



# MONEY TALK

## WHO'S UP AND WHO'S DOWN

UP

**Cleveland (OH) Clinic Health System**

Rating: Aa2

Outlook: Stable

Affected debt: \$2 billion

Agency: Moody's Investors Service

Remarks: Upgraded from Aa3 because of the system's ability to continue to improve and sustain very good operating performance and liquidity.



DOWN

**Floyd Memorial Hospital & Health Services,**

New Albany, IN

Rating: A-

Outlook: Negative

Affected debt: \$45.4 million

Agency: Standard & Poor's

Remarks: Outlook revised from stable because of concern about two new hospitals opening in the market by the end of 2008.



UP

**Medical Center of Central Georgia, Macon**

Rating: Aa2

Outlook: Not applicable

Affected debt: \$80 million

Agency: Moody's Investors Service

Remarks: Rating upgraded from Aa3

because of a letter of credit provided by SunTrust Bank, which ensures timely debt service payments and purchase price payments to investors.



DOWN

**Roger Williams Hospital, Providence, RI**

Rating: BB

Outlook: Stable

Affected debt: \$16.3 million

Agency: Standard & Poor's

Remarks: Outlook revised to stable from positive due to light cash position of 41 days and close to break-even financial position through 2007 and the first nine months of 2008. —PHILIP BETBEZE



## Better Estimates= Faster Collections

Many hospitals struggle to give patients accurate out-of-pocket price estimates—but one Chicago facility has found a tool to help collect more money more quickly.

**B**ad debt is the scourge of hospitals nationwide. Accumulate a lot of it, and your opportunities for investment in the hospital sour. Yet many hospitals still aren't able to offer patients accurate price estimates for scheduled services—much less episodes of care.

With a greater percentage of patients shopping for their care, hospital leaders have been hearing for years that offering patients an accurate estimate of their out-of-pocket costs will not only improve collection times but also drive patients toward the hospital. Until relatively recently, the pool of out-of-pocket money has been small and relatively less important than being able to collect from government or insurer sources.

But with third-party payers transferring a greater incremental portion of the cost load to patients, tools are getting better for estimating the patient portion of the bill. With this change, smart leaders are realizing that the sooner you can provide patients with accurate estimates, the sooner you can collect the money your hospital is owed.

Michael Sciarabba has been testing a tool to offer patients out-of-pocket pricing estimates for more than a year, and the director of patient access services at 551-licensed-bed Advocate Illinois Masonic Medical Center in Chicago is using it to improve his collection statistics and to compete on price at his hospital, one of 10 in the Chicago-based Advocate Health Care system.

"Patients who have high out-of-pocket want to know how much it will

be before they get it done," he says. "In healthcare, trying to figure out a price is hard because you have to interpret your charge description master."

Advocate Masonic's software tool from Nebo Systems, a unit of Franklin, TN-based Passport Health Communications Inc., gives registration or call center personnel a way to deliver out-of-pocket estimates based on the patient's insurance information. Further, the tool is able to provide discounts to patients based on their insurance status and whether they pay promptly. "We can calculate and document all that when we do the quote for that specific patient," Sciarabba says.

Prior to the tool's debut, Sciarabba says, "We literally looked at an Excel spreadsheet to try to figure out a price. This allows us to be very clear on what we expect from the patient, and if there is a concern about inability to pay the balance or the out-of-pocket, we can have discussions around charity care and public care earlier in the process before waiting until it goes to bad debt."

He acknowledges that the majority of patient shopping activity surrounds "things like mammograms and other standard tests," as well as some activity surrounding big-ticket tests like CTs and MRIs. But he fully expects the tool to help with patients scheduling procedures and episodes of care in the future.

"We're in a very competitive market here. There are five hospitals just around the corner from us," Sciarabba says.

—PHILIP BETBEZE

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## Improving Your Way to Oblivion?

As we enter the new year, personal improvement is a popular, if often unkept, promise people make to themselves. Much of the work surrounding business improvement involves process improvement programs like "Lean" manufacturing techniques and "Six Sigma," which aim to take wasted effort—and cost—out of the processes used to create a good or service. It may seem counterintuitive that by lowering prices you ensure your organization's future, but it's true in healthcare, where successful efforts to make your organization a low-cost leader can ensure financial viability for years to come. Visit: [HealthLeaders Media Finance](http://HealthLeadersMediaFinance.com) to read more at [www.healthleadersmedia.com](http://www.healthleadersmedia.com).