

"Our mission at Mayo Clinic is to provide the best care to every patient every day through patient care, education, and research. Patient Friendly Billing is one aspect of this mission. Often the patient's first and last contact with an organization relates to financial matters, leaving a lasting impression of their experience. Mayo Clinic is very supportive of the Patient Friendly Billing initiative." —Lee Hecht, Chief Financial Officer, Mayo Clinic

Latest Recommendations

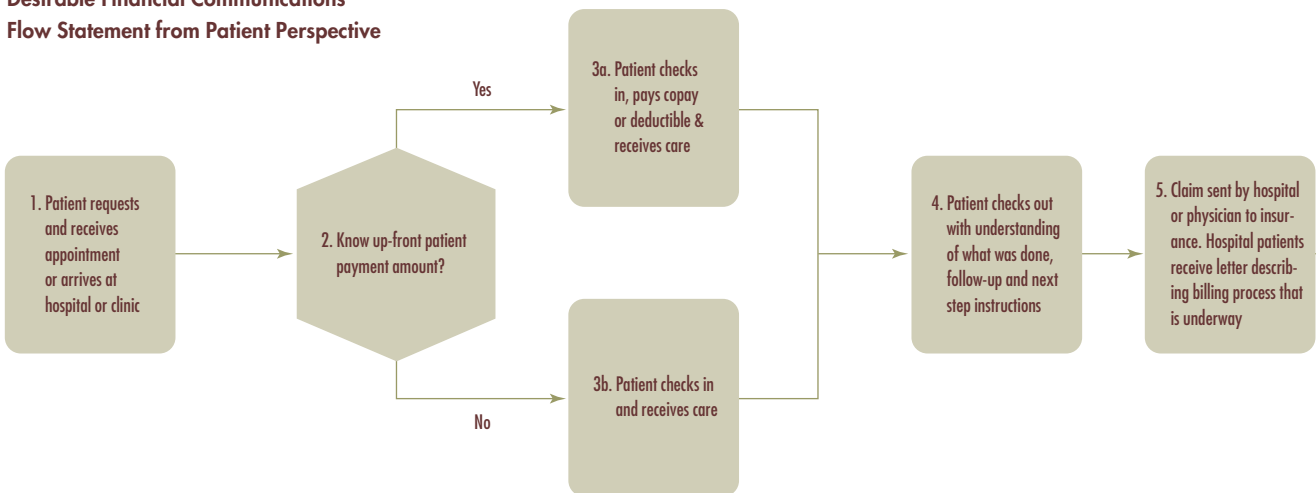
We are pleased to present the following recommendations based on our latest consumer and industry research and expert analysis. Hospitals, medical group practices, and (to the extent applicable) other care providers should consider the following actions to achieve the benefits of Patient Friendly Billing:

1. Establish customer service standards throughout the organization.
 - Identify and implement process improvements (along with staff training) that facilitate a positive patient experience. Improvements could target pre-registration procedures, communication techniques with patients, and other processes.
 - Promptly respond to patient requests for information by using standard terms, Internet automation, and telephone protocols and scripts.
 - Maintain convenient billing office hours that match the needs of consumers.
 - Study the needs of the community to improve the patient billing process. Enlist suggestions from patients, caregivers, employees, physicians, and other members of the community.
2. Inform patients in advance about financial expectations resulting from an episode of care.
 - Provide information and tools to help patients better understand how they can meet their financial responsibilities.
 - If the patient's portion of payment is known at or before the point of service, request payment at that time.
 - Assist patients who need to make financial arrangements.
3. Identify, establish a baseline for, and monitor measures of success, and make improvements as indicated.
 - Measures may pertain to (1) patient satisfaction, (2) days in accounts receivable, (3) cash flow, (4) bad debt and account aging, (5) billing/service calls per account, and (6) readability of financial communications.
4. Adhere to Patient Friendly Billing guidelines and models of letters, bills, and statements. (see www.patientfriendlybilling.org and the graphics on pages 9, 11 and 12.)
 - Use consistent terms and format styles across all patient financial communications.
5. Coordinate information-gathering processes to improve patient safety, increase accuracy, and reduce redundancy.
 - Increase the quality and safety of medical treatment by ensuring patient identification is correct. This will also help ensure a smooth billing process.
 - Educate patients on the entire financial communications process by providing staff with tools and training on how to let the patients know what to expect, where to go for help, and how they can make their experience better.
 - Implement data retrieval capabilities both internally and with other providers and health insurers to help ensure data accuracy and consistency.
6. Simplify contractual relationships with managed care and other health insurers; complex payment arrangements often lead to billing and payment errors.

