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Hospitals showing more patience in collecting bills

After criticism over heavy-handed tactics, health firms try to work with people having trouble making payments

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DALLAS - In 2003, a national outcry arose against hospitals that used overly aggressive billing and debt-collection practices against patients.

Those practices included slapping liens on patients' homes, seizing their bank accounts and arresting a debtor who failed to appear for a court hearing -- a tactic called "body attachment."

The complaints caught the attention of lawmakers and justice officials on the state and federal level. Today, hospitals say they've changed some policies and are making a good-faith effort to work with patients having trouble paying their medical bills.

A recent report by a consulting firm to the collections industry explains why those efforts make good business sense.

"Companies that emphasize more empathetic and patient-friendly collections processes, invest in collector-training programs and integrate legal compliance efforts thoroughly with collection operations turn regulatory compliance into a competitive advantage and are most likely to succeed in this market over time," said the report by Kaulkin Ginsberg of Bethesda, Md.

The challenge for health care companies is to balance the need to collect unpaid bills against maintaining "positive community reputations," the report said.

"Aggressive collection tactics can place a health care provider in jeopardy of alienating both existing patients and prospective customers. Moreover, a negative reputation can severely impact a health care company's financial performance."

Unpaid health care bills are an important issue for consumers, because if others can't pay, we all eventually end up paying in the form of rising health care costs.

That's probably one reason that some in the health care industry went over the line in their debt collection efforts.

In addition to stamping out overaggressive collections, the industry is paying attention to the root causes of unpaid bills.

"There's a huge commitment to this," said Alicia Mitchell, spokeswoman for the American Hospital Association.

"In the last 10 years, there have been 10 million Americans added to the rolls of the uninsured, and hospitals are taking a look at, are there ways that we can further help folks in our community? Are there ways we can do things better to reach more people?"

The hospital association released a set of guidelines in 2003 on hospital billing and collection practices.

The guidelines include communicating more effectively with patients about payment programs, helping patients qualify for existing coverage options, making care more affordable for patients with limited means, and ensuring "fair and balanced billing and collection practices."

"We put out the guidelines after a lot of conversation within the field to reflect where the field stood, and we asked hospitals to take a look at the guidelines and to look at confirmation of those commitments," Mitchell said. "The majority of hospitals have done that."

Dallas-based Tenet Healthcare Corp. has a "Compact With Uninsured Patients" that pledges to treat them fairly, provide them with financial counseling, and help them apply for local, state and federal health care programs, such as Medicaid.

"If they are not eligible for those programs, the patient advocate works with the patients to negotiate a payment plan at the hospital's uninsured rate for those services that were provided," said Steven Campanini, Tenet spokesman.

The company offers uninsured patients discounted pricing at rates in line with managed care rates.

Tenet also pledges not to pursue legal action "if the only recovery available would be to place a lien on the patient's home."

"It's something that we don't think is the right thing to do if that's their only asset," Campanini said.

However, the compact doesn't apply to non-U.S. residents who come to this country to receive specialized medical care.

Tenet's compact was an outgrowth of a legal settlement the company reached with a group of Hispanic patients in California in 2003, which accused the company of using unfair billing and collection practices against the uninsured.

Such steps make good business sense, and the hospital industry has conveyed that message to the debt collectors it hires, Mitchell said.

"Over the years, a lot of that has been done by outside companies, so we asked hospitals to take a look at the companies and to make sure that their policies and procedures reflected the mission of the hospital," she said.

They can't forget that it comes down to the relationship between a health care provider and a patient.

"At the end of the day, the person who gets the call will view that as a call from the hospital."