

THE STATE OF COLLECTION

A State Collection Service, Inc. Newsletter
Volume 17, Number 4 • Fourth Quarter 2011

WHERE WE'LL BE

WI MEGA Conference

January 18-20 - Wisconsin Dells, WI

HFMA Region 11 Symposium

January 29-31 - Las Vegas, NV

HFMA Region 5 Dixie Institute

February 21-24 - Greensboro, GA

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LOCATIONS

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Beloit, WI:	800-477-7474 608-365-6654
Minneapolis, MN:	800-616-9695 651-264-9848
Chicago, IL:	800-232-2546 630-232-2545

CYBER COLLECTIONS

—Tom Haag, Chairman & CEO



As I write this article, I am receiving emails one after another from companies trying to get me to participate in “Cyber Monday” promotions. Today is the day when I can buy things online and get a deep discount and “Free” shipping.

Business is changing a lot. As I scan the articles in this issue of our newsletter, I realize our business is also changing a lot. Today, we live in a world of Cyber Collections. I have mentioned in the past that debt collection used to mean a shoebox full of ledger cards on the front seat of a car and a collector knocking on a lot of doors to collect a few dollars.

Today technology rules. I'm proud to say - as you read in this issue - Ontario Systems Corporation, the largest technology provider in the recovery industry, awarded us their Hall of Fame Award for Technology. In fact, our second largest budget item today is technology, with only payroll being higher.

Technology, however, is not without its problems. You will also read about a request we are making of you for some additional effort on the use of a cell phone. Technology has moved beyond the laws written during a much less technical era. We are also giving you some basic information on the benefits of scoring and segmenting your referrals. All a far cry from the shoebox.

It is my hope that by next year we will have found a permissible way of communicating with consumers via email and texting.....and who knows? Perhaps December 1, 2012 will be Cyber Payment Day.✿



CREATING PARTNERSHIPS FOR A LIFETIME: An Interview with State Collection Service President, Terry Armstrong

MONA SEN: Terry, it's been six months since you joined State Collection Service. You recently rolled out a new Mission and Vision for the company as well as an updated set of Values. Why the change going into 2012?

TERRY ARMSTRONG: When we began considering the need for an update, we wanted to be sure that we didn't make changes to the overall message or intent of our Mission, Vision, and Values. As a management team, we agreed that our wording needed simplification so that our clients and employees could better understand who we are and what we are about.



TERRY ARMSTRONG
PRESIDENT

MS: What do you mean?

TA: For instance, our Vision statement was three paragraphs long! While it was very well-intended, not a single person I asked could remember it, much less recite it. The truth, however, is that State Collection Service's vision is, in fact, very simple – we want to develop long-term partnerships with our clients. There is no better evidence of this philosophy than the fact that we have continued to service our very first client, a partnership that began in 1949. So we thought it was appropriate to change our vision to clearly reflect that –
Partnerships for a Lifetime.

MS: OK, that makes a lot of sense. What about the Mission?

TA: We took the same approach with this as well. There hasn't been any major change in philosophy – we still provide accounts receivable services and we will continue providing these services while being second to none in
Service, Integrity, and Results.

MS: And the Values?

TA: Everyone that works with or comes across State Collection Service quickly learns that strong values are the foundation of the organization. In 1949, Hilding Haag started the company with values as the cornerstone and Tom Haag has continued to create a corporate culture that is based on this premise. As a client, over three decades ago, I immediately understood the importance State Collection Service placed on strong values. They are just as important today and that philosophy was one of the reasons I was so excited about joining the company. While we may have restated the values to be clearer, their core remains unchanged –
Tradition, Accomplish, Integrity, Honesty, and Stewardship.

MS: It's clear that you and the team spent a considerable amount of time positioning the company for 2012. Any last words?

