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THE COMMUNITY BENEFITS COLUMN

THE COMMUNITY BENEFIT ROLE OF THE COLLECTIONS DEPARTMENT

BY ROBERT M. SIGMOND

My last column emphasized the importance of community benefit initiatives that contribute to a positive bottom line. As competitive health plans and government cut back on payment for services, community benefit programs that do not either reduce expenses without reducing income proportionately or bring in net income are becoming endangered species.

I suggested that every department can contribute net income-producing initiatives to the community benefit program. One reader challenged me to specify what a collection department could do. Here are six elements of a comprehensive community benefit initiative guaranteed to provide net income.

First, the collection staff can be the most articulate and visible spokespersons for the organization's mission at community meetings and elsewhere. They demonstrate most realistically the dual commitment to care for everyone from the organization's targeted communities, irrespective of ability or inability to pay, and to generate the revenue required to carry out that promise. No one else is in a better position to explain how the organization's community commitment, in turn, requires commitment from those in the communities served. These interdependent commitments provide the basis for the disciplined, fair and humane charge to the collection department to make sure that deserving charity patients never receive bills for service beyond their ability to pay, that other patients do not become deadbeats (riding free on the communities' commitment), and that all community resources are mobilized to help pay for otherwise uncompensated care and to support disciplined financial management.

Second, the collection staff can make every effort to generate community support for the board-generated policies that it carries out such as establishing full or partial eligibility for charity care (through residence, employment status, insurance, income, assets, family size and obligations) and requiring advance payment from all other nonurgent patients without comprehensive insurance. The success of the collection department's program depends on shared decisions based on these policies being carried out from the time of admission, or earlier, always subject to re-evaluation as circumstances change. In elective cases, payment plans should begin on the day of admission so that the patient does not carry financial worry into the hospital bed.

Third, the collection department should endeavor to eliminate all losses from bad debts, since all bad debts are collectible. In very few cases, the cost of the collection effort will exceed the amount to be collected, the technical definition of a bad debt. All elements of the community judicial system can be expected to support this policy, assigning costs of collection to the debtor in contested cases. Studies suggest that most so-called bad debt accounts are misclassified charity cases. In all such cases, the patient should be reclassified as a charity case and should receive the same intensive support available for all charity cases.

The collection department should avoid selling bad debt accounts to commercial collection agencies, a practice with two possible consequences inconsistent with the department's goals: losing money that the commercial agency collects and often subjecting true charity families to uncalled for and possibly inhumane collection efforts. In fairness to those who meet their obligations, the department's unsuccessful collection efforts should be terminated only with the approval of the chief executive officer, not by a commercial transaction.

Fourth, the collection department should make every effort to involve the patient's support system in each potential bad debt and charity case. With the patient's permission and active involvement, this includes not only the immediate and extended family, but also the human resources department of the employer, the family's credit sources, religious affiliations, neighborhood groups, organizations concerned about the patient's disease or disability, fraternal organizations, and more. Significant revenue can be generated from collaboration of these resources.

Fifth, the collection department should involve other elements of the organization in solving collection problems and gaining support for charity cases. Most important are the medical staff, the social services department, the legal staff, and human resources. The medical staff of one hospital has established rules prohibiting its members from charging charity cases and requiring return of any fees paid by such patients for care in the institution.

Sixth, the collection department should reach out to a wide range of community resources for help in coping with the inadequacies of this nation's less than universal comprehensive insurance programs. Among the most important are the office staffs of community-based medical practitioners and other caregivers; the communities' justice system; employers with less than comprehensive coverage for full-time staff, and frequently, no coverage at all for part-time staff; local representatives of various federal and state governmental agencies involved in entitlement and grant programs; banks and other lending agencies; a myriad of social, religious and other philanthropic agencies; and law offices with a commitment to pro bono work.

Clearly, this six-point program requires enlargement of the staff and the budget as well as the responsibilities of most collection departments. With a sound proposal for such expansion, net benefit to the bottom line and to the community can be assured. This would always be true for any organization in which bad debts account for a third or more of reported uncompensated care. Anyone interested in exploring any aspect of the six-point program in greater detail should feel free to contact me.

A Comprehensive Community Benefit Initiative by the Collections Department should

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- 1. Articulate the mission**
 - 2. Manage sound policies for charity eligibility**
 - 3. Eliminate bad debts**
 - 4. Involve the patient's support system**
 - 5. Involve other elements of the organization**
 - 6. Reach out to community resources**
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