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pulse

Keep Moving Forward

How to get ready for the CFPB's rule for the debt collection industry.

By Angela Czerlanis

Here in Minnesota, where ACA International is based, we say there are two seasons: winter and road construction. Before the COVID-19 work-from-home transition, when the commute to work was a snarled mess, everyone needed a Plan A, Plan B and a Plan OMG:

How do I get off at the next exit so I can keep moving?!

You had to have your maps cued up for alternate routes. When those didn't work, some people just drove onto the shoulder and implemented Plan OMG. Just keep going, right?

Just as Minnesota drivers will continue to change routes, collection agencies' familiar routines are going to change with the new requirements in Regulation F of the Fair Debt Collection Practices Act. The new rule was released in two parts in October and December 2020. The Consumer Financial Protection Bureau has given us nearly a year to get ready. Everything becomes effective Nov. 30, 2021.

ACA is updating its education. Your compliance and training teams are building the alternate routes for you now. The most important thing is to follow the new directions and not "drive on the shoulder."

Here are three big detour signs to learn and plan for in the next eight months.

Definition of 'Consumer'

Deceased consumers leaving debts behind are now included in the definition of "consumer."

This means when you have an account where the consumer has died, you will need to determine if a survivor can work with you to resolve the debt. The FDCPA allows debt collectors to communicate with certain family members and legal representatives.

Remember, you cannot demand payment from these folks. The payment must come from the deceased consumer's assets.

Limited Content Voice Mail

Leaving voicemail messages can sometimes lead to third-party disclosure. To help us reach consumers and protect the consumer's privacy, the CFPB has designed a script template called "Limited Content."

There are certain things that we will be able to say but nothing more. Your company may change its name to an acronym or abbreviation that does not indicate debt collection. Follow your new script exactly and practice it until it becomes familiar and routine for you. Do not add or change anything in your new script without your manager's approval.

Frequency

The new rule says that a debt collector cannot call a consumer more than seven times in a seven-day consecutive period

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Uncompensated Care Continues an Upward Trend

Data from the American Hospital Association shows increases in uncompensated care.

Each year, the American Hospital Association (AHA) publishes an Uncompensated Hospital Care Cost fact sheet. In 2017, 5,262 hospitals reported $38.4 billion in uncompensated care, which increased to $41.3 billion in 2018, reported by 5,198 hospitals. In 2019, 5,141 hospitals reported $41.6 billion in uncompensated care.

For the purposes of this data, uncompensated care is defined as “an overall measure of hospital care provided for which no payment was received from the patient or insurer,” according to the AHA. This includes both bad debt and the financial assistance a hospital provides, but excludes other unfunded costs of care, such as underpayment from Medicaid and Medicare.

According to the AHA, health care providers reserve financial assistance for care for which they “never expected to be reimbursed and care provided at a reduced cost for those in need.” Bad debt, however, occurs when a hospital does not obtain expected payment for care. This often happens when a patient cannot pay their bills, does not apply for financial assistance, or is unwilling to pay, according to the AHA.

In addition to the fact sheet by the AHA, a survey by Kaufman Hall, “2020 State of Healthcare Performance Improvement Report: The Impact of COVID-19,” shows that bad debt and uncompensated care have also gone up since the start of the COVID-19 pandemic. The survey reports that as a result of impacts from the pandemic, about three quarters of respondents say they are either moderately or extremely concerned about the financial viability of their health care organization.

As the cost of uncompensated care continues to rise, it’s important to keep in mind best practices for working to collect owed debt for health care. ACA International and the Healthcare Financial Management Association Medical Accounts Receivable Resolution Task Force reconvened in 2020 to address financial assistance policies in response to the COVID-19 pandemic and to update their best practices for the fair resolution of patients’ medical bills by health care providers and their business partners.

The best practices (https://bit.ly/3tQfrOp) include recommendations such as the following:

- Regular reconciliations should occur between the provider’s system and a business affiliate’s system to ensure balances are in sync for accounts in bad debt.
- Providers should ensure that only one entity is working on an account to avoid duplication of patient contact.
- When accounts are deemed a bad debt risk and sent to a collection agency, the agency must use collection methods that have been approved by the health care provider’s board or other authorized body.

More information: https://bit.ly/3rFz2z0

Key Takeaways from HFMA Survey

The survey shows that revenue cycle continuity is imperative during the ongoing pandemic.

The Healthcare Financial Management Association (HFMA) has released the results of a survey conducted at its HFMA Digital Annual Conference on the effects of COVID-19 on health care providers’ revenue cycles.

“The amount of risk introduced into revenue cycle operations as a result of the pandemic has been significant,” says Chris Fowler, president of TruBridge, a company that provides business, consulting and revenue cycle management solutions. “In general, the pandemic is magnifying two areas of deficiency. First, it’s showing many organizations that they have outdated business processes or products, or in some cases people who don’t have the correct training, tools or skills to perform in a largely remote environment. Second, it’s teaching organizations there’s a greater need to lean on technology to ensure they maximize revenue, especially related to self-pay cash collections and holding payers accountable for reimbursement that’s exactly aligned to contract terms.”

Survey respondents, HFMA members who hold leadership positions in the revenue cycle and other financial, operational and business areas, answered a series of questions providing the following results: 86% of health care providers reported seeing a negative impact to revenue cycle operations at the beginning of the COVID-19 pandemic. Larger organizations were impacted the most, while the smallest providers were impacted the least.

