



pulse

ACA International and HFMA Release Best Practices for Resolution of Medical Accounts

The updated best practices build off the work of a 2014 task force and reflect an ongoing commitment to help patients resolve their medical bills.

ACA International and the Healthcare Financial Management Association Medical Accounts Receivable Resolution Task Force reconvened this year to update best practices for the fair resolution of patients' medical bills and address financial assistance policies in response to the COVID-19 pandemic.

The report reflects the task force's consensus on the current state of best practices related to the equitable resolution of the patient portion of medical bills.

ACA and HFMA worked together on the 28-page report, which updates and extends guidance that was originally published by HFMA in 2014. The report emphasizes the importance of educating patients and ensuring that they understand the account resolution process.

Serving on the task force are ACA's CEO Mark Neeb, ACA's Vice President and Senior Counsel of Federal Advocacy Leah Dempsey, and ACA members from State Collection Service Inc.: Tim Haag, president, and Steve Beard, chief business development officer.

"ACA members have been working with consumers over the past several months to help them understand their options and provide solutions to financial challenges," Neeb said. "We

greatly appreciate the collaboration with HFMA and the other partners to develop best practices for fair resolution of medical debts that document ACA members' compassionate approach and their commitment to continue serving consumers throughout the COVID-19 crisis and beyond."

With a focus on patient education and communication, the best practices are designed to help patients engage in their health care and become active participants in resolving outstanding accounts.

"This year was a critical time to revisit and update these best practices on behalf of health care providers and accounts receivable management companies with the goal to help consumers resolve and understand their medical bills," Neeb said. "We know medical debt sometimes comes with added challenges and uncertainty and it is the mission of the accounts receivable management industry and its health care provider partners to work together to offer solutions, education and guidance."

The report includes best practices for modifying financial assistance policies in response to the COVID-19 pandemic and recommended safeguards to implement before initiating actions, such as credit bureau reporting, that some

hospitals and their business affiliates may elect to pursue in accordance with account resolution policies that have been approved by the hospital's board of directors or other authorizing body.

The framework for the best practices includes:

- **Patient-Friendly Billing** – The task force's goal was to identify a common set of account resolution best practices that align with the federal requirements.
- **Patient Education** – Education should be designed to engage patients and help them understand their financial responsibility with regard to their account balance, including what it is made up of and how to resolve it.
- **Communications** – Providing a clear understanding of what to expect at every stage in the process helps patients engage in their health care and become active participants in resolving outstanding accounts.
- **Price Transparency** – Providing patients with access to price estimates is a core part of the education and engagement process. The price estimate allows for tangible discussion of the patient's obligation and facilitates discussion of potential sources of coverage, financial

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Helping Consumers and Clients Navigate Medical Debt Collections

This summer, the U.S. Department of Health and Human Services Office of Inspector General (OIG) issued an advisory opinion (<https://bit.ly/2Pw70om>) to RIP Medical Debt, a nonprofit organization that uses donations to buy and forgive medical debt, allowing it to “purchase or receive a donation of inpatient and outpatient debt directly from hospitals and certain other providers, instead of buying the debt from debt purchasing companies.”

Under the agreement, the organization would continue to forgive that medical debt. The OIG also notes the medical debt would be from an account a health care provider or its partner collection agency was ultimately unable to collect.

“This medical debt could have been incurred by patients who, when they received services, were uninsured and could include cost-sharing or other amounts owed by patients who had private or public insurance, including federal health care programs,” the opinion states.

The OIG also reports the arrangement could potentially generate prohibited remuneration under the anti-kickback statute of the Social Security Act if the “requisite intent to induce reward referrals of federal health care program business were present,” however the OIG would not impose administrative sanctions in connection with the arrangement.

The process for RIP Medical Debt to forgive consumers’ accounts doesn’t

appear to have changed, according to the arrangement spelled out in the OIG’s opinion.

In the accounts receivable management (ARM) industry, especially since the onset of the COVID-19 pandemic, collection agencies and ACA International members have stepped up their efforts to help consumers and clients through these trying times.

