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Sharp HealthCare
a smarter plan to help the uninsured

One health system increased self-pay revenue substantially by helping patients determine their eligibility for coverage under government and other programs charged with covering the uninsured.

In 2009, Sharp HealthCare in Southern California began seeing a decline in self-pay collections—specifically, among uninsured patients who pay cash for at least some of their healthcare expenses.

To stem this decline in self-pay patient revenue, down $3.4 million from FY08 to FY09, Sharp partnered with the Foundation for Health Coverage Education (FHCE), a 501(c)3 public charity organization based in San Jose, Calif., to develop a unique approach for tackling the issue of uninsured patients. The approach entailed implementing a targeted, point-of-service plan for determining patients' eligibility for health coverage in the emergency departments (EDs) at Sharp's four acute care hospitals (Sharp Chula Vista Medical Center, Sharp Coronado Hospital, Sharp Grossmont Hospital, and Sharp Memorial Hospital).[a] Through a 25-month effort, Sharp was able to bring in millions of dollars in revenue it had lost the previous years while providing critical assistance to patients without health coverage.

a. The not-for-profit Foundation for Health Coverage Education has received approval from attorney general of California to offer the Patient Advocacy Platform as a low-cost, subscription-based service to hospitals nationwide.

The lessons gleaned from Sharp's experience provide valuable insights for any health system seeing increasing numbers of uninsured patients. The approach highlights the need to ensure uninsured patients receive the coverage to which they are entitled from entities charged with covering the uninsured.

A Community in Crisis

Sharp's decline in self-pay patient revenue between 2008 and 2009 paralleled the decline in California's economy. Many of the communities served by Sharp's four hospital EDs—including Pacific Beach, El Cajon, downtown San Diego, Poway, and Chula Vista—were especially hit hard by the recession and the ongoing budget crisis in California. Many patients reported feeling hardships from the economy and simply did not have the money to pay. Unemployment was at 10.4 percent in 2009 and increased by 4 percent in less than one year. During that time, Sharp saw a 9 percent increase in the volume of self-pay accounts with a 27 percent increase in self-pay gross dollars.

With lower incomes and less access to jobs and subsequent group health coverage, many patients found themselves uninsured. It was a new struggle and a growing concern for Sharp. As a first step, Sharp's financial team formed a committee to discuss the issues and find a way to protect the organization's revenue in light of the economic constraints facing the community.

A Desire to Do the Right Thing

Sharp HealthCare has fostered a culture focused on patient service first—to "do the right thing" on behalf of its community. In keeping with that spirit of service, the newly formed committee wanted to act in a way that would truly make a difference. It recognized that one of the best ways to help Sharp's self-pay patients would be to distribute as much information as it could on healthcare coverage and the importance of enrollment.

In early 2009, Sharp's leaders had learned in a presentation by FHCE that one-third of the nation's estimated 46 million uninsured were eligible for public health coverage, but not enrolled. FHCE's national mission is to educate this group by making simplified public and private health insurance eligibility information easily accessible through its user-friendly website (www.coverage-forall.org). For Sharp's next efforts, this organization seemed to be a perfect fit.

The financial committee concluded that by collaborating with FHCE, Sharp could lay the groundwork for outreach to help patients identify their health insurance options.
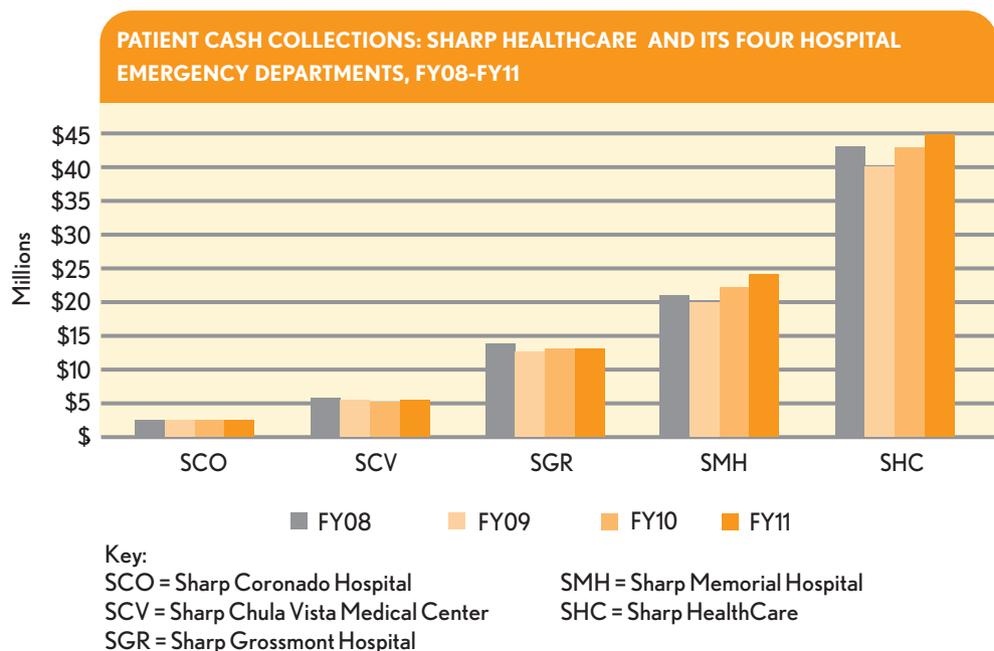
Details of the Collaborative Plan

