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Recent Consumer Research Finds Hospital Billing Processes Impact Patients’ Longer Term Satisfaction with Hospital and Clinicians

Patients highly-satisfied with billing process are more than five times as likely to recommend the hospital to a friend and more than twice as likely to recommend the physician, compared to those who are less than satisfied, according to the 2011 Connance Consumer Impact Study

Waltham, MA —December 13, 2011— According to the 2011 Connance Consumer Impact Study, an annual survey of Americans who received hospital services within the last two years, only 21% of patients engaged with the business office after discharge are fully satisfied with hospital billing and those less satisfied are less likely to recommend either the clinician or hospital to their friends. This survey was first conducted in September 2010 and then repeated a year later, in the third quarter of 2011. Results in terms of satisfaction and referral rates were virtually unchanged from 2010 to 2011. The influence business offices can have on recommendation patterns among consumers is a strategic opportunity as the insurance market moves to high deductible plans and hospitals add more physicians to their organizations.

The 2011 survey was conducted online in the third quarter and engaged 500 healthcare consumers. Respondents were from 49 different states, 14% of whom were uninsured and 86% of whom were insured. Among the insured respondents, 31% had high deductible plans. Highlights from the 2011 survey include:

- Overall satisfaction with the hospital billing processes remains low. 21% giving billing processes a top score “5” (on a 1-5 scale) and 65% giving a “3” or less.
- Consumers with balances due of less than $100 tend to be less dissatisfied, with 36% giving business office processes a top score of “5” and 46% a “3” or less. Among those with balances over $100, only 15% scored the business office process a “5” while 72% rated it a “3” or less.
- Those in good health tend to be more satisfied with hospital billing. Among patients self-assessing themselves to be in “Excellent” health (the top category), 52% give business office processes a “5,” and 13% a score of “2” or less. Those self-assessing themselves to be in “Fair” or “Poor” health, the bottom two of the five health groups, were 39% likely to rate the process a “2” or less and only 15% a “5.” Among those in between the extremes, 20% gave business office processes a fully satisfied score of “5” and “22%” a “2” or less.
- Overall satisfaction at discharge is higher than satisfaction in later months. When asked to rate their satisfaction with the overall hospital experience at the time of discharge, 32% are fully satisfied (“5”). When asked to rate their overall satisfaction with the hospital experience post-discharge and after business office processes, only 22% are fully satisfied.

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Focus Increasing on Consumer Experience with Healthcare Finances

Recent consumer data and regulatory commentary appears consistent with this most recent round of research:

- Consumer complaints about collection agency activity are at an all-time high. Medical debt is the leading cause. According to the Federal Trade Commission 2011 Annual Report, debt collector complaints totaled 140,036 up from 119,609 in 2009.
- Medical debt is growing for working-age adults. 40% had medical debt or faced problems paying medical bills in 2010, up from 34% in 2005, according to http://www.healthcarefinancenews.com, October 19, 2011.
- The IRS’ new Form 990 includes additional questions regarding specific activities undertaken by third-party vendors on behalf of provider as well as understanding how providers are able to actively monitor outsource partners.
- As much as 30% of self-pay revenue sent to bad debt might be more appropriately considered charity, according to PARO Decision Support research. Sending patients to bad debt that might be more appropriately classified as charity is an issue under Health Reform law.
- Average inventory has 10-15% reconciliation issues between providers and their outsourced vendors according to Connance research. Typical problems include balance mismatches, accounts closed by hospital but still active at agency, or accounts assigned to more than one agency.

Business Office Impact Growing

According to AHIP’s annual census research report, as of January 2011 high deductible health plans and health savings accounts now cover 11.4 million lives, up from 10 million in January 2010 and 8 million in January 2009. The average annual deductible for workers in PPOs for single coverage increased 21% from $560 in 2008 to $675 in 2010, according to The Kaiser Family Foundation and Health Research & Educational Trust Employer Health Benefits 2008 and 2010 annual surveys. All of this points to high-recovery commercial revenue being replaced with patient-driven self-pay which is more difficult to collect and, as this research indicates, intertwined with customer satisfaction, loyalty and willingness to recommend.

The “graying” of the U.S. population will further accelerate as more people find themselves in more challenging health situations which research suggests increases services burdens on business offices.

“The impact that hospital business offices have on the total patient experience is significant,” said Steve Levin, Chief Executive Officer of Connance. “There is tremendous opportunity for a hospital or other provider to become more consumer-centric and change the experience of their patients. This survey and other data suggest that positive patient experience in the business office is consistent with lower operating costs, better cash performance and improved policy compliance.”
New technology aligned with this research includes predictive analytics that segment self-pay accounts for effective patient follow up. For example, Connance’s EVI Scoring solution evaluates accounts for their expected cash value and payment pattern, assigns them to the most appropriate follow up process and then monitors performance. Business offices realize more productive operations and patients have more satisfying interactions. For operations outsourcing significant self-pay follow up, Connance Agency Manager technology streamlines hand off processes so that follow-up activity improves while monitoring activity against policies and flagging exceptional items. Agency Manager helps to reduce compliance issues, lower operating costs internally and at vendors, and improve the overall patient experience. These technologies all focus on giving patients more appropriate, consistent and targeted business office interactions.

“Treating patients all the same in a business office or using a simple balance break is not consumer-friendly, or most efficient. Similarly, business offices cannot assume that once they outsource an activity that their responsibility is only financial reporting. Outsourcing operations in some ways requires more management, as these are a provider’s patients and a provider’s responsibility,” said Levin. “As an industry, we need to use proven consumer-centric tools to drive down our costs while improving the overall patient experience.”

Levin will be presenting the 2011 Connance Consumer Impact Study survey data in a complimentary webinar on Wednesday, December 14, 2011 at 12:00 p.m. EST. He will respond to the increase in balance after insurance (BAI) accounts and how hospitals can prepare. He will discuss how CFOs can start to build their organizational competencies to improve billing processes. Visit http://www.connance.com to register or for more details.

Visit http://connance.com/content/hospital-billing-survey-infographic to view and download the accompanying 2011 Consumer Impact Study infographic that Connance released today. Interested parties have permission to embed and share the 2011 Consumer Impact Study infographic on their websites or blogs with attribution.

About the Survey and Methodology

The Connance Consumer Impact Study focused on understanding patient behavior, satisfaction, attitudes and perceptions towards healthcare bills. The survey was conducted via an internet survey in September 2011 with 500 adults across the U.S. who had recently received hospital services. The survey sampling quotas were designed to be representative of US adults ages 26 and above who do and do not have health insurance. The data has a tolerance of +/- 4.4%.
About Connance, Inc.

Connance addresses the cash flow issues facing the healthcare business office on a daily basis, particularly relating to self-pay. Patient-responsible revenue, already one of the fastest growing and hardest to collect revenue in the business office, is becoming more complex with increased scrutiny regarding charity eligibility and patient treatment during collection. Combining FICO(TM) ’s world class technology and the experiences of leading healthcare networks, Connance's products are bringing new ideas and performance standards to healthcare receivables. Connance is headquartered in Waltham, MA. For more information visit http://www.connance.com or call (781) 577-5000.

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