

BRIDGING THE GAP!

Top Ten Tips to Improving Medical Cash Flow

When a medical practice provides a product or service, it has a right to expect to be paid on a timely basis. However, anyone who's been in a practice a

month or more has learned prompt payment is not always the case. Often, accounts get seriously past due, or when payments are made, there may be insufficient funds in the patient's account to cover a check or credit card chargebacks. Bills not paid within terms can have a dramatically negative impact on the "cash flow" of a practice.



By Vito Mazza · KINUM, INC.

1 HAVE A UNIFORM CREDIT COLLECTION POLICY

One of the major causes of overdue receivables is that leadership has not communicated to its staff and its patients when accounts are expected to be paid. If patients are not educated that their bills are expected to be paid on time, then chances are they'll pay late or sometimes, not at all. Make sure that your practice's terms of payment and treatment plan are clearly explained and stated in writing to each patient, whether they are NEW or returning patients.

2 INVOICE PROMPTLY AND SEND STATEMENTS REGULARLY

If you don't have a systematic invoicing and billing system, get one. Many times the patient hasn't paid simply because they haven't been billed or reminded to pay in a timely manner. This situation usually occurs in smaller or newer practices, where they may be short-handed on staff needed for timely invoicing and billing.

3 "ADDRESS SERVICE REQUESTED"

One of the most difficult collection problems is tracking down a patient who has "skipped." All practices should be aware of a special service the US Postal Service offers. Any statement or correspondence sent out from your practice or professional office should have the words "Address Service Requested" printed or stamped on the envelope, just below your return address in the top left corner. If a statement or invoice is sent to a patient who has moved without informing you of their new address and the words "Address Service Requested" appear on the envelope, the post office will research this information and return the envelope to you on a yellow sticker that gives the new address or other updated information. If the patient has placed a "forwarding order," we suggest you check with your local post office to see what additional options you may have for follow-up. This will help you keep your address files up to date.

4 CONTACT OVERDUE ACCOUNTS MORE FREQUENTLY

There is no law that says you may only contact a patient once a month. The old adage “the squeaky wheel gets the grease” has a great deal of merit when it comes to collecting past due accounts. It’s an excellent idea to contact late payers every 10 to 14 days. Doing so will enable you to diplomatically remind the patient of your terms of payment.

5 USE YOUR AGING SUMMARY REPORT - NOT YOUR FEELINGS

Many well-meaning practice owners (or staff members) have let an account age beyond the point of ever being collected because of the “feeling” the patient would pay eventually. While there are isolated and unusual situations, if you are not being paid, someone else is. Stick to your systematic follow-up plan. You’ll soon identify who really intends to pay and who doesn’t. You can then take appropriate actions.

6 MAKE SURE YOUR STAFF IS WELL-TRAINED

Even experienced staff members can become jaded when dealing with past due patients. This usually happens when debtors have broken promises for payment that have been made previously. Make sure the staff is firm, yet courteous. Your entire staff could benefit from customer service training. In effect, they must “sell” your patients on the idea you expect to be paid. Make sure your collection staff is trained to both, bring the account to current status, while also maintaining “good will” with your patient base.

7 ADMIT ANY MISTAKES ON YOUR PART AND CORRECT THEM ASAP

Sometimes patients don’t pay because they feel you’ve made a mistake. If you have, quickly admit it and correct it. Your patients realize mistakes can happen in a practice. Unfortunately, many patients believe the owner, doctor, or hospital “doesn’t need the money.” Denying an obvious error only fans the fire of resentment some patients may already feel.

8 FOLLOW ALL FEDERAL (FDCPA) AND STATE COLLECTION LAWS

In many states, practices are governed by the same collection laws that regulate collection agencies. For example, calling patients at an odd hour or disclosing to a third party the debtor owes you money, are just a couple of the many collection practices that can cause serious issues. If you’re not sure, call your state’s department of finance which governs and monitors collection agencies: bit.ly/2xRzkc2

9 USE A THIRD PARTY SOONER

If you’ve systematically pursued your past due accounts for 60 to 90 days from the due date and they still haven’t paid, you’re being delivered a message by your patient. More than likely, you’ve requested payment four to six times in the form of phone calls, letters, and statements. Statistics show after 90 days, in-house collection effort loses up to 80% of its effectiveness. The time and financial resources budgeted for collection efforts should be focused within the first 30 to 90 days, when the bulk of your accounts can and should be collected. From that point, a third party can motivate your patient to pay you in ways you cannot, simply because the demand for payment is coming from someone other than you. Before paying a contingency collection agency, an attorney or using small claims court, why not explore using a fixed flat-fee collection services.

10 REMEMBER NOBODY COLLECTS EVERY ACCOUNT

Even by setting up and adhering to a specific collection plan, there will still be a few accounts that will never be collected. By identifying these accounts early, you will save yourself and your practice a great deal of time and money. Even though a few may slip by, you’ll find overall the number of slow pay and nonpaying accounts will greatly diminish. That’s a victory in itself!

FOR ADDITIONAL INFORMATION

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