The committee identified four goals:
> Target 6 percent improvement in patient cash collections from prior year self-pay collections.
> Establish a uniform goal for self-pay continuum to promote unity in resolving balances.
> Reduce patient calls to customer service for financial assistance by directing staff to reach out to patients regarding their eligibility for financial assistance, as determined from information secured during registration.
> Develop the capability to issue customized statements based on federal-poverty-level (FPL) data on file.

Gathering IT representatives and admissions staff from each of its hospital ED facilities, the committee launched a coordinated and strategic approach to tackling the problems facing self-pay patients using FHCE and other key resources.

FHCE's Health Care Options Matrix. Sharp began distributing this FHCE information resource—a trifold pamphlet that provides a road map for California's healthcare coverage programs, explaining the monthly cost, coverage under each program, eligibility information, and program contact information.

PATIENT CASH COLLECTIONS: SHARP HEALTHCARE AND ITS FOUR HOSPITAL EMERGENCY DEPARTMENTS, FY08-FY11

Key:
SCO = Sharp Coronado Hospital
SCV = Sharp Chula Vista Medical Center
SGR = Sharp Grossmont Hospital
SMH = Sharp Memorial Hospital
SHC = Sharp HealthCare

FHCE's Health Coverage Eligibility Quiz. Sharp incorporated this FHCE quiz into its own admittance system. By answering the quiz's five basic questions, patients can obtain a personalized list of healthcare coverage options. The questions request the following information:

> Insurance status (e.g., uninsured, recently lost group coverage)
> Demographic information (e.g., citizenship, race, gender, veteran status)
> Household size and annual income
> Applicant's age
> Presence of special health conditions (e.g., pregnancy, disability, cancer).

Based on the patient's answers, the quiz's rules engine determines the public programs for which the patient may be eligible. Sharp staff then can provide the patient with a personalized list of healthcare coverage options for which the patient is eligible, including contact information, coverage, monthly cost, and how to apply.

Defining each patient's specific benefit opportunities allows for a dialogue between the patient and the hospital advocate to focus on the best coverage options. This personalized approach motivates patients to follow through with the application and receive funding for health care. Many patients have expressed surprise that Sharp makes an effort to provide them with this information. Approaching patients with such assistance opens the door for discussing resolution of their accounts, which has proven beneficial for both Sharp employees and for the patients.

Sharp's leaders also recognized that although the rules engine is simple to use, patient advocates require intense training in the use of the information and how the most effective way to communicate with each patient.

Patient-centric self-pay and financial screening module. Sharp's financial committee also oversaw creation of this module, intended to be a

EXAMPLE OF A PATIENT-CENTRIC SELF-PAY AND FINANCIAL SCREENING MODULE

This module provides a composite view of a patient's financial status and account history.

composite view of a patient's financial status and account history. The module allows Sharp to make consistent decisions related to payment options, financial assistance, and Medi-Cal and Medicare referrals. It also provides a standard for recording and reporting on data to improve intelligence about self-pay accounts receivable (A/R) and enables Sharp to:

> Flag accounts showing that a patient is uninsured
> Integrate eligibility quiz results into financial reporting
> Use the information gathered to make intelligent and compassionate decisions about how to handle collections and provide healthcare coverage assistance

Sharp uses income threshold data to make strategic decisions regarding account resolution. The organization also recognizes that no single solution to the uninsured crisis would work for the entire population. For example, using the data, the financial team was able to use a tier segmenting strategy in working with patients to find insurance or payment plans. The approach has significantly improved Sharp's efficiency in managing uninsured patients.

