

Appointment Cancellations Are a Good Thing

Why?

- You can retain much of that planned appointment revenue.
- You can eliminate overbooking and other common no-show “crutches”.
- You can “over-deliver” in your service to other patients.

Missed medical appointments, or no-shows, wreak havoc on a practice – resulting in disruptive schedule changes, compromised access to care for other patients, increased costs of medical care, lost revenue without an equal reduction in overhead costs, hindered productivity of already limited resources, disruption of the continuity of care and erosion of patient satisfaction...just to name a few.

But no-shows are an unavoidable reality for millions of practices who rely on a full schedule to keep the practice going. While no-show rates vary by specialty, geography and many other factors, the MGMA estimates an average broken appointment rate of 5-7%. That means that 1 in every 20 patients misses their appointment. And while that may seem small on a day-to-day basis, this equates to hundreds of thousands in annual lost revenue for practices throughout the nation.

Let's take a quick look at some example figures. A practice with a fairly common average of four missed appointments a day could be losing over \$150,000 in revenue a year when considering that each schedule vacancy is lost revenue. When we do the math, this is how it breaks down: let's say the value of a single appointment is estimated at \$150. If four appointments per day, five days per week, 48 weeks per year are missed (we've allowed for holidays and other practice closings), that's \$144,000 so far. Add another estimated \$9,000 in labor costs to schedule, reschedule, and manage paperwork. Can a practice afford to lose this much yearly revenue?

Common Crutches to Overcome the No-Show Epidemic

Some practices feel they have the problem solved or at least partially remedied with double-booking or overbooking and/or financial penalties for missed appointments. Here's why these two commonly used methods are not the most viable solutions:

Double-booking/overbooking

Typically this involves booking more than one patient into certain appointment times to make up for patients that do not show. But what happens if all patients do show? The schedule is then thrown into chaos. Patients are forced to wait longer for their appointments which could increase no-show likelihood for future visits, the staff is now under even more pressure and overtime has to be paid if caring for patients extends beyond normal business hours, increasing operating expenses. And, patients already complain about wait times. In fact, according to a 2007 Consumer Report survey, length of time spent in the waiting room is the number one patient complaint. Why compound the issue by double-booking?

Amazingly, some practices are a little relieved when a patient doesn't show up for their appointment, thinking it will give them a chance to catch up when they were already struggling to manage the day. However, this relief is short-lived when a practice realizes the impact on patient care and the bottom line.

Financial penalties

Many patients simply don't realize how much a missed appointment costs your practice. Many practices try to make this point by charging those who miss an appointment without notifying the staff 24 or more hours in advance. However, very few patients are happy about being charged a fee for a service they didn't receive. And is it fair, if a patient had to wait six months for an appointment, to charge them if they missed it simply because they forgot? How much time and money will be required to collect on these no-show charges? Will it be more than you are able to collect? Could that time and effort be better spent on higher patient balances for services actually rendered? How likely are you to lose these patients to another practice? Typically, those who miss appointments are busy professionals who are well insured. These are the patients practices don't want to

lose!

Countless articles and blogs have been written from the patient's perspective on no-show charges. And most experts agree that an appointment should be considered a verbal contract where a provider should be allowed to charge for the visit if the patient no-shows. However, many also argue that if a provider cannot see the patient within, let's say 30 minutes, of their scheduled appointment time, then the patient should be allowed to charge the provider for their time!

So the question is: Are you doing more harm than good with double-booking and financial penalties? Would making it easier for a patient to cancel be the better solution?

Yes, giving patients the opportunity to cancel is a better solution IF the practice keeps these four points in mind:

Four Ways to Make Cancellations a Positive Thing

1. Don't fear the appointment cancellation.

Traditionally, practices have been afraid to give their patients the opportunity to cancel. After all, wouldn't that cause even more holes in the schedule and greater loss in revenue? Research has shown that 7% more cancellations were made when a patient was reminded of their appointment by phone compared to no reminder at all. However, of that 7%, how many would have simply been no-shows, allowing no advance notice and opportunity to fill the vacancy with those on a wait list or seeking same-day care?

2. Remind patients of appointments well ahead of their scheduled visit.

The healthcare industry employs various methods and policies to reduce patient no-shows and cancellations, including patient education, financial penalties, creative scheduling and reminder systems. Effective appointment reminders can have a vastly more meaningful impact on no-shows and cancellations than many of these other methods. Automating this reminder process has proven to save staff time and outreach expenses, while providing valuable reporting, improving patient compliance and dramatically reducing no-shows! Practices that employ an automated reminder system average no-show rate reductions of 25-30% - ranging as high as 50% in some cases!

3. Make it easy to cancel.

While it may seem counterintuitive at first glance, you want to make it easy for a patient to cancel. Just as a no-show or cancellation is frustrating for your practice, the act of cancelling an appointment can be equally frustrating for the patient. If your patient is thoughtful enough to call ahead to cancel, do they have to navigate a telephone system maze or spend considerable time on hold to reach the appointment desk? If so, many busy patients will give up and simply skip the visit. Making it easier for patients to change or cancel appointments will actually cut down on unforeseen no-shows.

A study by Joslin Diabetes Center also found that those who take advantage of the opportunity to cancel their appointment in advance were rescheduled for future appointments at a higher rate than non-cancellers. So that revenue isn't gone for good!

4. Use resulting schedule openings to improve service to other patients.

According to a recent study by The Commonwealth Fund, 71% of U.S. adults reported problems gaining access to needed health care. These concerns included the inability to get timely doctors' appointments. Also according to The Commonwealth Fund, the United States and Canada, when compared to other developed countries, are vastly deficient when it comes to how long patients wait to get a regular appointment with a primary care physician. Patients who experience too great a delay in getting an appointment when they need it, especially due to an unexpected illness, might choose to visit another practice instead - one that doesn't have access to their

health history. This scenario can lead to potentially harmful medical consequences and a loss in revenue for your practice.

Cancellations give the practice an excellent opportunity to “over-deliver” in their service to other patients. Your strategy could include contacting patients in the slots with the highest impact on the schedule –early morning and longer appointments, first. Maintain a short-notice call list of patients willing to take a last minute appointment. Not only does this fill a vacancy, it’s a personal touch patients will appreciate. Allowing a patient to come in for their appointment ahead of their scheduled visit is an outstanding way to build satisfaction and a long-term relationship with that patient.

United Regional in Wichita Falls, TX takes advantage of automated notifications to receive advance notice of cancellations, allowing them ample time to fill holes in the schedule. In the first eight months of using appointment confirmation calls, 273 patients selected the cancellation option. Thanks to the advance notice, United Regional was able to refill 177 of those openings – a 65% appointment retention rate with an estimated \$73,591 in revenue that could have been lost for good!

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