

Courtesy of:



KeyBridge™  
Medical Revenue Care™  
www.KeyBridgeMed.com



# Jump-Start Your Advocacy Strategy for 2022

Revenue cycle education between collection agencies and health care providers can go a long way to help curb legislative challenges.

By Katy Zillmer

Medical debt collection was a significant focus for legislation at the state and federal level this year. In fact, nearly a dozen states considered legislation to address medical debt collection and ACA International and its state units worked together to advocate and educate lawmakers on the needs of businesses and consumers in the medical debt collection process.

Ultimately, California, Maryland, Nevada and New Mexico all enacted legislation in this area.

During the 2021 state legislative session, ACA and its 34 state and regional units identified and tracked close to 900 state-level bills, and medical-debt-related legislation was at the forefront of this activity. This trend is expected to continue in the 2022 legislative session as legislatures focus on health care costs and the long-term impact the COVID-19 pandemic has had on consumers.

With that in mind, it's important for agencies working in medical debt collection and their health care clients to educate each other about their legislative priorities and the potential impact of state and federal proposals, said Andrew Madden, ACA's vice president of state unit and government affairs.

Madden said a good first step is for agencies and their health care provider clients to take time during their business

meetings, or set up a regular meeting throughout the year, to provide updates on the health care revenue cycle and legislative priorities.

"As far as the time of year, a general rule of thumb is there is no time like the present," Madden said. "If a bill is moving forward at the state level, it's never too late for clients and business associates to meet. Legislation takes time to amend and approve, which is why a few minutes on your monthly or quarterly calls to discuss revenue cycle trends and legislative issues can go a long way. ACA's team can also provide information and meeting guidance and work together with members on these meetings."

It's also important to document meeting discussions and educational materials on the health care revenue cycle. Providers can use that information from their business associates to share with trade associations they are a part of and their advocacy teams, Madden said.

## Hardship Programs

At these meetings, be sure to discuss any known hardship programs agencies can suggest to consumers.

ACA members are uniquely trained to access emergency hardship programs and help during difficult times, such as what they are experiencing with COVID-19.

Hardship programs have long been a staple in the accounts receivable management (ARM) industry to help consumers in times of extra financial hardship—such as a natural disaster or illness—and are often part of a contract with clients or even developed in partnership with clients.

Providing information about these hardship programs and sharing with legislators and health care clients' advocates how you help consumers set up flexible payment plans is essential to demonstrate how the ARM industry is focused on helping consumers—and the unintended harm certain legislative proposals can have.

Madden suggested ACA members and their health care provider clients can also share ARM industry educational materials with other trade associations

*continued on page 2*



## Jump-Start Your Advocacy Strategy cont. from page 1

that might be focused on the same topics.

“The bottom line is if agencies specializing in medical debt collection and their health care partners can make revenue cycle and consumer resources a regular part of their trainings and meetings, it may help lobbyists and legislators reprioritize what they’re focusing on,” Madden said.

While state and federal regulations and legislation are a whole different ballgame when it comes to their impact on business, there are often common themes such as medical debt, technology

and communication with consumers.

Take, for example, Reg F. While it’s at the federal level, the Consumer Financial Protection Bureau’s debt collection rule is also an important touchpoint that agencies and their health care clients can review when it comes to regulatory advocacy.

Reg F contains many provisions impacting communication with consumers about medical debt and medical debt collection, such as the itemization of multiple debts.

“By January, it will be over a month

after the effective date of Reg F,” Madden said. “Collectors can update their clients on their experience with Reg F to that point and use it as a marker for future education on ARM industry issues and medical debt.”

For more information on advocacy, visit ACA’s online [Advocacy Resource Center](#), as well as the [State and Regional Units webpage](#) for state-level resources.

*Katy Zillmer is ACA International’s communications manager.*

## M&A Report Shows Regional Partnerships Drive Third-Quarter Revenue

Regionalization trends continued in the third quarter, reflecting consolidation and resource sharing again as the COVID-19 pandemic persists, according to Kaufman Hall report.

Merger and acquisition revenue for the third quarter shows a total transacted revenue of \$5.2 billion, with an historical low of just seven total transactions. Continuing the trends of the previous quarter, there is still a major shift away from acquisitions of smaller, independent hospitals and a focus on regional partnerships, [according to the M&A Quarterly Activity Report report from Kaufman, Hall & Associates LLC](#).