“At Henry County Memorial Hospital, we’ve shortened the billing cycle by 50 percent. Our investment in advanced information technology has definitely paid off in streamlining our entire billing and payment operations in the business office and registration areas. Our patients report receiving billing statement information that is easy to understand from both a financial and medical perspective for each specific episode of care.” —**Chere Riggs, Director of Business Office, Henry County Memorial Hospital**

- 7. Consolidate billing whenever possible.
 - Consolidate billing across as many providers as possible and advise patients of other providers that may also bill.
 - Ideally, provide a consolidated bill for all patients for whom the responsible party is expected to pay (a family bill). When possible, include a separate page within the consolidated bill for each patient.
- 8. Standardize written communications with a limited number of information elements on all patient communications. Key information points are patient name, patient address, account number, responsible party, insurance company, and date of service. (See examples on pages 9, 11, and 12.)
 - Do not routinely publish patient-sensitive elements such as social security number, date of birth, or gender. This does not preclude requesting additional information for missing data, data needed to resolve insurance denials, etc.
- 9. Use written and spoken terminology that is readily understood by consumers.
 - Use the Patient Friendly Billing standardized glossary of terms as a model and make it available to patients to explain terms in a consistent manner.
 - Include with financial correspondence a list of frequently asked questions and, if necessary, a few glossary terms explaining any technical language on the bill.
- 10. Send the first financial communication from the hospital after the hospital encounter in the form of a letter, not a bill. (See patient narrative on page 9.)
 - This letter should highlight the billing process that is underway, provide useful information such as contact information and service hours, and verify or request information, if needed.
 - This communication should be sent to the patient at the time that the claim is sent to the insurer.

**Desirable Financial Communications
Flow Statement from Patient Perspective**





312 Simpson Avenue
Hometown, IL 60206

February 4, 2003



Mr. John McGuirk
520 Pleasant Street
Hometown, IL 60610

Patient Name
John McGuirk

Responsible Party
John McGuirk

Account Number
0123-4567-89

Date of Service
January 27, 2003

Insurance/Policy Name
Major Medical Corp.-PPO

For questions or information, please call 1 800 555-5555
or visit www.hometownhealth.com

Dear Mr. McGuirk,

Thank you for choosing Hometown Health for your family's healthcare needs.

We have submitted your claim for the above date of service to your insurance carrier: **Major Medical Corp.-PPO**. It takes approximately thirty days for the claim to be processed. After your insurance company pays us, we'll provide you with information about any amount you may owe.

If we do not have your correct insurance or contact information, or if you have any further questions, please return the form attached below or call our Billing Help Line: 1-800-555-5555, weekdays 9:00 a.m. until 8:00 p.m., and Saturday 9:00 a.m. until 2:00 p.m.

We hope you will always feel confident in Hometown Health's commitment to your health.

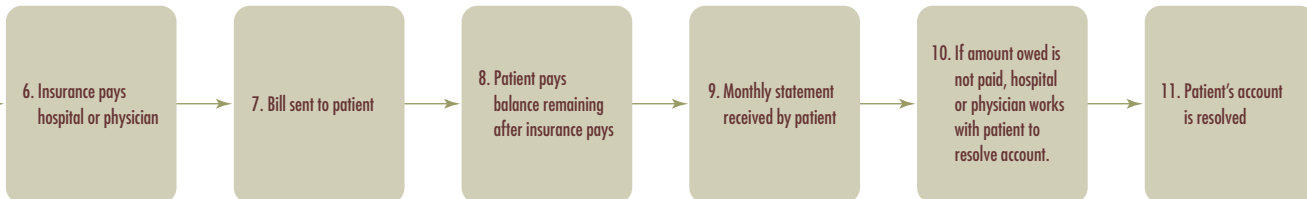
Sincerely,

Brendan Small
Director of Patient Financial Services
Hometown Health

Please call 1-800-555-5555 to update any information.

ADDRESS CHANGE			INSURANCE UPDATE		
RESPONSIBLE PARTY NAME			INSURANCE COMPANY NAME		GROUP POLICY PLAN NUMBER
ADDRESS			CLAIM MAILING ADDRESS		
CITY	STATE	ZIP	CITY	STATE	ZIP
HOME TELEPHONE		WORK TELEPHONE		POLICYHOLDER NAME	
POLICYHOLDER IDENTIFICATION NUMBER			ADDRESS		
CITY			STATE		ZIP
EFFECTIVE FROM			EFFECTIVE TO		
POLICYHOLDER'S EMPLOYER NAME					
PERSONS COVERED BY POLICY					
NAME	DATE FROM	DATE TO			

For the most current recommended example, see www.patientfriendlybilling.org



“Many hospitals have been skeptical about achieving Patient Friendly Billing. But after implementing automated revenue cycle solutions to improve our billing and revenue cycle processes, Wellmont experienced an improvement in patient satisfaction in the area of billing—and in 2002 we ranked No.1. We’re on our way to meeting the Patient Friendly Billing project’s mission of providing clear, correct, concise and patient friendly information.”
—Randy Cooper, System Director, Patient Financial Services, Wellmont Health System

11. To the extent possible, only send patients with insurance a bill after insurance has paid and the patient’s portion is known to be accurate. (See sample patient bills on pages 11 and 12).
 - Include a payment due date on the bill.
 - If the provider and health insurer have not resolved the claim within a reasonable amount of time, such as 45 to 60 days after the encounter, give the patient an update on the status of the account.

