

Ten Most Commonly Asked Questions About Collections in the Medical Practice

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Most independent medical practices rely on their accounts receivable to run their operations and pay their bills in a timely fashion. Unless you are part of a large group or part of a hospital-based organization, you must minimize your time spent waiting to be paid. The cost of capital and minimizing your accounts receivable is paramount to your success and profitability of your practice.

Let's take a look at 10 of the most frequently asked questions patients ask when it comes time for you to be paid for the procedures you and your staff performed.

DO YOU ACCEPT CREDIT CARDS?

One of the many reasons patients want to pay by credit card is the advantage of deferred payments. They can pay you today and not have to pay the bill for anywhere from 30 to 45 days, depending on their statement date. Another factor is the rewards that are associated with credit card charges. The rewards range anywhere from airline miles, to hotel points, and even a percentage back on their overall spending.

It is in your best interest to accept *all* credit cards, regardless of the percentage you have to pay for merchant processing, because it allows you immediate access to your funds. If you pick the right merchant processor, you may even have funding within 24 hours. Remember, rates with your merchant processor are negotiable. There are even more attractive rates with American Express for medical offices, which sometimes can be lower than traditional Visa and MasterCard charge cards. Check with your merchant processor or a practice management consultant for additional information.

DO YOU ACCEPT CHECKS?

Accepting checks gives semi-immediate access to your funds, but there is risk associated with this form of payment. You really don't know if the check will clear for the cost of your procedure. If you do not accept checks, you

should notify the patient prior to his or her office visit, since it will be too late once the procedure is performed.

If you are accepting a check from a new patient, try placing a dollar limit on the amount you will accept. If the payment is for a large amount (as with a surgical procedure), require the check to be presented a specified number of days ahead of the procedure (e.g., 7-10 days). This allows the funds to clear before you perform the high-cost procedure.

A quicker way to gain access to check deposits is to use remote capturing, a scanner right in your office that allows you to deposit the checks on a daily basis without ever having to go to the bank. It eliminates the possibility of checks not clearing if you don't have the opportunity to make the deposits for a couple of days. (Note that although it's possible to use your smartphone to deposit checks, the ability to batch your checks and run one deposit saves you time on a daily basis, since smartphones only allow for checks to be scanned individually.)

IS THERE A DISCOUNT FOR PAYING CASH?

You will have a patient ask for a discount if they pay cash, and quite honestly, there is no real advantage to this since you are obligated to report the cash as a form of payment. The only time it might be of benefit to you is if you are not being honest and are pocketing the cash and not reporting it. This of course is not legal, and is not something I advocate.

Truth be told, the discount you would normally give for a cash payment, that of the credit card processing fee, usually is not acceptable to the patient anyway, as they usually feel that the cash discount should be much more than you are willing to offer. For example, if the procedure was going to cost a nominal \$2500.00, the credit card fee would be approximately \$50.00, assuming the merchant fee was 2%. Would a \$50.00 discount really be enough of an incentive to the patient?

DO YOU HAVE INTERNAL FINANCING?

Internal financing is probably the highest level of risk that you can accept. Self-financing without collateral does

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not usually allow for a default mechanism in medicine, because once the procedure is performed, it can't be retracted. All of the profit that you could have made in the past from prior self-financing procedures can be eaten up by one case where the patient defaults. The best alternative is to align yourself with a third-party financing company that offers 0% to low-percentage financing at a minimal patient fee or no merchant fee.

CAN YOU SEND ME A BILL FOR ME TO PAY LATER?

Patients know there is a fee for your services and you are entitled to be paid for them. Would your patient walk into a grocery or department store, a car dealer, a restaurant, or any other customer service establishment and ask the merchant to send them a bill? Well, they might, but we all know the answer to that question. Most, if not all, merchants expect or demand to be paid at the time the services are performed, so why should your office be any different?

The reason is quite simple. For many years, when patients received treatments covered under insurance, they didn't know what the final balance would be after the insurance company paid its portion. In the end, the physician's office would send an invoice for the balance, and hopefully it would be paid.

When a patient makes an appointment, refresh the patient's memory that payment is expected at the time of treatment. Many physicians collect the copay or deductible upon patient registration. With the inception of electronic medical records, it has become much easier to know what the patient's insurance will cover, unless extra procedures are performed on the day of service.

CAN I PAY MY BILL ONLINE?

As long as your patient allows you to communicate with him or her via e-mail (with a signed HIPAA acknowledgement), e-mailing invoices save a lot of time and expense. Internet payments have become a wonderful way to receive payments for your services. When your patients have a balance due, and you offer them the opportunity to pay online via a secured portal, you gain quicker access to your money.

You may have to pay a service charge to your secured service provider or a nominal credit card fee, but this eliminates waiting for your money for many months. Online payments save time in your admin department (time, office expenses, and postage) since staff doesn't have to continue following up on latent receivables.

DO YOU HAVE LAYAWAY?

Layaway payments have become popular in cosmetic/aesthetic practices. With some of the more expensive procedures, patients may not necessarily have the funds

to pay for the procedure(s) all at once. A nominal layaway program allows you to have access to interest-free capital. Patients are more likely to keep their appointments when they have already made an investment ahead of time.

