



Financial Pressures

By Sherrie Adams

Medicare and Medicaid payments to hospitals continue to fall compared to rising costs in providing medical services. This disparity resulted in a combined underpayment to providers of nearly \$30 billion in 2006, compared to \$25.3 billion in 2005. With this, hospitals are steadily providing more uncompensated care annually, amounting to \$31.2 billion in 2006, up from \$28.8 billion in 2005.

Government payments have fallen steadily since 2000. In 2006, hospitals received 91 cents on the dollar from Medicare with 86 cents on the dollar from Medicaid. 64% collected Medicare payments less than cost with 76% of Medicaid payments below cost.

Adding to the financial pressures of uncompensated care is the growing number of patients who are responsible for a large share of their total cost of treatment. As the number of patients responsible for paying some portion of cost rises, and the amount that they owe increases, so does consumer pressure for pricing transparency.

One of the drivers effecting this growth is the increase in health premiums. Since 2000, premiums have increased 73% for firms with 200 or more employees, with a 56% increase in costs to the employee. From 2001-2006, 8% of small employers ceased offering health benefits to their employees. Those who continue to offer health benefits now require their employees to pay approximately 27% of their premium costs. This is up 50% from 2001.

Employers have started to offer consumer-directed health plans which trade lower premiums for significantly higher deductibles in addition to offering mini-medical plans that provide some limitations in coverage at lower premiums. It is predicted that 30% of all insured patients will have a consumer directed health plan by 2010.

What does this mean to the hospital?

The hospital revenue cycle universe is changing. Hospitals are looking for ways to shift more of their processes to the scheduling and pre-registration areas of patient access. However, manually gathering the mountains of data that includes insurance eligibility, covered benefits, deductibles, co-payments, credit data, demographic information to name a few, from multiple sources has become an impossible task. Performance expectations in these departments are tighter and more demanding in response to this urgent need to bring dollars in the door earlier in the patient experience.

Technology is no longer a luxury, but a necessity in order to improve revenue cycle performance. By not implementing new technologies which is necessary to go beyond the current revenue cycle process, hospitals are missing the opportunity to efficiently and effectively manage workflow, standardize procedures at the point of access, and increase staff productivity. This is a direct result of hospitals beginning to shift more revenue cycle responsibility to the front-end.

Ensuring a high-performing revenue cycle is key to improving cash flow. Providing a comprehensive view of the patient's financial health, through the combination of accessing disparate data on a single platform with a common point of access, closes the gap in this critical revenue cycle improvement initiative.

Sherrie Adams

Sherrie Adams, Senior Product Manager
Provider Advantage NW, Inc.,

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Revenue360

Revenue360 optimizes a healthcare provider's entire revenue cycle by providing access to all relevant patient information, and then intelligently guiding their personnel through the complex revenue-related processes. As such, Revenue360 dramatically improves the hospital's financial performance, increases staff morale and enhances patient satisfaction. For more information, visit www.Revenue360.net.

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