



## NEW SURVEY OF HEALTHCARE EXECUTIVES HIGHLIGHTS CONCERN OVER ESCALATING PATIENT LIABILITY, BAD DEBT

### *Healthcare Finance News' Survey Reveals Commitment to Technology Investments To Help Solve Patient Revenue Cycle Challenges*

WALTHAM, Mass., June 16, 2008 – Improving patient collections is one of the top concerns of revenue cycle executives, according to a recent survey of senior-level finance and operations executives at U.S. healthcare providers. Faced with the patient collection challenge, many executives – particularly those from large hospital systems – plan to install new technology and invest in new modeling tools designed specifically to help improve collection rates.

The “Collection of Patient Balances” survey was conducted by *Healthcare Finance News* (HFN) and commissioned by Connance, Inc., the patient revenue predictive analytics company. HFN surveyed 173 senior-level finance and operations decision makers at U.S. healthcare providers (including both non-profit and for-profit hospitals) to help understand trends, challenges and plans associated with patient collections.

#### **Key Findings:**

- An overwhelming majority of respondents – **94 percent** - agreed that **improving collections on patient payments** is among their organizations’ top three revenue cycle management priorities.
  - Concern was equally apparent in all types of institutions, for-profit and not-for-profit, and large and small.
- When asked what posed the biggest challenge to improving patient collections, the highest portion - **43 percent** – **identified the pace of patient revenue growth exceeding** their organization’s ability to respond.
  - The second biggest challenge identified by respondents is the relentlessly rising cost of patient collections.
- Working smarter appears to be core to most executives’ responses, with **the highest portion - 47 percent - planning to install new technology**.
  - Larger providers (those with more than \$500 million in net patient revenue) are more likely to install new technology in comparison to providers with smaller net revenue (57 percent and 42 percent respectively).
  - Non-profit providers also seemed more focused on deploying new technology than their for-profit peers, (51 percent and 33 percent respectively).
- **32 percent** of all respondents plan to **restructure or consolidate their collections operations** as part of their response.

- **30 percent** of all respondents said they will **invest in modeling tools** developed specifically for self-pay collections.
- Hiring more staff was the priority for only **25 percent** of all respondents, indicating that this is viewed as a less effective solution than new technology investments.

These findings underscore a primary issue afflicting hospital systems nationwide: already facing substantial financial and regulatory pressures, the collection challenge will continue to escalate as consumers bear an increased financial responsibility for their healthcare costs through co-pays and deductibles.

“The HFN survey affirms fundamental industry pain points: patient payment is the fastest growing revenue class in healthcare and the most difficult to manage,” said Stephen Farber, Chairman and CEO, Connance, Inc. “Industry executives are committed to investing in new technologies and tools in response, and are confident that they can realize real and quantifiable returns on these investments. With the right technology, hospitals can improve collections, control costs and ensure a better patient experience.”

“As patient payments expand, providers are experiencing a ‘perfect storm’ created through the combination of social changes, financial pressures and regulatory compliance requirements,” said Neil Rouda, Publisher, *Healthcare Finance News* and *Healthcare IT News*. “The result, our survey confirmed, is that healthcare providers are struggling to respond in patient-sensitive and cost-effective ways, given their fragmented business office and collection agency operations, as well as inflexible and cumbersome legacy IT systems.”

#### **Additional Key Findings:**

- An overwhelming majority of organizations – **81 percent** - utilize third party agencies for self-pay collections to work primary bad debt.
- The survey revealed a growing interest among executives to deploy scoring and modeling technology for charity eligibility (**47 percent**) and Medicaid/SSI eligibility (**35 percent**).
- In responding to questions related to impediments to implementing new modeling technologies, executives identified increased operational costs and technology integration challenges as among their primary concerns. **43 percent** cited cost as the biggest hurdle in the use of new modeling technologies. **37 percent** identified patient account system integration as their primary challenge.

For a copy of the Executive Summary or more details on what you can do to improve self-pay collection management processes, please send a request to Jennifer Feldman at Connance at [jfeldman@connance.com](mailto:jfeldman@connance.com).

### **About *Healthcare Finance News***

*Healthcare Finance News* is published by MedTech Publishing Company, a media company located in New Gloucester, Maine. *Healthcare Finance News* provides comprehensive coverage of the unprecedented financial challenges faced by healthcare providers and payers in light of skyrocketing healthcare costs and an aging population. The franchise includes a monthly newspaper delivered to 32,000 subscribers, daily and weekly e-newsletters and a Web site ([www.HealthcareFinanceNews.com](http://www.HealthcareFinanceNews.com)) updated with daily news.

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### **About Connance, Inc. (<http://www.connance.com/pr.htm>)**

Connance's technology-based solutions help hospitals and third-party revenue cycle vendors improve patient collections. Combining the experiences of numerous leading hospital systems with Fair Isaac Corporation's predictive analytics, Connance's Web-based agency management platform, account decisioning tools and benchmark reports increase cash, reduce costs and improve the patient experience throughout the collection process. Connance was founded in 2007 by senior healthcare executives with experience in both operating and transforming revenue cycle operations. Connance is headquartered in Waltham, Mass., with additional sales offices in Minneapolis and Dallas.

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