The new admittance procedures facilitated using the self-pay and financial screening module not only to fulfill Sharp's professional mission of patient advocacy, but also to comply with California regulation requiring hospitals to provide information to patients about opportunities for financial assistance and charity care.

Sharp's Findings of Eligibility Levels

Sharp began using FHCE's Eligibility Quiz in March 2010. Since then, Sharp admittance staff have continued to conduct in-person interviews and distribute the quiz and personalized results to all self-pay patients who present to the health system's hospital EDs.

Findings from the eligibility quiz surprised even veteran members of the finance team, as well as FHCE, which had been conducting the national online quiz for almost five years. As of April 2012, more than 32,000 self-pay patients visiting Sharp's EDs had taken the quiz, and 80.6 percent of those patients were found to be eligible for, but not enrolled in, free or highly subsidized government-sponsored health coverage programs, including Medi-Cal.

The results also disclosed that 16.6 percent of patients taking the quiz were eligible for private coverage, which includes group coverage of two or more employees, individual coverage with medical underwriting, or coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) or Cal-COBRA. Further, 2.8 percent were found to be eligible for high-risk pool coverage, including California's state-run high-risk pool, Major Risk Medical Insurance Program (MRMIP), and the federally implemented Pre-Existing Condition Insurance Plan (PCIP). Only a small portion of these patients were found to be ineligible for any coverage due to prior insurance fraud.

The survey results were surprising on other fronts as well. Most patients presented to the hospital ED for legitimate emergencies—going against the assumption that the uninsured are presenting for "nonemergency" treatments. The top five reasons for admitting unfunded patients from the EDs were septicemia or severe sepsis, chest pain/heart failure, esophagitis, cellulitis, and simple pneumonia.

PERCENTAGE OF PATIENTS ELIGIBLE FOR AFFORDABLE PUBLIC COVERAGE VERSUS GROUP AND INDIVIDUAL INSURANCE, COBRA, AND HIGH-RISK POOL

16.4%

3.0%

80.6%

■ Free or Low-Cost Public Coverage
■ Private Coverage
■ High-Risk Pool
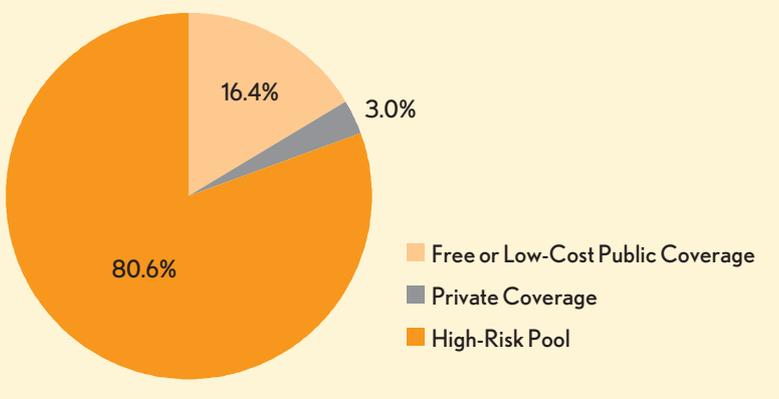
Most Patients Eligible, but Not Enrolled

Perhaps most intriguing to Sharp and FHCE was a simple realization: The 80.6 percent of patients eligible for public coverage had been costing the hospital millions of dollars in lost revenue because they were perceived to lack insurance—*but they were not truly uninsured*. These patients could have had coverage had they been aware of their eligibility prior to their visit. What had been missing in Sharp's admittance procedures was a means for admitting staff to identify the public entity that would readily assume responsibility to pay for the care of those eligible patients. FHCE's quiz provides this means.

Through this progressive intake process and one-on-one interviews with these self-pay patients, Sharp staff found that most wanted to pay for their care, but could not afford installment plans. When given personalized lists of options with information about available coverage, patients expressed appreciation that Sharp was willing to provide the high level of support and information. As a result, the program has helped to foster stronger relationships within the community.