12. Provide financial communications that contain concise information and that are easily reconciled to the health insurer’s explanation of benefits. If a patient requests more information, such as a detailed bill, it should be promptly and cheerfully provided. (See sample patient bills on pages 11 and 12.)
 - Medical group practice bills should include charges at the procedure level, the portion paid by insurance, and the patient portion. After the initial bill for the encounter, medical group practices should send monthly balance-forward statements highlighting current month activity.
 - Hospital bills should include only total charges, portion paid by insurance, and patient portion. If patients request detail, they frequently want it grouped by category of procedure or service, such as by laboratory test or X-ray instead of numerous individual items, such as each supply item or individual drug doses. Verify state requirements, as some states may require more detail.

13. Billing and charge description masters should be reviewed periodically and designed so that the terminology helps both the patient and health insurer understand the medical services provided and eases the provider’s effort to record such information. Many of the descriptions on patient bills come from the billing/charge description master.
 - Standardized processes should be established to ensure the accuracy and appropriateness of each charge, its description, and its corresponding clinical code.
 - Reduce complexity by reducing the number of chargeable items in hospital charge description masters, especially for supply items routinely given to patients.

14. Provide on-line billing and payment capabilities.

Issues to Consider

Patients and healthcare workers tell us that information gathering is uncoordinated, redundant, and sometimes inaccurate. Additional efforts are needed to facilitate consistent, industry-wide data gathering and coordination. To deal with these issues, healthcare providers, IT vendors, and others should (1) investigate the appropriateness of technologies currently in use by other industries that have successfully solved these issues, (2) develop standards for use of that technology and for development of the applications, and (3) develop business rules for security, access and updating information among healthcare organizations. We also encourage the enhanced use of standard transactions and code sets by healthcare providers, IT vendors, and others to meet the needs of the patient, to improve the accuracy and effectiveness of information and to reduce the overall cost of healthcare services. Various groups are working on these issues including the National Alliance for Healthcare Information Technology. HFMA, AHA, MGMA, McKesson, Eclipsys, and Siemens are members of this alliance.

Sample Hospital Patient Bill



312 Simpson Avenue
Hometown, IL 60206

March 1, 2003



Mr. John McGuirk
520 Pleasant Street
Hometown, IL 60610

Patient Name
John McGuirk

Responsible Party
John McGuirk

Account Number
0123-4567-89

Date of Service
January 27, 2003

Insurance/Plan Name
Major Medical Corp.- PPO

BILL

For questions or information, please call 1 800 555-5555
or visit www.hometownhealth.com

DATE OF SERVICE	ITEM	AMOUNT
01/27/2003	CURRENT HOSPITAL CHARGES	\$5,399.50
	Patient Payment	\$0.00
	Adjustments	\$1,079.90
	 Amount Paid by Insurance	 \$3,887.64
	 DUE FROM PATIENT: Please Pay This Amount	 \$431.96
<p>This bill represents hospital charges only. You may receive additional bills related to your visit. For billing inquiries: 1-800-555-5555, weekdays 9:00 a.m. until 8:00 p.m., and Saturday 9:00 a.m. until 2:00 p.m.</p>		

Please return bottom portion with your payment (Allow 7-10 days for postal delivery)

Due Date	Account Number	Please write your account number on your check. Make check payable to Hometown Health.	Please Pay This Amount
March 21, 2003	0123-4567-89		\$431.96

Fill out below for credit card payments

PRINT NAME ON CARD _____
 CARD NUMBER _____ EXPIRATION DATE _____
 SIGNATURE _____



Hometown Health
312 Simpson Avenue
Hometown, IL 60206

For the most current recommended example, see www.patientfriendlybilling.org

Sample Glossary Terms

If necessary, include a few glossary items explaining any technical language on the bills

Glossary Terms

Explanation of Benefits (EOB/EOMB) The notice you receive from your insurance company after getting medical services from a doctor or hospital. It tells you what was billed, the payment amount approved by your insurance, the amount paid, and what you have to pay.

Claim Your medical bill that is sent to an insurance company for processing.



