Top 10 Ways to Improve Your Collections
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Ways to Improve Your Collections and Dealing with Slow Pay Patients

Michael Glass, Medical Consultant
Challenges

1. Getting Paid
2. Collecting Co-pays and Deductibles
3. Rising Operational Costs
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2. Collecting Co-pays and Deductibles
3. Rising Operational Costs
Challenge 1: Getting Paid

- **The ACA's Impact on Physician Reimbursement**
- **Work with Medicare Patients**
  - Under the ACA, Physicians who don’t participate in the Physician Quality Reporting System (PQRS) face a 1.5% penalty in Medicare payments
- **ACA will usher in an era of increased frequency of denied claims**
Challenge 1: Getting Paid

- Denials due to ICD-10 coding errors are also a concern for 2015.
- Denial rates could increase 100% to 200% in the early stages of ICD-10 implementation unless practices get proper training.
Challenge 2: Collecting Co-Pays and Deductibles

- ACA exchange plans place financial stress on physicians

- Collecting on co-pays and deductibles has always been a challenge for physicians, but new plans created under the Affordable Care Act (ACA) have the potential to add to that burden in 2015.
Challenge 2: Collecting Co-Pays and Deductibles

- Patients who sign up for plans under the ACA have a 90-day window within which to pay premiums.
- As a result, those plans could increase the provider collection burden as more patients purchase and use them.
Question #1

Depreciation of slow pay accounts is a significant threat to your practices cash flow.

After 90 days accounts lose what % of collectability per month

1. 3 % per month
2. 7 % per month
3. 15 % per month
Solutions

- Collect co-payments at the time of service

- Widen the window for payment options
  - Online and mobile payment processing
  - Schedule automated and recurring payment plans that collect from credit/debit cards or directly from bank accounts.
Establish Written Billing Procedures

- A/R Policy Manual/Binder for staff
- Easier Training New Employees.
- Demonstrates Importance of On Time Payments.
- Establishes Performance Benchmarks
  - Days in A/R - Track % over 60 & 90 days
  - Also track number of calls per AR team member
- Review and update
  - Keep it clear and simple.
Delayed Billing Delays Patient Payments
Solutions

- **Talk about cost early**
  - At pre-registration
  - Before they set foot in the office.

- **Web Based Payments**
  - On Statement
  - On your Website
  - Staff offers as option
Solutions

- **Staff training and education**
  - How to communicate upfront payments
  - Even experienced staff can become jaded
  - Firm but courteous is the key
  - Staff must “sell” concept to clients that they should pay what is owed
What to include on a Statement?

- Clear Statement #
  - Request it on check
- Specific Due Date
- Acceptable Forms of Payment
- Your Phone #
- No 30, 60, 90 120 + boxes
“It may seem we’re sinking deeper into debt, but really we’re just experiencing a quarter of negative growth.”
Time is Money

Projected Decrease in Recoverability

(Based on U.S. Department of Commerce study of depreciation of accounts held in-house.)
Challenge 3: Rising Operational Costs

- **Cost of running a practice**
  - Increased twice as fast as the consumer price index during the previous 11 years.

- **Affordable Care Act Requirements**
  - 49% of physicians reported seeing profits at their practice dip, according to the Practice Profitability Index.
Challenge 3: Rising Operational Costs

- **ICD-10**
  - New, More Complex Medical Coding System
  - Requires more software and training costs

- **Electronic Health Records**
  - Most physicians (85%) have transitioned
  - This isn’t cheap
  - These costs are in addition to the bite into productivity
There are strategies that physicians and practice managers can use to put overhead expenses to work generating revenue.

- Better use of non-physician providers.
- Expanding hours to increase productivity by providing greater convenience to patients.
- Leveraging technology to reduce inefficiencies and time waste.
The Battle for Digital Health has only just begun.
“The best thing about the future is it comes 1 day at a time”

Abraham Lincoln
When a practice provides a patient service, it has a right to expect to be paid on a timely basis. However, anyone who has been in practice more than a few months has learned that prompt payment is not always the case.

Accounts not paid in a timely manner can have a serious impact on the cash flow of the practice. It is becoming increasingly important to be mindful of these trends as the economy continues to sputter along and unemployment rates remain at record highs.

Practice Managers and their staff often learn that managing the accounts receivable is tricky and involves the delicate matter of asking for payment without coming across as harsh. There are processes that once implemented, and the employees are trained on, can be effective in obtaining payments. The balance a patient owes is often a moving target. Continual monitoring is required from day to day as the status of these accounts change with new visits, the posting of payments from prior statements, partial payments and requests for back-up documentation.

Many practices have knowledge of best practices in accounts receivables. However, once an account begins aging on your A/R, you should find these Top Ten ways to improve patients payments useful:
1. Have a defined financial and collection policy:

One of the major causes of overdue receivables is that your practice has not clearly defined to the patients in writing when payment is due. If patients are not clear on the payment terms, they may feel that 60 days payments are fine, especially if there are no penalties for paying late. Make sure that your payment terms are clearly stated in writing on the Patient Registration form and statement.