“Of note, the total revenue transacted year-to-date is nearly on par with that of years past, despite only half (or even less) of the total transaction volume. [Kaufman Hall] believe[s] that the trend of high average seller size will continue into Q4 as larger health systems look to partner to overcome adverse effects from the COVID-19 pandemic and seek strategic combinations that broaden their reach,” according to the report.

Revenue in the first three quarters totaled approximately \$22.4 billion from 34 total transactions.

“As we have seen throughout 2021, the smaller number of transactions is being offset with a high percentage of transactions with seller revenues in excess of \$500 million. Two of the transactions in Q3 represent ‘mega-mergers,’ in which the smaller partner or seller has average annual revenues in excess of \$1 billion,” according to the report.

Additionally, the average seller size by revenue for 2021’s third quarter was \$736 million, more than double the \$346 million year-end average for 2020, according to the report. Total transacted revenue for the quarter was \$5.2 billion, which was the lowest among historical third quarter figures, while still consistent with historical levels.

The continued trend from the second quarter and throughout 2021 has shown there was a higher level of large and mega-merger transactions but fewer overall. Based on the results from this report, Kaufman Hall predicts this trend will continue into 2022, and that there are a number of factors driving it, including:

- **Fewer independent hospitals:** The number of unaffiliated, independent community hospitals is decreasing. Data from the American Hospital Association’s 2019 Annual Survey indicates that 67% of the 5,141 community hospitals are already part of a system.
- **Emphasis on strategic partnerships:** Hospitals and health systems are focusing on transactions that have a strong strategic rationale to make the effort worthwhile with potential partners.
- **Desire for transformative impact:** The drivers for many of the larger transactions reflect a pursuit of increasing intellectual capital, expanding the base for resources

and knowledge, and combining complementary capabilities and expertise within a single organization.

The most significant transactions in the third quarter include:

- The planned merger of Utah-based Intermountain Healthcare and Colorado-based SCL Health. The combined \$11 billion system would operate 33 hospitals and provide services in six states: Colorado, Idaho, Kansas, Montana, Nevada and Utah.
- HCA’s planned acquisition of five hospitals in Utah from Steward Health Care. The acquisition would add to the eight hospitals HCA already operates in the state.

While it appeared M&A activity would reach normalization sooner, the trends in this report indicate that there is a longer road ahead with hospitals and health care systems reframing strategies and partnerships to expand their services for communities in need.

Read more here <https://bit.ly/thirdquarter-mergers> and see findings from the report in *Data Watch*.

# Average Family Insurance Premiums On the Rise in 2021

Insurance costs for workers and employers increased this year, according to the [2021 Employer Health Benefits Survey from the Kaiser Family Foundation](#).

The annual family premiums in employer-sponsored health plans increased 4% to an average of \$22,221 this year, according to the report.

The Kaiser Family Foundation assessed how the pandemic impacted workplace health benefits, including mental health services and telemedicine.

Highlights from the report include:

- The average deductible for workers is \$1,669, compared to \$1,644 in 2020 and \$1,655 in 2019. The deductible increased significantly since 2011, when it was \$991. In 2021, 85% of covered workers have a deductible in

their plan, compared to 74% 10 years ago.

- For insured workers with a deductible, those at small companies with less than 200 employees on average face deductibles that are 70% more than those at large companies with at least 200 employees (\$2,379 vs. \$1,397).
- With new federal rules requiring health insurance plans to provide information available to consumers about the costs of services, 26% of companies with at least 200 workers say they expect the information will help employees' health care decisions "a great deal."

[Read more from the Kaiser Family Foundation report here.](#)

## Your Guide to the Reg F Model Validation Notice

ACA's compliance team has created an easy-to-understand infographic breaking down validation notice requirements in the debt collection rule.

The model validation notice is probably common lingo around the Reg F water cooler by now, but it's also one of the foundations of the Consumer Financial Protection Bureau's debt collection rule and ACA International has the resources to help agencies and their health care provider clients understand every piece of it.

Reg F requires collectors to provide consumers with information about certain rights via the validation notice. ACA's guide on the model validation notice is especially helpful for agencies or clients working with a consumer who has multiple debts and medical bills.