TA: We pride ourselves on being one of the most innovative, creative, and progressive companies in this industry. We are constantly adjusting to meet the changing needs of the marketplace; being proactive helps us do a better job for our clients and our employees each and every day. While we may restate our mission from time to time to better reflect who we are, our values will never change – some things are just better left alone. Our clients and employees can always be assured that the way we treat those around us will never deviate from our vision of –
Partnerships for a Lifetime.



Vision

Partnerships for a Lifetime

Mission

State Collection Service is a nationally recognized accounts receivable organization that prides itself on developing lifetime partnerships with customer-focused clients and employees by delivering cost-effective proven solutions while being rated second to none in service, integrity and results.

Values

Tradition – We are a family owned business that is rich in tradition that sets us apart within the marketplace. We take a leadership role in all we do, utilizing innovative processes and technology to deliver superior services.

Accomplish – We hire the most talented, caring employees, providing the training and resources necessary to deliver unparalleled service and outstanding results.

Integrity – We strive to uphold our reputation and integrity through all of our partnerships.

Honesty – We are ethical in all of our dealings with clients and employees.

Stewardship – We participate in and contribute to the communities we serve.



MODERNIZING THE TCPA

— by Marc Soderbloom, Chief Compliance Officer and In-House Counsel



We have mentioned the Telephone Consumer Protection Act (TCPA) in prior newsletters. We've also discussed a Federal Communications Commission (FCC) ruling from January 2008 concerning the issue of "express consent."

In that article we trumpeted the FCC's conclusion that a consumer who provides a cell phone number to a creditor "reasonably evidences prior express consent by the consumer to be contacted at that number regarding the debt." *FCC 2008 Ruling*. That ruling clarified the use of an "auto-dialer" to call a wireless number or use prerecorded message calls. In that article we suggested creditors obtain the cell phone number and, if possible, the written consent of the consumer to make calls to that number.

"...WHAT THIS MEANS IS THAT, MORE THAN EVER, OUR CLIENTS HAVE TO TAKE THE NECESSARY STEPS TO OBTAIN AND DOCUMENT CONSENT TO PLACE CALLS USING AN AUTO-DIALER."

In a later article we alerted you that the FCC was proposing regulations that would make it onerous and burdensome for creditors to obtain "express consent."

Essentially, the FCC wanted each and every possible creditor to obtain written consent, with certain disclaimers and warnings, from every consumer in order for the creditor and any collection agency to use an auto-dialer to place calls to the consumer. Those FCC regulations have not progressed, at least not publicly. In fact, some members of Congress submitted a resolution opposing these regulations.

Recently, an attempt was made to address these issues in Congress. On September 22, 2011, the Mobile Information Call Act of 2011 was introduced to the House of Representatives. This Act was an attempt to modernize the TCPA while keeping in mind the advances in technology and other consumer protections available. It would have made clear that "commercial calls" to wireless phones using an auto-dialer were exempt from the TCPA's prohibition on the placement of certain calls to cell phones. It would continue, necessarily so, the prohibition against the use of an auto-dialer to place calls for telemarketing purposes.

The first Congressional hearings on the bill occurred on November 4, 2011. Certain consumer groups questioned the necessity of the bill during the hearing and beyond. Unfortunately, on December 14, 2011, the sponsors of the bill, succumbing to public pressure (including a letter signed by Attorneys General from 48 states), requested the committee that was considering the bill not to advance the bill. This action terminates this effort to modernize the Act.

What this shows and what this means is that, more than ever, our clients have to take the necessary steps to obtain and document consent to place calls using an auto-dialer. Remember, anyone who places calls using an auto-dialer is potentially covered by the TCPA. Damages related to violations of the TCPA, which was not intended to apply to anyone other than telemarketers, are potentially ruinous to businesses of any size. We have prepared some guidelines and suggested language to obtain consent that we would be happy to share with you. Please contact our office to obtain this information.✉



CREDIT REPORTS:

An in Depth Look at Soft Inquiries

—David Hintz, Inventory & Production Support Manager

With consumers more in tune with their credit scores and credit history than ever before, it is important to take a closer look at the benefits and impact of scoring with the use of credit-based tools. In a billing or collection effort it is commonplace to benefit from viewing a consumer's credit file and utilizing credit-based scoring to prioritize work effort throughout the collections cycle. But what does that mean to the consumer?