ACA members are doing their part every day to work with consumers and are continuing to experience unprecedented amounts of inbound calls and positive feedback. Members also have best practices in place to contact consumers to set up flexible payment plans, provide access to emergency hardship programs and offer qualified discounts. These efforts are critical to helping consumers and creditors bridge the gap and accelerate our nation’s economic recovery.

Given the advisory opinion issued for RIP Medical Debt, it is important to note these hardship programs to help consumers resolve their accounts and work with health care provider clients on solutions have an established presence in the ARM industry. ACA has also focused its advocacy efforts to share information about these programs with Congress in response to several proposed bills drafted to provide economic relief during the COVID-19 pandemic and beyond.

“Consumers should not have to fall for gimmicks to resolve their obligations,” said Irwin Bernstein, CEO and president

of Allgate Financial LLC in Chicago. “We recognize that the collection of obligations is critical to maintain the availability of service and control costs at medical centers. However, members of ACA International have programs that recognize consumers fall on hard times and may not have the ability to pay their bills. Especially for medical debt, members have very generous charity care and write-off provisions.”

Medical debt is one of the top forms of debt the ARM industry can help consumers and clients resolve, according to the 2020 Kaulkin Ginsberg State of the Industry Report done in partnership with ACA.

In fact, based on data from 2018, the most-up to-date publicly available information, the total net debt returned to creditors amounted to nearly \$90.1 billion, according to the report. The total debt returned represents roughly \$706 in savings per household.

“When faced with a bill, consumers should open a line of communication with the collection agency,” Bernstein said. “They will find ACA members are ready and able to work with them to find a mutually satisfactory result including, when appropriate, a significant write down or forgiveness of the debt.”

Members may read more in the 2020 State of the Industry Report here: <https://www.acainternational.org/kaulkin-ginsberg>.

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assistance and payment plans, as necessary. When hospitals have highly reliable price estimates for scheduled services, these estimates should be provided to patients proactively.

This report emphasizes the importance of patient education early in the accounts resolution process, but educational efforts should not stop then. The best practices are for the provider or business associate to offer ongoing education to reinforce the opportunities (e.g., financial assistance, payment plans, other sources of coverage) patients have for positive account resolution. Therefore, providers

and business associates must use every patient communication to engage and educate the patient about their account resolution options.

The report maps out the entire medical accounts receivable resolution process from preservice to post-discharge, incorporating elements from HFMA’s Patient Financial Communications Best Practices and Patient-Friendly Billing initiative.

The report was developed with the support of State Collection Service.

“The creation of best practices will enable health care providers, their business partners and patients to work

collaboratively, in a consistent manner, to resolve outstanding accounts,” Haag said. “Our goal is to provide empathetic, knowledgeable assistance to both providers and patients by offering all possible solutions in account resolution.”

Members of HFMA’s 2020 Medical Accounts Receivable Resolution Task Force include a diverse group of providers, consumer advocates and collection agencies.

Access the report and additional resources from the task force here: <https://www.hfma.org/dollars>.

ACA International Highlights Members' Commitment to Ethical and Responsible Medical Debt Collection Practices

In response to a recent media report on medical debt collection practices during the COVID-19 pandemic, ACA International President Scott Purcell reminds consumers and the media that collectors are here to help and have hardship program options available to consumers in need.

ACA member companies are well versed in setting up alternative payment arrangements for consumers experiencing unexpected hardships or, for example, during natural disasters like floods or storms.

“COVID-19 just happens to be a hardship occurring on a larger scale and for a longer period of time, but the empathy and tools we use to help are well-practiced and proven,” Purcell said.

Now more than ever, consumers benefit from working with debt collection professionals to resolve outstanding legal financial obligations and are empowered by learning about their options.

Collecting legitimate debt owed helps everyone in the community avoid increases in costs, to the tune of roughly \$706 for every American family (including the person being asked to pay their debt), and ensuring access to credit, according to the 2020 State of the Industry Report created as part of a partnership between ACA and the Kaulkin Ginsberg Company.

