Avera Health and U.S. Bank

Accounts receivable management solutions drive efficiency, complement centralization effort and improve patient payment experience

Avera Health, an integrated health system based in Sioux Falls, South Dakota, has more than 330 locations in 100 communities throughout South Dakota, Minnesota, Iowa, Nebraska and North Dakota. It offers a full continuum of care through 33 hospitals, more than 200 clinics, as well as retirement communities, home care, and sports and fitness centers.

Since 2011, when Mary Wickersham, vice president, Revenue Cycle, joined Avera Health, the company has been on a journey toward financial centralization, greater efficiency in accounts receivable (A/R) management, and more patient-friendly billing and collection practices.

Like other revenue cycle managers across the ever-changing healthcare field, Wickersham and her colleagues at Avera have been working to improve cash flow and cut costs through greater payment processing efficiency — while at the same time addressing patients’ desire for a more convenient payment experience. Critical to that effort has been the company’s implementation of a centralized business office for hospital operations and complementary A/R management technology.

Benefits of wholesale lockbox

For years, the U.S. Bank Wholesale Lockbox service has been a key tool at Avera Health for achieving improved cash flow and collections efficiency. The company has used wholesale lockbox for collecting both hospital patient “self-pay” payments and some insurance payments.

With wholesale lockbox, no longer do patients and insurers mail payments directly to Avera Health facilities, requiring Avera employees to open the mail, prepare the deposit, key in the transaction, and perform balance and reconciliation duties.

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Instead, patients mail payments to the lockbox, where U.S. Bank performs those duties and deposits them. Automated posting files are then provided to Avera that can be easily entered into their patient accounting system. As such, wholesale lockbox saves staff time and accelerates the deposit process.

With all the collections challenges healthcare providers face today, lockbox continues to provide a good value, Wickersham says. “Due to changes in reimbursements to hospitals, rising bad debt, higher deductibles and co-insurance, obviously the faster we can get the money in the door the better,” she says. “With wholesale lockbox, we’re also able to post payment automatically without a lot of human intervention.”

In addition, since U.S. Bank, rather than hospital employees, takes receipt of payments, lockbox eliminates segregation of duties risk, Wickersham notes.

Consolidation supports centralized business office

In the past, from a financial perspective, all of the company’s hospitals operated independently, and each hospital that used a lockbox for collections had its own service. However, over the last three years, Avera has been centralizing its hospital operations into one business office structure with standard processes and procedures. In doing so, the company has worked with U.S. Bank to consolidate its hospital lockboxes. As of spring 2016, the company had consolidated to a single lockbox for hospital patient payments and a single lockbox for insurance claim payments, both located in St. Paul. On a daily basis, Avera receives an average of about 800 patient payments and 300 insurance payments in the two lockboxes.

The lockbox consolidation has coincided with Avera’s development of a consolidated patient billing statement, enabling patient families paying for care provided by multiple Avera facilities to receive one bill, direct payment to one lockbox, and if they are on a payment plan, to be on just one plan. “It just makes it easier for patients to manage their bills,” Wickersham says.

Avera’s A/R automation journey

- In 2011, only Avera McKennan Hospital & University Health Center, the company’s flagship hospital in Sioux Falls, was using a lockbox for patient payments.
- Between 2011 and 2013 Avera implemented wholesale lockbox at many of its other hospitals to speed collections, save staff time and reduce risk.
- In 2013, the company began creating a centralized business office structure for its hospital operations. As part of that process, by spring 2016, Avera consolidated down to one lockbox for patient payments and one for insurance claim payments.
- Along the way, the company adopted U.S. Bank Payment Navigator to enable patients to make electronic payments online or by phone and set up automatic payment-plan payments, and U.S. Bank Payment Consolidator, to add efficiency to the process of accepting payments and related information from insurers in an electronic format.
Consultation and automation

U.S. Bank healthcare treasury specialists have been meeting regularly with Wickersham and her Avera colleagues to share industry insights and explain how new treasury automation tools can support the company’s goals around centralization, efficiency and the patient payment experience. Two A/R management tools that Wickersham says Avera has adopted in recent years with great success are:

- **U.S. Bank Payment Navigator:** This web-based payment tool is designed to improve up-front collection of patient payables and reduce bad debt. Payment Navigator enables patients to visit Avera’s website to make payments online, unassisted. “With the millennial population getting older and becoming responsible for more healthcare payments, we have to compete with the Amazons of the world,” Wickersham explains. “We want the patient to be self-sufficient, and Payment Navigator has made that possible.” Avera’s call center collectors can log into the Payment Navigator portal and accept by phone credit and debit cards, as well as electronic debits to patients’ checking and savings accounts. Through the portal, Avera also enables patients to set up “auto payments,” such as monthly deductions from a checking account, as part of a payment plan.

- **U.S. Bank Payment Consolidator:** A comprehensive receivables service designed specifically for the healthcare industry, Payment Consolidator supports Avera’s payments received from insurers by converting explanation of benefits (EOB) forms into electronic posting files. Insurance payments get deposited automatically (through wholesale lockbox), instead of checks arriving at the hospital requiring manual processing and depositing. “We receive an electronic posting file that can be scripted into our system, rather than someone having to look at every patient account on an EOB printout and hand keying in all of those transactions,” Wickersham says.

Outside the box

Every hospital has unique needs, structures and patient accounting system setups. U.S. Bank has worked to understand Avera’s platform, and “mold some of their tools around our needs,” Wickersham notes.

For example, Avera is working with U.S. Bank now to enhance Payment Navigator to provide patients with enough information on the website to allow them to make a payment without needing to refer to their statement.

“It’s been a good relationship,” Wickersham says. “U.S. Bank is always open to new ideas and different ways of doing things to help us be successful.”