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Improving Your Patient Bad Debt Performance Through Secondary Collections

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The Situation

According to a recent HFMA publication, fewer than 20% of hospitals do anything to collect patient bad debt accounts except to "Place and Forget" with a primary collection agencies at about day 120.

Meanwhile, high-deductible health plans tighten the squeeze on most hospitals financially and operationally by increasing patient bad debt and by increasing the workload to handle more, low-value self-pay accounts. According to the same HFMA study, bad debt now comprises 60% of uncompensated care while self-pay has increased 10% in the past five years.

The Problem

Primary contingency collection agencies always put their best foot forward right out of the gate — it's essential to their profitability. 80% of their liquidations come within the first 60 days of the placement.

Considering agencies apply the most efforts on fresh new monthly placements, the accounts that go past 60 days without payment get less attention as they age. Thus, accounts placed with a primary agency only are not serviced effectively. The result is that the hospital's yield on bad debt collections decreases each month. **This approach is designed to under-perform**.

Despite growing obstacles and decreasing performance, most hospitals stick to their old approach even though it guarantees that their results will get worse over time.

The Solution

A secondary contingency placement is similar to a primary placement except that it would occur later in the revenue cycle. Inactive and unpaid patient accounts are recalled from primary agencies that have ceased collection efforts and are then placed with secondary agencies that work the accounts with renewed vigor.

Hospitals can expect a jump in performance due to re-energized efforts and payments will trickle-in over an extended period of time. This approach mitigates diminishing returns due to declining collectability from their self-pay patient population.

At **JP Recovery Services**, we are proud of our reputation as one of the healthcare industry's leading secondary bad debt collectors. Our diligent, data-driven approach is perfectly suited to collect difficult accounts that have gone uncollected, even when the efforts from the primary collection agency have been unsuccessful.

With the current industry dynamics and increasing concerns for financial performance, revenue cycle executives are facing pressure to increase bad debt collections. By leveraging JP Recovery's bad debt second-placement strategy, our clients maximize recoveries on bad debt receivables well above what a primary agency alone would produce.

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Let us help you objectively assess your patient bad debt process and how to attain the best return on these overlooked assets. Just email John Beirne, Business Development Director, @ j2beirne@jprecovery.com or call us at 440-331-2200 to discuss.