If payments are late, have a defined procedure for the office staff to follow as to when to make a call (day 40) and when to sent a reminder notice (day 45) and instead of sending a 60 day statement, try sending a ‘serious reminder’ letter at day 60 with an expected Date for Payment and a Final call attempt with an expected Date for Payment.
Question #2

What office action will promote the most on time payments.

1. Adding a specific date when payment is due on the statement
2. Adding late fees and increasing them each month
3. Leaving 5 voice mails when account 60 days past due
2. Send out statements promptly and consistently:

If you don’t have a systematic billing system, get one! Many times, the patient has not paid simply because they have not received an invoice or statement. Once reminded, most patients are likely to pay in a timely manner. However, given the number of rising delinquencies and the stricter policies for lending, you do not want to be late in asking for payments.

Doing the necessary follow up and getting out statements or reminder every 2 weeks can make a big difference in your cash-flow. **A 15 day statement cycle should be considered.**
3. Contact overdue accounts more frequently.

No law says you can contact a patient only 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 7 -10 days. Doing so will enable you to diplomatically remind the patient of the terms of payment, and also ensure that the patient is satisfied with your services.
4. Use your aging sheet, not your feelings.

Many practices (or well-meaning employees on staff) have let an account age beyond the point of reason because he or she felt the patient would pay eventually. While there may be a few exceptions or unusual situations, the fact is that all patients should be treated in the same manner and that expecting to be paid on time is your right. **Try to focus on EVERY account going over 45 days and stick to a systematic plan of follow up.** Initially, these calls are just a warm and friendly reminder. After speaking to the patient, you can verify that they did receive their statement, ask when you might be receiving that payment.

If that call does not generate the payment as promised, then follow up with a **Past Due** letter. Most practices do not have the time to pursue accounts going over 90 days, so at that point you should take the next appropriate step to get paid.
5. Make sure your staff is trained.

Even experienced staff members can sometimes become gun shy when dealing with past due patient accounts. This is especially true when promises for payment have been made and broken. It is important to be firm, yet courteous, when dealing with the excuses being delivered. Your office staff could benefit from customer service training to help sell your patients on the idea that you expect to be paid promptly and on time. Instead of pushing the patient up against a wall, pull the patient to your style of thinking and also try to maintain goodwill with them. Be sure your staff has all the tools to make it easy to process a credit card payment or ACH check draft if you can.
6. Follow the collection laws in your state.

In many states, businesses are governed by the same laws as collection agencies. For example, communicating in writing or verbally that the account will be forwarded to an attorney or a credit bureau and then failing to do so can be a violation of some state and federal collection laws. Also, harassing or contacting a patient at unreasonable hours, or using threats or profane language can lead to serious consequences. If you are not sure about patient’s rights, contact your state’s consumer protection agency. The Fair Debt Collection Practices Act (FDCPA-federal law) applies to Business to Consumers (B2C) and not Business to Business (B2B) collection techniques.
7. Get a Credit Card on File

Start informing patients that the office is finding they can reduce billing and control cost by keeping a **Patients Credit Card on file.** Confirm it will only be used after all insurance charges are resolved.
Question # 3

Requiring a patients Credit Card on file would?

1. Allow the office to include additional lab test

2. Allow the office to reduce billing effort and cost

3. Allow the office eliminate sending statements
8. Use a third party sooner.

Once you have systematically pursued your past due accounts for 60-75 days (and they have avoided your attempts to contact them), you may want to send them a FINAL NOTICE allowing 10 days to pay.

More than likely, if they have the ability to pay you they will do so or at least communicate their intentions before you place their account with a pre-collect service. Pre-Collect Third Party services allow you to keep 100% of the money if collected timely.

The impact of the ‘Third Party’ in Writing tends to reprioritize the debt and forces the patient to make a decision on the payment. Designed for early intervention, a ‘pre-collect’ service can save practices the internal costs of working accounts beyond the point of reason. Typically, once an account reaches 90 days, you should consider using professional Third Party intervention.
9. % Agencies may not present the most cost effective solution

Most Phone Based Collection Attorneys and Collection Agencies charge a percentage of the revenue collected, typically 40% to 50%. For Medical Offices Phone Call Based Collection Agencies may not present the most cost effective solution to past due account concerns.
10. Remember that nobody collects every account.

Even by setting up and adhering to a specific collection plan, there are 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 expense. Even though a few may slip by, you will find that overall, the number of slow pay and nonpaying accounts will greatly diminish, and that’s a victory in itself!

If you would like a copy of this article please call Jackie at (877) 377-5378

For questions concerning Automated Reminder Call and Invoice Services, Accelerator®, Pre-Collect Services or Collections in general call (877) 377-5378. Michael Glass A/R process Improvement Consultant with Transworld Systems.
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Transworld has an interface with all these softwares
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Transworld Systems

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Coming soon!

August 26, 2015

10 Things You Must Know About ICD-10

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