



# Customer Case Study: University of Alabama's Health Services Foundation

Converged Voice and  
Data Networks  
Customer Relationship  
Management  
Unified Communication  
Supported by:  
Avaya Labs and Services

The University of Alabama's Health Services Foundation, P.C., has implemented a solution that aids them in collecting self-pay accounts and also in reducing the number of agents required to staff their contact center. The solution has paid for itself in the few short months since it was implemented, and it is now generating over \$50,000 in additional revenue each month. In addition to the leap in revenues collected, the University of Alabama's Health Services Foundation has reduced agent staffing by 27 percent with the aid of an integrated solution from the Avaya Proactive Contact Management Solutions and Avaya Self-Service Solutions portfolios.

The Health Services Foundation supports over 700 physicians in an academic group setting. Within the foundation, the Management Services Organization (MSO) manages all revenue cycle activities (scheduling through billing and collecting), as well as the systems that support those activities.

## Significant cost savings and a rapid return on investment

Like any billing and collections organization, the MSO understood that collecting small balances from patients often cost the organization more than

the amount of money collected. An analysis of the collections procedure revealed that the average cost of an agent contacting a patient to request payment or answering a patient's incoming call regarding billing questions was about \$5. Many accounts merely consisted of the \$10 or \$20 co-pay remaining after the insurance company had paid the medical bill. For this multitude of accounts, multiple patient contacts were cost-prohibitive. Also, with limited resources available, the MSO was required to focus on pursuing higher balances. As a result, accounts with balances of less than \$100 were often written off as uncollectible, and turned over to collection agencies for further processing at a higher fee.





Cost of live agent contact  
for payment request . . . . . \$5 per contact

Average Patient Balance on  
Small Accounts . . . . . \$15–\$20

Net Collection . . . . . \$0–\$10

Result: Accounts under \$100 written off as  
uncollectible.

The MSO decided to use technology to address the  
problem. Tom McAvoy, Associate Director of  
Business Operations, was responsible for the  
development and implementation of the solution.

### **A Virtual Collection Campaign**

McAvoy’s approach to the problem was to create a virtual collection campaign designed to “maximize performance at the lowest cost” in collecting on small-balance accounts. To achieve his objective, McAvoy implemented an integrated solution from the Avaya Proactive Contact Management Solutions and Avaya Self-Service Solutions portfolios with an application developed by Gold Systems. The integrated solution was programmed to proactively contact low-balance and “deadbeat” accounts and offer the opportunity to pay via credit card using Avaya™ Interactive Voice Response (IVR). Credit card authorizations were given in real time, supported by Gold Systems’ Vonetix solution, which was integrated with the Web site for this purpose. The virtual campaign allowed the MSO to make collection calls that required little or no agent involvement.

### **An automated billing inquiry system**

The MSO also answers calls from patients about their account status or balance. These interactions were often time-consuming. The Avaya IVR solution used for the virtual collection campaign also helped the MSO reduce the number of agents assigned to handle these types of inquiries. Now, all incoming calls regarding billing questions are directed to the Avaya IVR system.

### **Increased patient and agent satisfaction—plus reduced staffing**

One of the goals that McAvoy kept in sight during the implementation was that he “wanted to make the system easy to use.” Long, detailed menus of options held the potential for confusing patients, leading them to give up in frustration. Studies by the MSO uncovered three primary reasons that patients contact billing and collections center agents: 1) to make a payment, 2) to request a statement, and 3) to check their account balance.

Integrating Avaya Self-Service Solutions with the billing system allows patients to manage their requests quickly, independently, and confidentially. Today, 30 percent of all callers choose to resolve their issues through self-service, enabling the MSO to make further reductions in staffing requirements.



“Quality matters. When you get a call at home and you hear a two- to three-second pause, you know a dialer has called you. You don’t want that. People hang up on you...

The technology must be good.”



*Tom McAvoy, Associate Director of Business Operations, University of Alabama Health Services Foundation*

Statistics also demonstrate that there has been a material reduction in the time needed for an agent to handle a real-time, live inquiry. Agents are presented automatically with patient account information at the same time the call is received, eliminating the need for them to locate the patient’s records manually.

Significantly, employees like the new approach provided by this innovative solution. Although the pace is faster, there have been lots of positive comments from the employees, who like that the technology has freed them from some of the more mundane, time-consuming and repetitive tasks they were required to undertake previously.

### **Next step—automatic appointment notification**

The next strategic step for McAvoy is to implement automatic appointment notification using an integrated solution from the Avaya Proactive Contact Management Solutions and Avaya Self-Service Solutions portfolios. Currently, MSO

physicians schedule close to 500,000 appointments per year. Although appointment reminders can reduce the no-show rates of patients who forget to cancel an appointment, using agents to call patients costs approximately twice the amount per call of using Avaya Proactive Contact Management solutions combined with Avaya™ IVR. The appointment notification system can help increase revenues, since appointments are preserved or can be filled as patients cancel. Staffing costs incurred in placing these reminder calls can be reduced. A conservative view of the cost savings of using the automated system to place these reminder calls projects a \$50,000 savings annually in reminder calls, plus any incremental revenues generated by lowering the no-show rate.

Once an appointment reminder call is placed by the Avaya Proactive Contact Management system, the patient gets connected to an Avaya IVR system. Again, McAvoy plans to take a simple approach with menus. For example, patients may be asked to press or say “1” to confirm an appointment, “2” to reschedule, or “3” to cancel. McAvoy plans to have a follow-up menu for those who are canceling, to ascertain why the appointment is being cancelled.



He anticipates that this data will provide physicians with information that may point out operational changes that need to be made.

McAvoy plans to upgrade his voice technology before the appointment notification application is implemented, and anticipates an 8-month return on this investment. And at some point in the future, the MSO may consider incorporating more natural language speech recognition, assuming it is kept simple enough for their patients to use easily. For example, it might make sense to request that the caller specify the name of his or her insurance company.

## Leading the industry via innovative use of Avaya technology

The approach the MSO took in determining its technology vendor was to look for references and implementations in similar industries. McAvoy said the primary factors in selecting Avaya over other vendors were references, cost, and quality.

McAvoy and his team talked and visited with peers at Emory University, where Avaya Proactive Contact Management Solutions had been installed. Then, they took Emory's implementation of Avaya Proactive Contact Management solutions a step further by combining it with the Avaya™ IVR system to create a truly industry-leading solution. McAvoy says, "I don't know anyone else who is doing this."

In McAvoy's words, "Quality matters. When you get a call at home and you hear a two- to three-second pause, you know a dialer has called you. You don't want that. People hang up on you." He says, "The implementation was smooth and was well coordinated" by Avaya. Once the solution was

implemented and they had gotten "over the hump from the transition," McAvoy says, "we haven't had any down time or problems. The technology must be good."

## The bottom line

Significant improvements to the bottom line can be summarized easily, according to McAvoy. First of all, significant cost reductions have been realized—more outgoing collections calls can be placed, and inbound calls are either self-service or are handled more quickly by less-burdened agents. Secondly, an agent staff reduction of 27% has been realized, and—at the same time—increased job satisfaction for those agents who staff the billing and collections center. And, last but certainly not least, MSO has seen a 10% increase in collections of patient payments, resulting in over \$600,000 of additional revenue annually.

When technology shows this type of payback, "Can I afford it?" is not the logical question to ask. The more fitting question is, "Can I afford not to?"

Tom McAvoy, representing the MSO, has provided all facts and figures.