Slide 1

Patient Payments

Rich Flaherty, Sales Manager
ZirMed
April, 2007

Slide 2

What are benefits of Revenue Cycle Management?

• Reduced transaction costs (Save money!)
• Improved time allocations to activities (Do things faster!)
• Increase output from staff (More with less or the same!)
• Better quality (Fewer errors!)
• Access to information/knowledge (What is it I don’t know?)

Slide 3

Payer Management Activities

• How ‘well’ does your organization manage the reimbursement / payer processes?
  – Benefits eligibility / verification EARLY?
  – ‘Clean’ data – do your systems catch errors automatically?
  – Cost containment – do you leverage technology to submit your claims?
  – Analyze denial data for trends / performance management?
  – Communicate information to payer regarding utilization review?


Slide 4

Technology Driven Payer Processes

• Benefits eligibility / verification
  – Automatically checked on new order intake
  – Automatic monthly batch on recurring bills
• Reduces manual time spent on denials
• Intelligent Claims Submission / Error Catching
  – No missing data
  – Mismatched codes/diagnosis
  – Payer specific rules
  – Performance Management / Monitoring

Slide 5

Technology Driven Payer Processes

• Claims Submission
  – Massive quantities to multiple payers
  – Real-time claim status
  – Efficient re- submits
  – Streamlined processes
  – More claims, less time
• Payer Benchmarking
  – Denial trends by payer / by product
  – Reimbursement rates by payer / by product
  – Slow pay trends

Slide 6

Technology Driven Payer Processes

• Patient payment solutions
  – Credit Card
  – Electronic checks
  – Reduced fraud/theft
  – Patient Statements
**Slide 7**

**Traditional Revenue Cycle Timeline**

<table>
<thead>
<tr>
<th>Week</th>
<th>Mail Claim</th>
<th>Payer Receives Claim</th>
<th>Provider Receives Denial</th>
<th>Provider Resubmits Claim</th>
<th>Provider Receives Paper EOB</th>
<th>Provider Mails Statement</th>
<th>3 weeks later…</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</table>

**Slide 8**

**Technology's Role in Process Redesign**

- Technology increases administrative efficiencies and streamlines the revenue cycle
- Adoption requires workflow change and potentially workforce change
- Selecting the correct metrics and measuring processes against expectations to adjust midstream

**Slide 9**

**Opportunities to Apply Technology**

- **Pre-Contact**
  - Coverage Verification
- **Point of Service**
- **Billing**
  - Electronic Billing
  - Payment Processing (co-pays/guarantees)
- **Remittance Posting and Balance Billing**
  - 3rd party processing
  - Payment Processing Management
- **Patient Payments**
  - Pay online (e-continuity)
  - Patient Lockbox Services
Slide 10

Revenue Cycle Management Solutions

- Scheduling
- Eligibility Verification
- Payment Processing
- Transcription
- Claims Management
- Claims Attachments
- Remits Fulfillment

Slide 11

Pre-Contact Value Drivers

Real Time Eligibility Verification

- Average Cost Per Manual Insurance Verification: $1.28
- Additional Patient Wait Time: 10.5 Minutes
- Eligibility Related Denial Rate: 5%
- Interest cost of Eligibility Related Denials: $1,500 (per provider)

Slide 12

Revenue Cycle Management Solutions

- Scheduling
- Eligibility Verification
- Payment Processing
- Transcription
- Claims Management
- Claims Attachments
- Remits Fulfillment
Slide 13

Point of Service
Cash Collections and Internal Controls
- Credit/Debit Card Capabilities at Checkout
- Check Processing
- Internal Controls for Receipting Cash

Slide 14

Increasing Patient Responsibility
Out-of-Pocket Payments

1995: $175.5 Billion
2005: $249.4 Billion
70.4% Increase

Unpaid Medical Bills
1995: $17.5 Billion
2005: $28.8 Billion
64.5% Increase

Slide 15

Impact of Missed Co-Payments
- Annual Revenue: $524,750
- Co-Payment Share of Revenue: 20%
- Co-Payment Collection Rate: 50%

Annual Revenue Loss
$52,475
***Slide 16***

**Impact of “Missing” Payments**

Annual US Embezzlement Loss: $652 Billion

Percentage of Healthcare Centers Victimized by Fraud: 40%

Median Embezzlement Loss:

$105,000

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***Slide 17***

**Consumer Payment Preferences**

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>2005%</th>
<th>2004%</th>
<th>2003%</th>
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<tbody>
<tr>
<td>Checks</td>
<td>56%</td>
<td>57%</td>
<td>58%</td>
</tr>
<tr>
<td>Credit/Debit</td>
<td>26%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Cash</td>
<td>7%</td>
<td>10%</td>
<td>12%</td>
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</table>

Payment Usage Trend Since 2001:

- Checks: 44%
- Credit/Debit: 15%
- Cash: 30%

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***Slide 18***

**Revenue Cycle Management Solutions**

- Scheduling
- Patient Registration
- Patient Financial Counseling
- Claims Management
- Claims Attachments
- Claims Remittance
- Payments Processing
- Eligibility Verification
Billings
- Electronic Claims Processing
- Denial Management
- Payment Auditing

MGMA estimates in-house billing costs:
- 5-12% of revenue

- Use claims and remittances to verify payments according to contract

Showing a table or graph with details.

Revenue Cycle Management Solutions
- Scheduling
- Eligibility Verification
- Payment Processing
- Claims Management
- Claims Attachments
- Remits Fulfillment
- Eligibility Notification
- Transcription

- Claims Management

Showing a diagram with circular flow of processes.

Remittances
- Electronic Remittance Advices
- Remittance Auto-Posting
- Economic and Efficiency Gains
- Allows for faster patient billing and follow-up for denials
- Efficient processes more closely time patient billing to services
- More opportunities for payment auditing and denial trending
Slide 22

Revenue Cycle Management Solutions

- Scheduling
- Eligibility Verification
- Payment Processing
- Transcription
- Claims Management
- Claims Attachments
- Remits Fulfillment

Slide 23

Patient Billing

- Patient Statement Printing
  - Typical cost of sending a single statement $4-$10
- Patient Friendly Billing
  - Removing jargon and internal codes can reduce billing
- Lock Box
  - Eliminate unnecessary trips to the bank
- E-Commerce Solutions
  - Decrease administrative expense

*HFMA Patient Friendly Billing Project, 2006

Slide 24

Consumer Payment Preferences

Monthly Bill Payments

- Electronic Payment 104%
- Checks 32%

*Usage based on in-store payments, 2005/2006 Study of Consumer Payment Preferences, American Bankers Association
Slide 25

When are patients paying?

<table>
<thead>
<tr>
<th>Time</th>
<th>Percentage</th>
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<tr>
<td>Before Opening</td>
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<tr>
<td>Morning Office Hours</td>
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<tr>
<td>Lunch</td>
<td>8%</td>
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<td>Afternoon Office Hours</td>
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<td>After Closing</td>
<td>30%</td>
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<td>Weekend</td>
<td>10%</td>
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Slide 26

Revenue Cycle Management Timeline

May 2007

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