisticated communication techniques to change the way they think about it.

This set of communication techniques is known as Neurolingusitic Programming (NLP). NLP techniques include using sensory language and verbal pacing to establish rapport, Omega strategies to lower resistance, embedded directives and targeted questions to direct thinking and spatial, temporal and awareness language patterns to effect the way patients view their situation.

Once patients become comfortable talking about their financial situation, they can be helped to discover sources of money they may not have thought of and payment arrangements can be negotiated with them. (See further discussion of these techniques later in the section on *The Patient's Journey*.)

Quadrant 3: Patients who are able, but not willing

The patients in this quadrant usually have some reason to believe that they don't owe the bill. Most often, it's because they believe that someone else is responsible, like the insurance company, ex-spouse, etc. Occasionally, they may be dissatisfied with the care they received or the outcome of their treatment didn't meet their expectations. There are

even some rare situations where the patient believes that the physician makes too much money or charges too much and that entitles the patient to not pay the bill, even though they received the care. Even rarer is the patient who simply believes that there is nothing you can do to make them pay and they invite you to go ahead and try.

For the majority of the patients in this quadrant, the issues preventing payment can be resolved using communication techniques that help change the way they view the situation. This involves providing facts and asking questions that allow the patient to conclude that they are responsible for the balance.

Quadrant 4: Patients who are not able and not willing

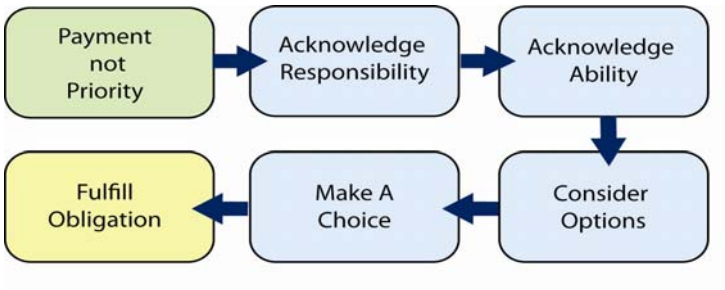
The not able/not willing quadrant is occupied by people who have very low income levels and they have probably lost hope and completely given up trying or caring. These people will probably qualify for financial assistance programs or charity care, but they can be difficult to motivate to even complete the steps necessary to qualify. Sometimes their lack of action has little to do with their motivation and more to do with literacy issues.

For some, completing financial applications can be difficult and intimidating. Again, effective persuasion techniques can be applied to influence this quadrant to willingly take the required action. At KeyBridge, we assist patients with qualifying and applying for financial appropriate financial assistance and charity care programs.

THE PATIENT'S JOURNEY

Patients who fall in quadrants 2 thru 4, the non-paying quadrants, go through a psychological journey illustrated in the following chart.

Psychological Journey of Non-Paying Patients



In order for the patient to make the logical decision to pay, without feeling coerced or manipulated, they must pass through each of these steps. They must believe, in their own mind, that they do owe the bill and that they can pay it.

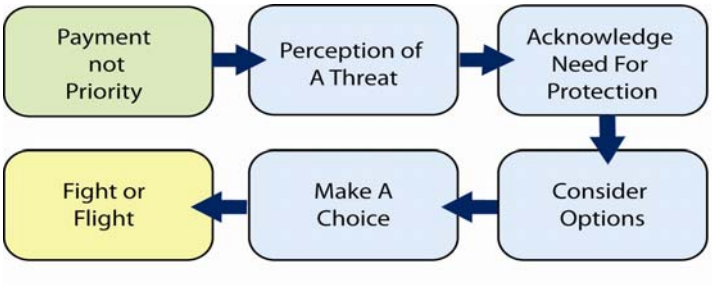
Attempts to force those beliefs will usually be met with natural resistance that can trigger the classic fight-or-flight response. Every person has a certain number of filters by which they evaluate situations they have experienced or imagined. These filters, or ways of looking at things, help us to form our attitudes, values, and knowledge of our world and become the basis for how we tend to behave in specific situations. Sometimes these filters can be thought of as guards at the gate that are there to protect us from potential harm.

We learn to recognize inputs within the context of a particular event and store that recognition at a non-conscious level as a pattern. We then create another pattern that we store at a below-conscious level that we use in response to get us desirable results. Most of these patterns that involve interactions with people are largely based on how we communicate with each other, mostly in the form of language.

The true meaning of communication is the response you receive in reaction to what you say or do, independent of

the intention. That explains why people sometimes react with negative emotions to things that we intended positively. We respond to a multitude of stimuli without being *consciously* aware of it, both positively and negatively. It is easy to see how language that implies threats, coercion, or the use of force at a subconscious level wakes up the guard and actually creates a different path to a negative outcome. That pathway looks like this:

Subconscious Thought Process to Perceived Threats

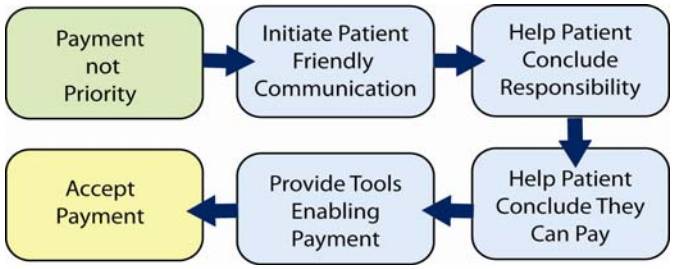


The patient chooses their action in direct response to the actions being directed at them along with any preconceived perceptions they may have of their situation. That's why it is important to choose actions that are designed, as much as possible, to put the patient on the desirable path. It is possible to design communications that trigger a positive subconscious response that avoid waking the guard at the gate.

DESIGNING A PROCESS THAT MIRRORS THE JOURNEY

The communication techniques used to motivate payment must be engineered into a process that precisely matches every step of the patient's psychological journey from non-payment to obligation fulfillment. At KeyBridge Medical Revenue Management we have successfully engineered such a process.

KeyBridge's Patient Motivational Process



In Part II of Moving People to Pay: A Patient-Friendly Approach, we will suggest some effective persuasion tools that can be a powerful addition to the revenue recovery process.