“Times are tough right now and we encourage consumers if they receive a call or letter from a debt collector or creditor to respond,” Purcell said. “That’s the first step to helping consumers resolve their account or determine if we can delay payments and come up with a long-term plan.”

ACA understands medical bills present added difficulty because they are often unexpected, but hardship programs and payment plan resources are part of the solution.

“Articles that portray collectors in a



negative light ultimately hurt consumers who read the reports and develop a bad impression of our industry and therefore do not communicate with collectors who are ultimately there to help,” Purcell said. “ACA members get compliments from consumers all the time—but since COVID-19, I can tell you the number of compliments coming in is even higher.”

Purcell also cited the work of Nobel laureate Dr. Richard Thaler.

“Thaler’s work concluded that rational people want to be in control of their financial future,” Purcell said. “That’s one of the goals of ACA members—to help consumers understand what options they have so they can make choices and be in control of their financial future.”

Read more on how collectors help consumers and the economy. <https://www.acainternational.org/kaulkin-ginsberg>.

NEWS & NOTES

ACA Virtual 2020 Fall Forum & Expo Features Health Care Sessions

ACA International’s 2020 Virtual Fall Forum & Expo, Nov. 4-5, 2020, will feature sessions covering multiple facets of health care collections, including billing, disputes, regulations, hiring and industry trends. More information: www.acainternational.org/events/ff2020.

CMS Issues Roadmap for States on Value-Based Care

The Centers for Medicare & Medicaid Services (CMS) has issued guidance to state Medicaid directors with the goal to advance the adoption of value-based care strategies across their health care systems and align provider incentives across payers, according to a news release. Value-based care may also help ensure that the U.S. health care system is better equipped to handle unexpected challenges, including the ongoing COVID-19 pandemic. The guidance includes a review of top lessons learned from early state and federal value-based care reforms, as well as a comprehensive toolkit for states to adopt innovative payment reform efforts. More information: <https://go.cms.gov/3c2Jfi>.

For more health care collections news, visit ACA’s Health Care Collections page at www.acainternational.org/pulse.

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:

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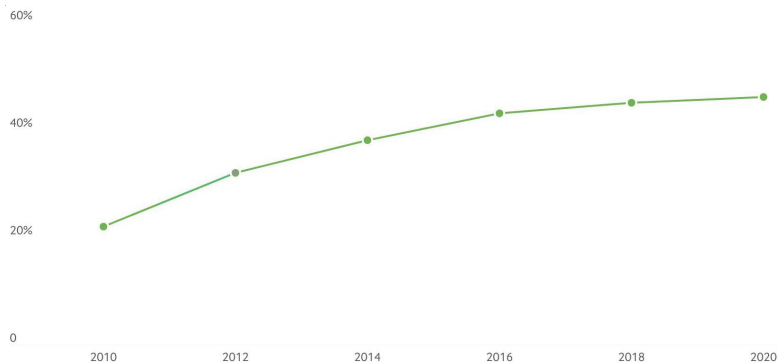


Deductibles and Private Health Insurance

According to a survey from The Commonwealth Fund, consumers' deductibles and the number of consumers with high deductibles continued to grow over the past 10 years. This includes adults with private health plans. In fact, the share of the adult population in private health plans with deductibles of \$1,000 or more doubled between 2010 and 2020, according to the survey.

Share of Privately Insured Adults with Deductibles of \$1,000 or More Has Doubled Since 2010

Percent of adults ages 19–64 with private coverage* and deductibles of \$1,000 or more



* Base is those with private coverage who specified deductible. Private coverage includes those with coverage through an employer or coverage through the individual market. For 2014–2020, individual coverage includes adults who got coverage in the individual market and the marketplaces.

Data: Commonwealth Fund Biennial Health Insurance Surveys (2010, 2012, 2014, 2016, 2018, 2020).

Source: Sara R. Collins, Munira Z. Gunja, and Gabriella N. Aboulafia, *U.S. Health Insurance Coverage in 2020: A Looming Crisis in Affordability — Findings from the Commonwealth Fund Biennial Health Insurance Survey, 2020* (Commonwealth Fund, Aug. 2020). <https://doi.org/10.26099/6aj3-n655>