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PREDICTIVE METRICS FOR HEALTHCARE/ HOSPITALS

Predictive Metrics for Healthcare/Hospitals

In the United States, hospitals, physician groups, labs, clinics and other healthcare providers are seeing bad debt grow due to the current economic environment and climbing healthcare costs. These issues are further compounded by increased volume of unpaid bills, and a lower percent of the balance being paid due to unemployment, foreclosures, lack of health insurance and less availability of credit.

For hospitals and healthcare providers, the cost of collections are rising at a rapid pace

In order to help mitigate these challenges, hospitals and healthcare providers are turning toward statistical modeling to improve collections effectiveness. These statistical models do not rely on bureau data which make them ideal for medical debt as they adhere to specific regulations such as the Pinto's ruling which disallows the use of bureau data when performing collections .

By running these models against the outstanding balances, providers can quickly identify which patients are likely to pay and which should be sent out to a collection agency or sold off. With this information, resources can be more appropriately allocated, agency spend is reduced, and profits increase as collection activity improves.

Day one medical modeling: identify which accounts to chase and which to send to agency

Hospitals & healthcare providers are overwhelmed by the task of collections and as a result, many outsource the entire function as they are unable to quickly identify which patients are likely to pay versus those that will end up in an agency, charity or in legal. Working with medical debt buyers and collection agencies often involves a forward flow of paper; but understanding which bills to forward and which to maintain for in-house collections is critical.

Package specific accounts for debt buyers and agencies

By using statistical modeling hospitals and healthcare providers can evaluate their portfolio of debt and then focus resources on the most valuable patients in the most efficient manner – thereby improving collections effectiveness. The predictive models can be used to partition the bills into different categories, allowing collections teams to apply the appropriate strategy to each patient. For accounts with less likelihood of payment, hospitals and healthcare providers can package up the debt and place it out to bid or pass to agencies sooner.

Reduce reliance on bureau data

When performing collections activities at a hospital or healthcare provider, it is critical that specific guidelines are followed. For instance it is important to understand HIPAA, the Pinto’s Ruling, and when exactly bureau data or socioeconomic criteria can and cannot be used to prioritize or segment patients into different collection treatment plans. This method does not require bureau data to produce accurate scores, helping organizations better collect on their self pay accounts. The models leverage the predictive power of patient account data.

Leverage models to improve collections effectiveness

When a hospital or healthcare provider is able to segment accounts based on expected liquidity, the allocation of collections resources can be more strategic. Further, the decision of when to send an account to an agency will be made based on the likelihood of payment being made without the agency involvement; this will reduce the amount of accounts that are sent out to agency, thereby increasing profits. The models are used to establish a medical score and then use that score to simulate collection actions based on cost to determine the most effective collections targets and strategy.

Compliant and secure data management

The only data needed to produce and validate medical scores is:

- Date of service
- Amount of last payment
- State
- Placement Date
- Amount due
- Current balance
- Original account open date
- Medical debt type
- Last payment made
- Zip code
- Placement status
- Other data is optional

Using this data, the patient's personally identifiable information is not required and the scoring process can handle masked data if necessary. Providing additional information may enhance predictiveness.

Highly sophisticated modeling

The healthcare specific predictive model is an empirically derived multivariate statistical model that was developed and validated based on a sample derived from more than five million charged-off medical observations and blended with aggregated socio-economic and demographic data. By leveraging an industry specific database, the scoring can more accurately predict liquidations and dollars to be collected per patient account, and does not require bureau data or personally identifiable information. This model is frequently updated for ongoing stability and performance.

Complimentary validation analysis

Another advantage of using statistical-based scoring for developing collection strategies is that statistical models are evaluated through a validation analysis that documents the model's ability to predict a probability of payment and payment amount. Historical patient payment data is used to validate the score and the model's predictive ability can be accurately determined by measuring predicted payments against known payment activity.

For a validation analysis, a company provides FIS with typically one or more months of historical patient data. This is a two pronged approach and two files sent simultaneously will be needed to process your validation. The first file is the original patient data file for collection (billing) and the second file is the performance information (i.e. payments, dates of payments, type of payments) during the validation period (i.e. at least six months of transactions after time of service).

The first part of our retro analysis involves us scoring your patient file. The second part of the analysis, we attach your performance data (payments, transactions) associated with the patients over at least a 180 day period after time of service and produce a summary showing our predictions versus your actual results. This allows the model's predictive ability to be accurately determined.

The validation analysis can also balance the output of these models with other medical scores currently in place. This will offer the ability to apply a Champion–Challenger Analysis to evaluate FIS' models against current solutions.

Predictive metrics for healthcare/hospitals

FEATURES

- Perform forward flow scoring.
- Payment behavior models are specific to collecting medical debt.
- Perform analysis without using bureau data.
- Determine when to buy skip tracing data in order to optimize profitability.
- Adhere to regulations such as HIPPA and Pinto's Ruling.
- Easily integrate with any A/R, ERP or collection/billing system.
- Complimentary validation process.

BENEFITS

- Prioritize collection activities for increased cash flow and reduced bad debt expense.
- Lower collections costs; send letters to customers with the highest likelihood of paying.
- Minimize the expense of using collection agencies by identifying which accounts to self-collect & which to outsource.
- Reduce bureau data costs.
- Score all accounts to maximize profits and minimize bad debt.

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit **www.fisglobal.com**

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