



Patient Loan Programs in Maryland

New answers to old questions



Does self-pay really matter?



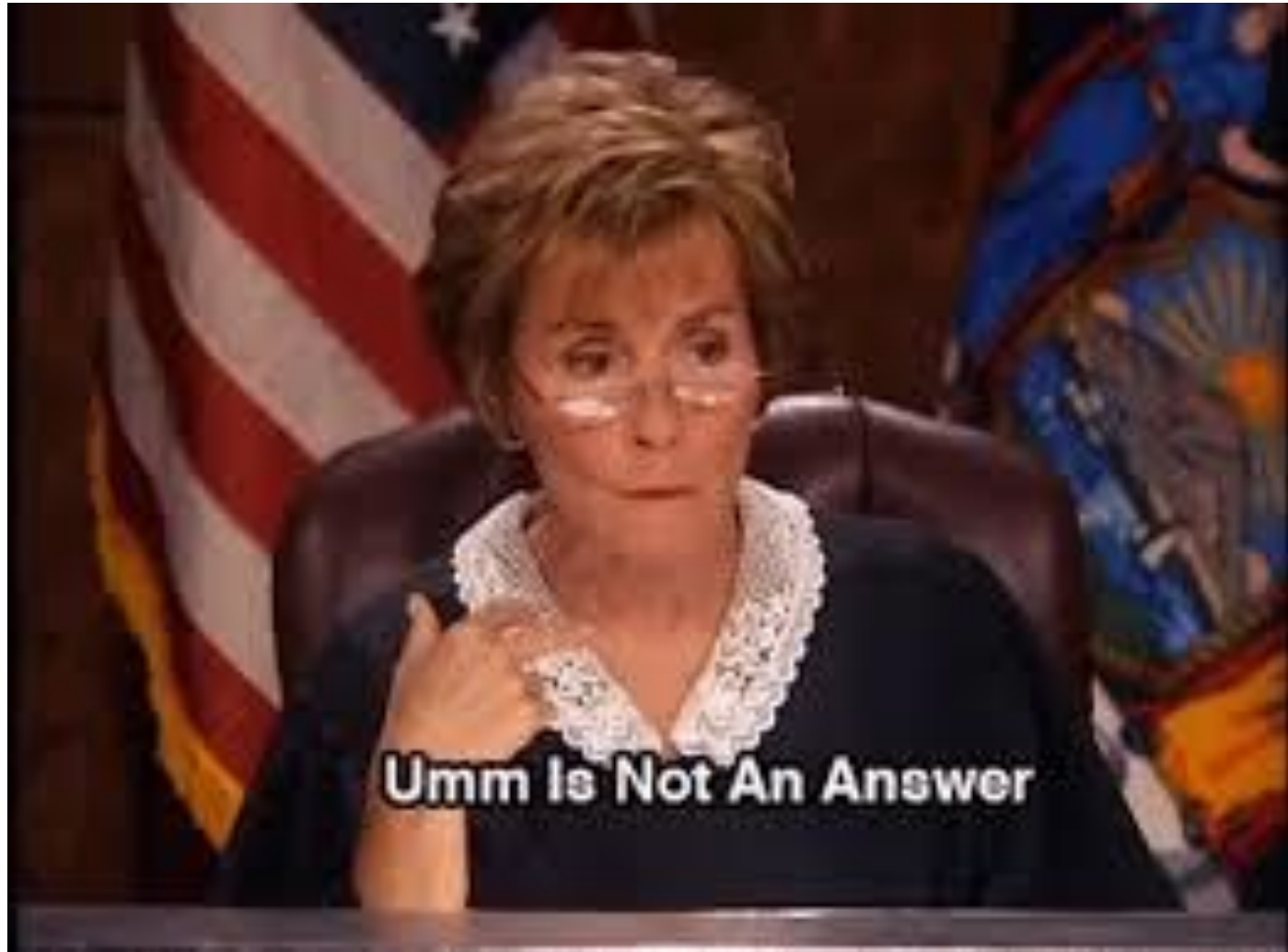
Listen Sonny. If I get a call from a collector, I'm gonna come down there and kick your ass. Then I'm going to the TV station and tell'em what kinda business your running!

Not your mama's self-pay

- Kaiser Family Foundation reports the average annual out-of-pocket costs per patient rose almost 230 percent between 2006 and 2015
- CMS estimates that in 2016, consumers spent \$352.5 billion out-of-pocket on healthcare
- According to Forbes, inpatient deductible amounts increased 86% from 2009 to 2013
- A recent Federal Reserve report found that 46% of Americans would struggle to meet an emergency expense of \$400
- The latest statistics reveal that patients' out-of-pocket payments now make up 30% of hospital revenues.

The background of the image is a blurred, high-angle view of a modern building's interior. It shows a staircase with a glass railing on the right side, leading down. The walls and ceiling are light-colored, and the overall atmosphere is bright and airy. The text is overlaid on the left side of the image.

Are Patient Loan Programs legal in Maryland?



Umm Is Not An Answer

History of Maryland Patient Loan Programs

- ✧ Nationally, about 20% of facilities offer Patient Loan Programs
- ✧ Prior to 2016 not permitted by the Health Services Cost Review Commission (HSCRC)
- ✧ Holy Cross Health's Pilot experience
- ✧ Recent developments in Patient Loan Programs for Maryland Hospitals

Holy Cross/Anne Arundel Pilot Application

- ⇨ November 2015 through February 2016
- ⇨ March 8, 2016 a one year pilot approved by HSCRC
 - ↙ Collect 5 data elements
 - ↙ Have all printed materials pre-approved
 - ↙ Have the vendor pre-approved
- ⇨ HCH pilot delayed until July 1, 2016
- ⇨ March 2017 and October 2017

What is a Patient Loan Program?



Another Arrow in the Revenue Cycle Quiver

- 🏹 Reduce bad debt
- 🏹 Get out of the time payment business
- 🏹 Gives patients an option in the current healthcare environment
- 🏹 Lower A/R days

How the a program works

- Patient enrolls
- Once the patient makes their first payment, program sends hospital the account amount minus the fee

Patient Interest	Payment Months	6	12	18	24	30	36	42	48	54	60
0%	Funded Amount	96%	94%	91%	88%	86%	84%	81%	79%	77%	75%

- Hospital posts the cash and relieves the A/R
- If the patient defaults on payment, account is written off to bad debt without returning to the A/R and the hospital pays back the unpaid portion of the account
- Default rates vary from 6% to 20%

Things to Consider

- People who are going to hate you
 - Accounting
 - Early Out Agency
- How do you report Point of Services collection?
- Composition of your self-pay receivable
- Synchronicity

Recap

- Patient Loan Programs are legal
- Throw everything you got at your self-pay receivable
- Give your Point of Service collectors some options to work with