Reg F offers eight optional disclosures you can add to the validation notice and still receive the safe harbor, but those are the only additional disclosures you can add.

To further assist members, ACA's compliance team also created a flowchart, available here, <https://bit.ly/cfpb-mvn>, on completing the model validation notice during initial communications with a consumer and components that indicate the mini-Miranda disclosure, information about the consumer's debt and consumer protections.

A complete report in *Collector* magazine, Knowledge Check: Reg F and the Validation Notice, is available here: <https://bit.ly/regf-mvn>

## NEWS & NOTES

### No Surprises Act Takes Effect

The No Surprises Act, a law that helps prevent the practice of surprise medical billing, takes effect Jan. 1, 2022. In addition to banning surprise billing for emergency services, it also bans certain non-emergency care provided by out-of-network providers at in-network facilities and limits high out-of-network cost-sharing.

Most recently, the Biden administration issued an interim final rule to further implement the No Surprises Act. The rule has been implemented through the Departments of Health and Human Services (HHS), Labor, Treasury and the Office of Personnel Management.

It provides a transparent process to settle out-of-network rates between providers and payers, take patients out of the middle of payment disputes, and cover requirements for health care cost estimates for uninsured or self-pay patients.

Other consumer protections in the rule include a payment dispute resolution process, according to HHS. Read more on the interim rule here: <https://bit.ly/hhsrule>

### We Want to Hear From You

*Pulse* is published for ACA International health care collection agencies to provide current industry information for health care providers. ACA welcomes article ideas and submissions for consideration in *Pulse* to the Communications Department at [comm@acainternational.org](mailto:comm@acainternational.org).

For more news, visit ACA's Publications page at <https://www.acainternational.org/news/publications/>.

# datawatch



is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

**Communications Department**  
**ACA International**  
**3200 Courthouse Lane**  
**Eagan, MN 55121**  
[comm@acainternational.org](mailto:comm@acainternational.org)

Note: Requests for reprints or additional information on material herein must be made through the ACA International member who sponsored your receipt of this publication.

Do we have your correct name, title and address? Please advise your sponsor of any corrections.

This information is not to be construed as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to assure that this information is up to date as of the date of publication. It is not intended to be a full and exhaustive explanation of the law in any area. This information is not intended as legal advice and may not be used as legal advice. It should not be used to replace the advice of your own legal counsel.

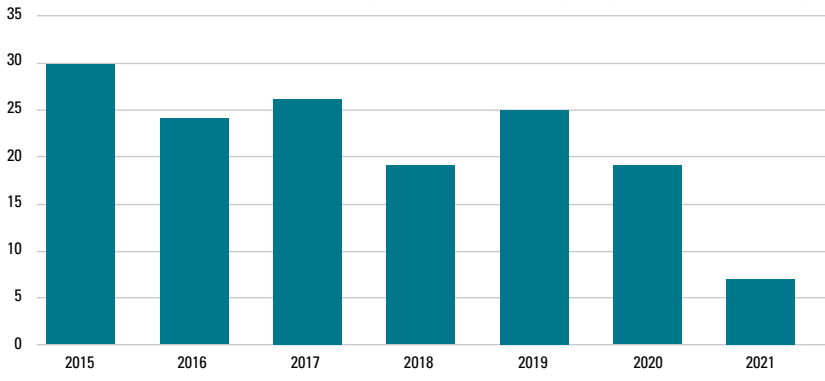
© 2021 ACA International.  
All Rights Reserved.



## M&A Regional Partnerships in Third Quarter

According to the Kaufman, Hall & Associates' M&A Quarterly Activity Report, merger and acquisition revenue volume in the third quarter of 2021 was again at an historical low compared to pre-pandemic levels with just seven transactions, echoing trends from the previous quarter. However, the majority of the third-quarter transactions had revenues above \$500 million, including two "mega mergers," in which the smaller partner or seller has average annual revenues over \$1 billion.

NUMBER OF Q3 ANNOUNCED TRANSACTIONS BY YEAR



Source: Kaufman, Hall & Associates M&A Quarterly Activity Report: Q3 2021.  
<https://bit.ly/3DLmMTX>