

PAST DUE

Get Paid on Time!!

How long should you wait before sending accounts receivable to collection?

BY LYNN HOMISAK, PRT

To Our Readers: There are no foolish questions. Chances are that if you have a question or concern in your practice, others are experiencing a similar situation. We're here to help. PM [doctor and staff] readers are encouraged to submit questions to lynn@soshms.com which will be printed and answered in this column anonymously.

Re: Get Paid on Time!

Dear Lynn,

Our billing practices are crazy, off the charts ineffective. There has never been a set protocol and, as a result, patient statements rarely go out on a regular monthly basis. Even after they are sent, there is little if any follow-up. Aged accounts remain in A/R indefinitely. How long should we wait before we send account receivables to collections?

How do you eat an elephant? Small bites and prepare for some indigestion! First, understand that only six out of every ten new patients will pay on time, two will pay in 60 to 90 days and two will become collection problems, so time is of the essence. Then consider the obvious drawbacks and hidden administrative costs associated with holding delinquent accounts. Since you didn't go into podiatry as an unpaid volunteer, you absolutely need some structure in the house so you can get paid for your services. Services that you provided, hopefully in a time-

ly professional manner, should be compensated in a timely professional manner! Setting up a billing protocol is key to getting paid whether you have an in-house billing staff or you choose to outsource to a billing company. Below are several action steps to think through.

First and foremost is setting those standard protocols: what to do at 30 days, 60, 90 and after. Once you've developed and committed to this set

To be most effective, empower someone who demonstrates control but is not controlling, polite but not demanding, friendly but does not need to become friends, and knowledgeable but not a know-it-all.

Third, make sure you have the right staff in your billing office. It is always best to have a designated biller, one who is not also encumbered with other tasks within the practice. Usually, it is unsuccessful to auto-

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of guidelines, put them in writing so that everyone who has a role in handling collections knows and follows the same routine. Be consistent with standard collection messages. Initial gentle reminders become progressively more firm with finally the harsh warning of a debt recovery agency.

Secondly, it is so important that you have the appropriate individual at the front desk to collect ALL necessary payments at the time of service. This includes co-pays, deductibles, co-insurances, and past due balances. "Ms. Jones, today's service is \$___ amount and we will need payment today." Not everyone is able to handle this face-to-face exchange with utmost professionalism—even with the help of scripted responses.

atically transfer an existing staff person who was hired to be your receptionist or clinical assistant into the billing office as a practical replacement. Different positions require different skillsets. So unless the staffer that you transfer is uniquely qualified to take on that billing and collections role, errors will be made and revenue will be lost.

If you have more than one person handling the billing, make sure each has a set of responsibilities with adequate training provided. While titles are generally overrated, it is wise in a multi-staffed billing office to designate a "billing supervisor" to be sure all duties are overseen and accurately carried out.

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THE CONSULTANT IS IN

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Finally, be sure that whatever actions are executed, you stay within the legal boundaries of The Federal Trade Commission's Fair Debt Collection Practices Act. <http://www.consumer.ftc.gov/articles/0149-debt-collection>

An example protocol might look something like this:

For balance bill insurance statements: Upon receipt of EOB, send a "fast bill" [or "bill on demand"] statement that same day to the patient indicating that the insurance paid a portion and the balance shown is the patient's responsibility. "We appreciate your payment within 30 days." Send a follow-up statement at the very next billing cycle.

After 30 days, send a statement requesting the balance shown on the statement. Since statements tend to be a little complicated, detail the services the patient received and circle or highlight the amount due. Attach a "friendly reminder" [or similar] stick-

into collection (or taking further action)?" Follow up with a mailed statement that includes a "FINAL NOTICE" sticker.

After 90 days, send a letter to the

disability based on FMLA (Family and Medical Leave Act) regulations as you have less than 50 employees.

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patient, stating this account will be sent to collection if no payment is received within 10 days. Prepare the account for outside collection.

After 100 days, send the account to collection. Take the patient account out of current A/R and place it in a delinquent file so as not to skew "active" A/R.

As mentioned,

or holiday pay. While there seems to be no legal obligation, some considerations for compensation might be the length of employment, time



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er to draw attention and a request to call the office if there are any questions. Also offer credit card payment as a convenient option and "to avoid future billing."

After 45 days, call the patient to inquire about non-payment of the balance and ask if the patient needs help understanding the statement or if there are any questions. Relate, "The balance was due on _____. When can we expect your payment?" Set up a payment plan, if necessary, for larger accounts. If the patient claims that the payment has already been mailed, get the check #, date it was mailed, and have the patient confirm the address to which it was mailed.

After 60 days, make a follow-up phone call to notify the patient that the check has still not been received and ask if there is any problem. "What can you do to expedite payment and prevent this from going

this is a simple example. You may wish to take a more or less aggressive approach; that is your choice. Keep in mind, the longer past due accounts sit without taking any action or continue with inconsistent billing, the less likely you have of collecting at all! If patients assume you don't care, neither will they.

Re: Disability and Holidays

Dear Lynn,

We are a small office of five employees. Is it customary for employers to pay their employees holiday pay while out on disability/Leave of absence (LOA)?

Consult with your attorney familiar with the specific laws of your state. My understanding is there is no requirement to provide holiday pay to employees on LOA (Leave of Absence)/

on LOA, whether the employee is returning to work, and the significance of his/her role in the practice.

If you do decide to offer this benefit to your currently disabled/off work employee, understand that you are creating precedent for all employees. **PM**



Ms. Lynn Homisak, President of SOS Healthcare Management Solutions, carries a Certificate in Human Resource Studies from Cornell University School of Industry and Labor Relations. She is the 2010 recipient of Podiatry Management's Lifetime Achievement Award and was inducted into the PM Hall of Fame. She is also an Editorial Advisor for Podiatry Management Magazine and is recognized nationwide as a speaker, writer, and expert in staff and human resource management.