Here is where a key distinction comes in play. There are actually two types of inquiries that can be made when reviewing a consumer's credit file or obtaining a credit-based score. First is a "Hard Inquiry", which is viewable by anyone seeing that consumer's credit file. The Hard Inquiry is typically utilized when a consumer applies for a loan, credit card or cell phone; that process of requesting credit does impact a consumer's credit score negatively. The alternative, or "Soft Inquiry", allows creditors to view a consumer's credit file and obtain scoring information without negatively impacting to the credit score. One typical use of a Soft Inquiry occurs when creditors seek to grant a "Pre-Approved" credit card to a consumer. That Soft Inquiry is visible only by the consumer, not other creditors or perspective creditors pulling the credit file. With no negative impact to the credit score, the impact to consumers is minimal and obtaining that credit information is very helpful to the collection process.

Utilizing the Soft Inquiry allows us to determine a given consumer's financial situation and history of debt repayment as well as propensity to repay their debts in the future.

Utilizing the Soft Inquiry allows us to determine a given consumer's financial situation and history of debt repayment as well as propensity to repay their debts in the future. Each of the three major credit reporting agencies has incorporated their credit data into various scoring models. They allow for the data to be purchased without a negative impact to the consumer, assisting in billing and recovery efforts throughout the life of the receivable. As there is no negative impact to the consumer, utilizing this method serves as useful tool in recovery efforts without concerns of reputational impact from consumer complaints.

To learn more about how credit-based scoring can impact your recoveries, contact your Sales or Client Service Executive. ☎

Ontario Systems HALL OF FAME AWARDS



State Collection Service is one of three Ontario Systems clients that shared the spotlight at the first annual Hall of Fame Awards for game-changing work in the industry. The three award categories are Innovation, Technology and Leadership.

We are delighted to have won the Hall of Fame Award for Technology. This award honors the company that materially improves its business performance through the effective implementation of Ontario Systems products and services. The nominees for the Hall of Fame Award for Technology were State Collection Service, Sallie Mae, West Asset Management, and St. Elizabeth Health System.

"State Collection responds to market trends and technology efficiencies through continued assessment and investment of our product offerings. State Collection continues to grow amidst an ever-changing ARM market through service to clients and operational execution," explains Steve Scibetta, Ontario Systems' Healthcare Strategic Account Director.

"We are very appreciative of the business partnership with Ontario Systems, and look forward to continued success," remarks Jim Warner, State Collection Service's Chief Information Officer. ☎



A YEAR IN REVIEW

— Steve Beard, Chief Business Development Officer



Each of you would certainly agree that today's healthcare climate is filled with challenges and uncertainty. Whether the significant shift in payer responsibility due to high deductible health plans or a decline in reimbursement rates coupled with increases in the cost of delivery or the inability to staff appropriately, the challenges that face today's healthcare providers create the perfect storm.

In response to these challenges, we recently finished our second season of the *Strategies to Achieve Breakthrough Results* webinar series. As background, the series is designed to provide revenue cycle best practices and strategies from industry experts, thought leaders, and your peers. Our goal is to assist in providing strategies and insight to positively impact your bottom line.

In our first session of the season, Nelson Lowman of Wellspring-Stockamp shared his insight into industry trends, providing the audience with the key elements of "Developing a Strategic Revenue Cycle Plan".

The follow-up session, "The Changing Dynamics of Self Pay and the Role of Consumerism," was led by Lori Szymonowicz of Thomas Jefferson University Health System of Philadelphia. Lori shared some process improvements and strategic initiatives in the areas of Access, Financial Screening, Community Care, and Bad Debt.