CAN YOU WAIVE MY DEDUCTIBLE OR COPAY?

Physicians' offices have been asked this question for years. The actual legal issues surrounding this question remain the same. Through insurance and Medicare, it is not legal to immediately waive the copay/deductible. In essence, what you are doing is not conforming to the actual fee/payment structure set up by the payers.

You are required to send the patient two to three invoices for the balance, and if the invoices are not paid, you then have the option to enforce collection initiatives or write the balance off. That becomes a practice policy.

The American Medical Association's Opinion 6.12 is as follows:

Opinion 6.12—Forgiveness or Waiver of Insurance Copayments

Under the terms of many health insurance policies or programs, patients are made more conscious of the cost of their medical care through copayments. By imposing copayments for office visits and other medical services, insurers hope to discourage unnecessary healthcare. In some cases, financial hardship may deter patients from seeking necessary care if they would be responsible for a copayment for the care. Physicians commonly forgive or waive copayments to facilitate patient access to needed medical care. When a copayment is a barrier to needed care because of financial hardship, physicians should forgive or waive the copayment.

A number of clinics have advertised their willingness to provide detailed medical evaluations and accept the insurer's payment but waive the copayment for all patients.

Physicians should be aware that forgiveness or waiver of copayments may violate the policies of some insurers, both public and private; other insurers may permit forgiveness or waiver if they are aware of the reasons for the forgiveness or waiver. Routine forgiveness or waiver of copayments may constitute fraud under state and federal law. Physicians should ensure that their policies on copayments are consistent with applicable law and with the requirements of their agreements with insurers.

Where the insurance contract requires a doctor to make reasonable attempts to collect the patient's portion, an open question surrounds the definition of "reasonable attempts to collect the debt."

WHY AM I RESPONSIBLE FOR THE BALANCE THAT THE INSURANCE COMPANY DIDN'T PAY?

Patients may not realize that their insurance provider only paid a portion of the fee that the physician charged. As a provider, you have contracts with insurance companies for services you provide. Regardless of the initial charge, the patient may not be responsible for the balance if you have a prenegotiated fee schedule for each of those procedures.

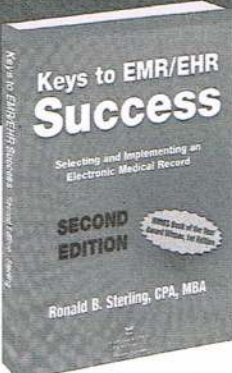
On the other hand, if the insurance company pays only a percentage of the allowable charge (e.g., Medicare 80% of allowable), then the patient is ultimately responsible for the balance if he or she doesn't have a supplement or secondary policy.

WHY DON'T YOU TAKE MY INSURANCE?

Explaining why you don't accept a patient's insurance or why you are a nonparticipating (non-par) provider can sometime be a delicate situation. Why should a patient be required to pay your full fee if he or she does not have insurance you accept, when you would accept a much lower payment via your contract with another insurance provider?

Accepting various insurance contracts is a personal decision that can be made for various reasons. You may not like the reimbursement fees, they may not allow you into their network due to demographic reasons, it may take too long to be accepted into their network, etc.

Lastly, you may be a provider for fee-for-service only. If this is the case, this fact must be presented to patients prior to their initial appointment. Do not allow a patient to come to your practice for treatment expecting to have it covered under insurance only to find out at that time you are a fee-for-service provider. ■■



Classic Book *Keys to EMR/EHR Success: Selecting and Implementing an Electronic Medical Record, 2nd Edition*

By Ronald Sterling • Copyright 2010 • Paperback, 304 pages, ISBN: 978-0-9827055-0-6, Price: \$139.00 plus \$9.⁹⁵ S&H

New!

The 1st Edition of *Keys to EMR Success*, published in 2008, was the HIMSS Book of the Year Award and was selected because it, "comprehensively covers the selection and implementation of electronic medical records for the physician practice. The book contains solid advice, work lists, and other tools to help physicians and office managers succeed in leveraging EMRs to improve patient services and practice performance."

In this revised Edition, nationally recognized expert Ron Sterling has included up-to-date information on this daily-changing topic of Health IT. A new chapter on EHR and Malpractice Risk has been added as well as detailed coverage of conversion issues for practices that have an old EMR. New additions also on ARRA and Meaningful Use, helped many medical practices evaluate whether an EHR investment makes sense.


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About Ron Sterling

Ron Sterling, CPA, MBA, is President of Sterling Solutions, Ltd., Silver Spring, MD. www.sterling-solutions.com. A nationally recognized expert on practice-based IT, and a sought-out speaker on the national scene, he has written four books the topic. His first edition of *Keys to EMR Success* won the HIMSS Book of the Year Award. Now in the updated and revised edition of *Keys to EMR/EHR Success*, Ron Sterling continues his mission to help practices define requirements, choose the right system, get physician and staff buy-in, and take the system "live" as smoothly as possible.

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