

Out of their pockets

10 ways to improve collections from self-pay patients

Nearly every medical practice must deal with self-pay patients who pay late or not at all. Patients expect prompt and professional medical care, but they don't always meet the same standard when it comes to paying their providers' bills.

Accounts not paid within terms can severely affect a practice's cash flow. Yet physicians, often sensitive to patients' problems, may hesitate to push for the money they're owed. A clearly defined and carefully communicated payment policy can help prevent difficult collections. Ten simple steps can dramatically improve your results.

1. Have a defined credit policy

Let patients know when you expect payment. Give them a notice at the time of the visit, mail it with the first invoice and/or post it in the office.

2. Invoice promptly and send statements regularly

Establish a systematic invoicing and billing process. Just as early medical treatment can forestall a potentially serious illness, prompt billing can prevent an account from becoming a collections problem.

3. Use 'address service requested'

It's difficult to collect from a patient who has moved without informing you of his/her new address. Deal with this possibility by using the U.S. Postal Service's "address service requested" procedure. Print these

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words on the envelope of any statement or correspondence, just below your return address. If the addressee has moved, the post office will search for a change of address and, for 50 cents, send you a form with the correct address. This also keeps your address file up to date.

4. Contact patients with overdue accounts more frequently

The old adage "the squeaky wheel gets the grease" has merit when it comes to collecting past-due accounts. Contact late payers every 10-14 days.

5. Use your aging sheet, not your feelings

Many a physician or well-intentioned employee has let an account age beyond the point of possible collection because s/he "felt" the patient would eventually pay. While this may happen occasionally, it's the exception rather than the rule. Stick to your systematic follow-up plan. You'll soon know who intends to pay and who doesn't.

6. Train your staff

Even experienced employees can grow jaded from dealing with indebted patients who make false promises of payment. Train staff to treat such patients courteously, yet firmly. Collection employees may benefit from customer service training because, in effect, they must "sell" patients on the idea that you expect to be paid.

7. Admit and correct your mistakes

Sometimes patients don't pay because they believe you've made a billing error. If so, quickly admit it and correct it. Patients know that mistakes can happen, but some

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think that “doctors don’t need the money.” Denying an error only heightens a patient’s resentment.

8. Follow state collection laws

Many states govern businesses and professional offices by the same collection laws as collection agencies. Certain collection practices, such as calling patients at odd hours or disclosing to a third party that someone owes you money, can have serious repercussions. If you’re not sure, contact your state’s department of finance.

9. Consider using a third party

If you’ve systematically pursued a past-due account for 60-90 days from the due date, and it’s not paid, the patient is sending a message. The time and financial resources budgeted for internal collection efforts should focus on the first 90 days when the bulk of your accounts can and should be collected.

From that point on, you may want to consider using a third party to motivate a customer to pay. You can use a contingency collection agency (which takes a percentage of the patient’s bill), go to small-claims court or an attorney, or use a flat-fee collection service.

10. Realize that nobody collects every account

Even with a carefully designed and administered collection plan, a few accounts will be uncollectible. Identify them early to save your practice time and money. You’ll benefit from improved cash flow from the vast majority of patients who do pay.

Developing and implementing a sound collections policy is a vital part of running a successful practice. By following these 10 steps, your practice can thrive and you’ll maintain good relationships with your patients. ❌