

For many hospitals, outsourcing self-pay accounts is an attractive option for reducing bad debt and increasing collections. To achieve the full return on these vendor relationships, hospitals need to be able to identify the best vendors for their organization. The following questions are intended to help you get the information you need to make that determination.

Ten Essential Questions to Ask When Qualifying New Vendors

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What percentage of their accounts are aged beyond 30, 90 and 120 days?

Nationwide, 36% of accounts placed with a vendor for 31 – 60 days are never reworked. That number is 23% for accounts past 121 days. Anything near these rates should be cause for concern. There may be issues with the vendor's predictive scoring, they may be sending accounts to charity too soon, or they may lack the analytics capabilities to drill down to identify account issues.

What percentage of accounts are considered no-activity?

Most early out vendors use traditional patient segmentation analytics to score accounts. This can lead many patients to be labeled as "non-payer" forever. When those patients' financial situations change and they are able to pay, they don't get the opportunity. A high percentage of no-activity accounts can indicate an insufficient scoring process.

What methods are used to determine ability/likelihood to pay?

When patient segmentation alone is used as the primary determiner of payment collections processes, it can actually increase the number of accounts that are never worked—not the result you want from your vendor. These analytics are often based on poor predictive variables. When this happens, patients are unnecessarily turned over to aggressive collections methods that can hamper patient satisfaction and impact the hospital's brand reputation.

Is their technology able to seamlessly integrate with your hospital's accounting system?

One of the biggest issues with vendor effectiveness is the inability to close the loop on accounts. When this happens, it's a sure sign that hospitals likely aren't receiving the amount of recoveries they should. Seamless integration removes this uncertainty and increases vendor accountability.

How do they address account holds, billing disputes, or other issues?

Many times hospitals are left in the dark when it comes to these types of account issues. Without in-depth, account-level analytics from the vendor, accounts can end up in limbo, possibly written-off unnecessarily. Vendors need proven method for proactively communicating and addressing all types of account issue with hospitals.

Do they understand and employ industry best practices in their collections efforts?

According to Healthfuse research, more than half of all early out vendors are non-compliant with best practices, Service Level Agreements, or government regulations. This can hamper vendor transparency and the ability to measure return on investment. Without best practices, vendors are left to create their own measurements for success, which may or may not be accurate.

What is their standard Service Level Agreement?

Vendors should be completely transparent about their SLAs. Understanding how their terms compare with their competitors should be standard knowledge. An unwillingness to prove their competitiveness means you are unlikely to receive the most favorable terms for your hospital.

What type of education do they provide their collections reps?

Every patient financial engagement is important, whether made from the hospital or the vendor. Each collections rep needs to have a clear understanding of industry best practices, and each must understand they are acting as an extension of your hospital. They need to understand and promote your unique culture at every engagement. If the vendor cannot clearly define an educational program that includes this element, it's best to move on.

Do they audit collection calls?

Quality control is essential to providing quality outcomes throughout the care continuum. It should also be an essential element of the patient financial experience. Identifying problematic reps, breakdowns in processes, or needs for further education are best achieved through ongoing, real-time call auditing. Doing so allows for immediate intervention and corrective action to be taken before damage is done to the patient experience.

What is their turnover rate for collections reps?

Research shows that the patient financial experience is directly connected to a hospital's brand reputation. When vendors have a high employee turnover rate, it can lead to inconsistencies in the patient experience and an ineffective collections effort. High turnover may be symptomatic of undesirable working conditions, poor management, or a hostile company culture. Steer clear of any agency with high employee turnover or those that don't have the ability to provide that information.