Tina Hanson, Executive VP of State Collection Service and ACA International's Instructor of the Year, took the concepts of the previous two sessions and applied them in a practical way. As providers implement point-of-service collection processes it is important that those concepts be supported with representative training and management techniques. Her first session, "Changing the Culture- Asking for Money" explored practical training techniques for all employers.

Through her second session, "Managing a Multi- Generational Workforce", Tina explored a challenge faced by many employers – How do you effectively manage and motivate across multiple generations? Interestingly, in our webinar poll 76% of the participants had staff that consisted of three generations, while the remainder had staff comprising of all four generations. .

Finally, David Harris and David Benn of PricewaterhouseCoopers helped the audience answer the question – how do you define success – and provided insight into "Revenue Cycle Benchmarking".

Each of our sessions is available for download. To request a recording simply email webinar@stcol.com and state which session(s) you are interested in.

What future topics would you find helpful? Send us your ideas for meaningful webinars at steveb@stcol.com. We look forward to your attendance during 2012's *Strategies to Achieve Breakthrough Results* series! ✂



WOW AWARD

Sharon Ragan (WOW Award Winner) with
Tracy Dudek (Vice President - Operations)

State Collection Service gave away another WOW Award to Sharon Ragan of our Chicago office. The WOW Award was created to recognize those employees that go above and beyond in their role, provides a great example for others, and make us all stop and say, "WOW!"

Congratulations, Sharon!
Thank you for all of your hard work!

Adopt-a-Family

In November, the Madison office took part in the Adopt-a-Family program. We raised money to purchase gifts, and Madison employees also volunteered to brave the holiday shopping to pick out gifts for the children of the families in need. A big thank you goes out to all who contributed their time and efforts to this worthy cause.

Spooky Fun! Halloween





State Collection Service in the Community

Picnic & Pie Toss for the ACA International Foundation
and the American Red Cross



Holiday Food Drive

The first week of December marked our annual food drive. Employees were encouraged to participate in candy grams and theme days. Most notable was the taco bar pot luck to raise money for the food bank and the competition event which had employees split in to teams to raise as many meals as they could. Congratulations to Marc Soderbloom's team for winning Friday's competition!

2010's total meals raised was 2,302
This year's goal was 5,000 meals.
Our stretch goal was 7,500 meals.

This year's grand total: 6,880 Meals!

As a company wide "Thanks", there will be a casual week for everyone in January!



Marc following through on his promise to shave his head if his team won! What a good sport!



LAST QUARTER'S BRAINTEASER

Alicia Larson of St. Anthony's Medical Center is the winner of the last Brainteaser. Congratulations, Alicia! We will be delivering a special prize within the next few weeks.

Brooks Burt, Martha Hoff, Barbara Schupp, Nichole Holzem, Dawn Miller, Linda Sponem, Sandy Bowe, Joan Andrusz, Deb Crawford, Tamara Bleck, Tom Coopman, Barb Crosby, Rick Barnette, Cheryl Hildebrand, Janelle Borden, Jean Guidinger and Jane Brunkow had correct answers! Good job!

Be sure to send in your Brainteaser entry – you could be our next winner!

THIS QUARTER'S BRAINTEASER

Answer the following riddles:

1. What do you do with dead *elements*?
2. Where do *fish* keep their *money*?
3. What do you get when you cross an automobile with a household animal?
4. Mary's father has 4 children; three are named Nana, Nene, and Nini. So what is the 4th child's name?
5. The more of them you take, the more you leave behind. What are they?

Please email your answers to newsletter@stcol.com or fax them back to (608) 661-3001 (Attn: Newsletter). Be sure to include your name, employer and email address with your answers.

Solutions to the last brainteaser

- 1) rock & roll
- 2) mom & pop
- 3) law & order
- 4) rise & shine
- 5) rough & tumble

Oh, Baby!



Congratulations to Nicole Snyder of the Madison office on the addition of her daughter!

Cora Rose Snyder was born on November 17th, weighing 8lbs 7oz and was 19.5 inches long. She joins older sister, Emma.



SERVICE. INTEGRITY. RESULTS.

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