312 Simpson Avenue
Hometown, IL 60206

March 1, 2003



Mr. John McGuirk
520 Pleasant Street
Hometown, IL 60610

BILL

Patient Name
John McGuirk

Responsible Party
John McGuirk

Account Number
0123-4567-89

Date of Service
January 27, 2003

Insurance/Plan Name
Major Medical Corp.- PPO

For questions or information, please call 1 800 555-5555
or visit www.hometownhealth.com

DATE OF SERVICE	ITEM	AMOUNT
01/27/2003	Patient: John McGuirk Evaluation/Management Level 3 Established Diagnosis: 37515 Dry Eye Syndrome Moore MD	
	Current Charges	\$109.50
	Patient Payment	\$0.00
	Adjustments	\$10.95
	Amount Paid by Insurance	\$88.55
	DUE FROM PATIENT: Please Pay This Amount	\$10.00
	For billing inquiries: 1-800-555-5555, weekdays 9:00 a.m. until 8:00 p.m., and Saturday 9:00 a.m. until 2:00 p.m.	

Please return bottom portion with your payment (Allow 7-10 days for postal delivery)

Due Date	Account Number	Please write your account number on your check. Make check payable to Hometown Health.	Please Pay This Amount
March 21, 2003	0123-4567-89		\$10.00

Fill out below for credit card payments

MasterCard
 VISA
 American Express
 DISCOVER

PRINT NAME ON CARD _____

CARD NUMBER _____ EXPIRATION DATE _____

SIGNATURE _____



Hometown Health
312 Simpson Avenue
Hometown, IL 60206

For the most current recommended example, see www.patientfriendlybilling.org

Next Steps for the Project

Although targeted process improvements can improve patient financial communications, the ultimate solution involves making significant changes to the billing system of the healthcare industry as a whole. That is why the Patient Friendly Billing project will expand on existing efforts to achieve our goals of billing that is clear, concise, correct, and patient friendly. We will communicate with healthcare industry leaders,

legislators, other stakeholders, and the public about ways we can partner to create a healthcare billing system that is more patient friendly. Specifically, we will:

- Continue to develop and distribute resources to help provider organizations, technology vendors, and insurers implement and improve patient billing processes. We will issue regular project updates.

“It is my heartfelt desire that I live long enough to see meaningful changes in the manner in which healthcare billing is delivered. It is time that we reach out with our hearts to the most important asset in the healthcare industry: our patients.”—**Jeffrey W. Shutak CHFP, Director Patient Financial Services, The Memorial Hospital**

- *Work through the impediments* to a more Patient Friendly Billing process. We will continue to investigate and research the causes of those barriers and develop methods for addressing them.
- *Work with major players*, including providers, insurers, government, and consumer advocates to determine how the system can better function to meet consumer needs.
- *Facilitate industry adoption* as more organizations sign on to the project.
- *Develop and implement a long-term vision* of how to execute and communicate transactions in a way that is patient friendly.

The next phase will look at the overall healthcare billing system and how it can be made as seamless as possible to the patient.

We have begun reaching out to the healthcare community. But we have more to accomplish to increase the public’s trust and confidence in the healthcare billing system. The project’s long-term vision is to help create a patient friendly system that consolidates and coordinates patient communications. The solution will involve all major stakeholders. We are committed to continuing efforts to improve the billing experience for patients and their families and ultimately to strengthen the American healthcare system.

Thank you for joining us.

What You Can Do

The Patient Friendly Billing project will only work if you are involved. Here is what you can do.

- *Become involved*. Ask those involved in the billing process if they are aware of the Patient Friendly Billing project and its resources. Share this brochure with them.
- *Review your organization’s billing process* to identify ways to make bills more patient friendly.
- *Introduce Patient Friendly Billing* to others in your organization using the PowerPoint presentations available on our website.
- *Attend upcoming Patient Friendly Billing events* featured on our website.
- *Ask project representatives to talk to your organization* about their experiences. You can submit this request via our website.
- *Sign up to receive our e-newsletter—Patient Friendly Focus*—and regularly visit our website, which is frequently updated with the tools you need to succeed.
- *Tell us about your financial communications situation*—the current status, what’s been done, future plans. The more case studies we hear about, the better equipped we are to help improve the country’s healthcare billing system.



PATIENT FRIENDLY BILLING® YEAR-TWO Supporters

The sponsors, technical supporters and associations of the Patient Friendly Billing project's year-two initiative support the recommendations in this report, and are committed to the goal of improving the healthcare system through Patient-Friendly Billing.

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 MGMA

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LAWYERS & CONSULTANTS
Understanding Your Business is Our Business

If you would like to support the project,
get involved, or implement Patient Friendly
Billing practices in your organization, contact:



hfma[™]
healthcare financial management association

Two Westbrook Corporate Center, Suite 700
Westchester, Illinois 60154-5700

For more information:

Web: www.patientfriendlybilling.org

Email: info@patientfriendlybilling.org

Phone (708) 492-3367