Respondents see multiple risks to long-term business continuity. While unpredictable fluctuations in patient volumes was reported to be the largest individual risk at 25%, about half of respondents (47%) shared that a combination of risks was of the most concern.

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Q: What is your organization’s most significant risk related to maintaining long-term revenue cycle business continuity?

25% = unpredictable fluctuations in patient volumes
4% = continue rise in uninsured patient population
4% = revenue cycle staff shortages and/or increases in staff turnover
8% = changing payer requirements
47% = all of the above
11% = none of the above

Source: Healthcare Financial Management Association

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for each debt. After having a conversation with a consumer about a particular debt, the debt collector cannot call the consumer again about that debt for seven consecutive days.

If you're thinking, "What if…" you're not alone! There are a lot of complicated issues with this new rule and as such, it's important to rely on your compliance and training team for guidance. Dialing systems will help.

Keep accurate notes for each call. Remember to indicate any requests from the consumer to contact them in a different way or at a more convenient time or place.

The entire ACA team is excited to prepare members for these historical changes to the FDCPA. Set your coordinates for ACA Education and Events for new lessons on how to prepare for the rules. Visit acainternational.org/events for Core classes, Hot Topics, ACA Huddles and more to keep you moving forward in 2021.

Angela Czerlanis is ACA International's learning and development specialist.

COMPLIANCE TIP

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ACA members can find more info here:
https://www.acainternational.org/cfpb

Key Takeaways from HFMA Survey cont. from page 2

"The many pressure points that can affect revenue cycle operations have been around long before the pandemic began," said Rick Gundling, senior vice president, healthcare financial practices for HFMA. "However, the crisis has accelerated many of these factors, highlighting the need for hospitals and health systems to review their strategies for communicating well with consumers, maintaining cash flow and reducing revenue loss."

The survey asked about one of the ways hospitals and health systems are reviewing their strategies: assessing the changes needed to their self-pay collections. Providers reported that there are changes they would like to see to the self-pay process since the economic uncertainty of COVID-19 has increased the risk associated with self-pay accounts. Respondents identified "more focus on patient engagement and preservice collections" (28%) and "offer additional financial assistance and more flexibility in payment arrangements" (30%) as the two most popular changes they would like to see. Other changes included "leverage technology to automate pre- and post-service collections" (21%) and "increase headcount in patient financial services" (4%).

To see more details on the survey, visit the HFMA article: https://bit.ly/2ZcpvmQ.

NEWS & NOTES

Idaho Legislature Considers Changes to Idaho Patient Act

New requirements for medical debt collectors under the Idaho Patient Act (HB 515) took effect in January. Following the effective date, the Idaho House of Representatives passed changes on timing to submit a bill to a patient's insurance company, among other items. The changes are overall related to extraordinary collection actions and, at press time, were awaiting consideration by the Idaho Senate. https://bit.ly/37jRNAm

Medical Claim Denials on the Rise

According to a report from Change Healthcare, revenue flows for hospitals are at risk due to an increase in medical claim denials. Researchers analyzed more than 102 million claim remits for 1,500 hospitals and found medical claim denials increased. "While COVID-19 appears to be exacerbating the problem, data from the second half of 2019 shows the increase was already well underway before the pandemic," according to the report. https://bit.ly/3aBToCb

We Want to Hear From You

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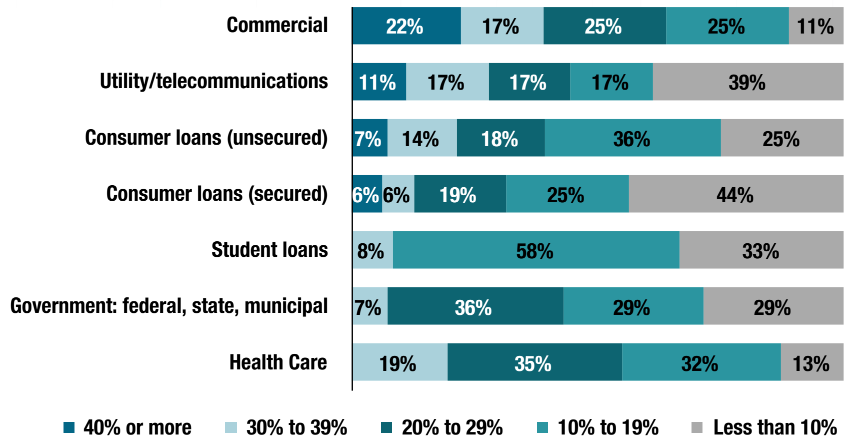
For more health care collections news, visit ACA's Health Care Collections page at www.acainternational.org/pulse.

datawatch

Health Care Debt Liquidation

A new report, "A Year of Pivots, Challenges, and Opportunities: The Collections Industry in 2020," explores how the COVID-19 pandemic has impacted the accounts receivable management industry and what may be in store for 2021. The report includes a survey of third-party debt collectors on distribution of liquidation rates by debt type, including medical debt, with the results shown below. "Liquidation rates are calculated by dividing total amount collected by the total amount of debt placed with that firm," according to the report. Reported health care liquidation rates were relatively high. For example, 19% of health care debt collectors had a liquidation rate of 40% or more.

Distribution of Liquidation Rates by Debt Type



Source: Aite Group Third-Party Debt Collection Survey, May 2019 to June 2019.
https://solutions.transunion.com/collections-annual-report-2020

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