



## case study | a california hospital

h e a l t h c a r e

### Immediate Results.

In the first 3 months, we collected more than \$500,000 from secondary accounts that were deemed uncollectible.

### Situation.

For years, a distinguished California hospital worked with only two primary agencies to collect their bad debt. These agencies kept the accounts indefinitely and subsequently accumulated a significant amount of aged inventory. Additionally, the California hospital experienced challenges with increasing costs and lower insurance reimbursement rates. They needed a trusted partner to help identify alternative ways to increase cash in their organization.

The hospital sought to partner with a company that has the experience, technology and infrastructure to maximize recoveries on their backlog and ongoing bad debt accounts. The backlog was a result of the aged inventory from the California hospital's primary agencies and included accounts that were up to six years old, while the ongoing inventory included accounts that were 150+ days from the date of assignment to the primary agencies.

After considering several agencies, they chose West Asset Management as the agency to handle their Secondary Bad Debt portfolio. West Asset Management offered the California hospital many benefits including extensive experience in healthcare collections and the ability to customize a secondary bad debt program to match the hospital's needs. In fact, we have provided bad debt recovery services to hospitals and doctors since the early 1970's and have grown to partner with clients with more than 2,000 beds and more than 1,200 physicians.

### Solution.

After meeting with the California hospital, West Asset Management developed a customized solution to handle the backlog and ongoing inventory, ensuring a focused approach to achieve optimal recoveries. Our overall solution helped the California hospital discover hidden cash flow through a focused strategy, dedicated healthcare location and seamless implementation.



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Our Secondary  
Bad Debt  
service handles  
12 million calls  
per month and  
recovers more  
than \$100  
million a year.

**Focused Strategy.** We applied a strategy that concentrated on recovering backlog accounts that were up to six years old and ongoing inventory that was 150+ days old. We used our SmartSolutions<sup>SM</sup> scoring model to score the California hospital's secondary portfolio and segment the accounts based on the propensity to pay. The automated outbound notification strategy and letter campaign were also derived from the scoring model to determine the optimal amount of calls and letters necessary to achieve maximum recoveries. Additionally, our strategy included insurance verification and skip tracing.

**Dedicated Healthcare Location.** We chose to work this business in our Sherman, Texas location because it is our premier healthcare bad debt collection center; handling 12 million calls per month and recovering more than \$100 million a year. This location offers our clients an experienced, high performance staff and a professional call center. The collections staff averages 4.5 years of healthcare collections experience and a tenure of over 3.5 years with West Asset Management. This kind of practical experience and stable work environment leads to a better understanding of patient issues, resulting in fewer complaints and faster recoveries.

**Seamless Implementation.** We used our Client Implementation Process to ensure a successful project launch and to minimize challenges after implementation. West Asset Management's client implementation approach follows a methodical process that includes seven phases and is designed to encourage open communication and sets the stage for ongoing success of the project. During this process, we partnered with the California hospital to develop specific project timelines and tasks based on thorough understanding of their unique business requirements, expectations, system capabilities and connectivity.

### Results.

In the first three months, West Asset Management collected more than \$500,000 and dramatically exceeded the California hospital's expectations. We are currently maintaining a solid secondary recovery cash flow for the California hospital on a monthly basis.

The California hospital was very satisfied with our Client Implementation Process. In fact, in the post-implementation survey, one client contact stated that it was "The easiest implementation I have ever experienced." The open and frequent communication throughout the implementation prevented misunderstandings and resolved issues quickly. West Asset Management was able to successfully launch the project in 30 days.

performance focused