Barriers for Patients and Hospitals

By talking to patients individually, understanding their challenges in the community, and using tools to aggregate findings, Sharp gleaned valuable information about patients who were unable or unwilling to pay their hospital bills.

The obvious answer to why patients do not pay is affordability, but the one-on-one conversations shed more light on the topic. For some, it was not a matter of affordability, but more a lack of awareness of the repercussions of not paying—lack of caring about what happens. This issue of health literacy should be recognized, and separate programs are needed to address this segment of the population.

Other reasons why patients cannot or will not pay their bills are that they are too sick, lack family support, or find the process overwhelming. For the individuals who simply found the process to be too complex, there are opportunities for outreach—engaging an outside service to serve as

patient agents in the application process, distributing informative literature (such as the matrix)—that could help patients know how to access free or low-cost programs quickly and easily.

Solving the challenge posed by patients who cannot or will not pay their bills goes beyond simply focusing on patient involvement, however. Hospitals may lack the staffing to provide the education and outreach to develop programs to help patients identify available financial assistance programs. Hospitals' efforts also can be hindered by organizational inertia or by top executives' lack of buy-in, lack of knowledge of options, or unwillingness to take responsibility for the problem.

There may also be internal issues, both operational and technical, that many hospitals need to address.

Operational issues that can impede a hospital's efforts, for example, include a lack of interdepartmental communications, poorly defined goals, a lack of staff access to proper information and materials, and poorly designed processes for communicating with patients.

Technical challenges include a lack of a strong web solution that can be readily accessed by patients, which can make it difficult for a hospital to connect patients with resources. Hospitals should have the ability to interface data with eligibility systems and retain those data to continue financial assistance.

In Sharp's case, the health system's progressive approach to addressing both the patient and hospital challenges with self-pay patients produced positive results because of its strong, patient-friendly internal system and its partnership with FHCE—a committed organization using a range of informative and up-to-date resources, including its matrix and eligibility quiz.

Helping Hospitals, Helping Patients

The more patient eligibility data Sharp gathered, the more it was able to connect patients with resources and the more it learned about solutions

DEFINITIONS OF TERMS USED BY SHARP HEALTHCARE:

> *Bad debt.* Charges assigned to collection agency.
> *Self-pay patient.* A patient who is uninsured.
> *Charity care and other financial assistance.* Assistance reserved by Sharp—following a review on a case-by-case basis—for patients who have expressed the need, who meet federal poverty level guidelines, and who have worked to identify sources of coverage but have been denied.

that would help both patients and the organization. For example, after noting the number of patients who were eligible for, but not enrolled in COBRA coverage, the financial committee performed an analysis that showed if the health system paid a patient's COBRA premiums, it would save money in the long run. Currently, a few insurance programs are retroactive, which means the program could assume liability to pay for patients' treatments after services have been delivered. Sharp's efforts to enroll patients in COBRA and Medicaid have proven worthwhile.

Solutions and Recommendations for Peers

The situation facing Sharp HealthCare and its hospital ED facilities is not unique on a local, regional, or national basis. Other hospitals face millions of dollars in deficits each year because patients who are eligible for insurance coverage are not enrolled. The insights and experiences from Sharp and FHCE can provide important solutions for those hospitals.

Based on its experience with the strategic partnership, Sharp offers the following recommendations to organizations contemplating a similar strategy:

> Identify the scope of your problems through research and surveys.
> Present findings to your C-suite to help them understand the issue and its impact and to ensure their support in implementing solutions.
> Identify resources that will help your patients easily access information for registering and securing insurance, retroactively if possible.
> Train, educate, and motivate your staff to help.

> Allocate dollars to invest in support. (Sharp recommends making the program a line item in the budget to ensure funding.)
> Ensure you have the technology— including web-based technologies, kiosks, and even social media—to give internal staff access to essential resources and the patient population access to needed information.

Time to Be Proactive

Hospitals cannot afford to sit idly by, losing millions of dollars each year in payments for healthcare services that could have easily been covered by a public program—money that cannot be invested in the organization to expand programs for its patients and community and to support its infrastructure. Hospitals that adopt a strategic approach to uncompensated care, using available resources, trained and committed staff, and technology to provide point-of-service care, will go a long way in capturing those dollars. ●

About the authors

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