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SVMIC Practice Management Advisor

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Welcome to SVMIC Practice Management Advisor, an email newsletter brought to you twice a month by State Volunteer Mutual Insurance Company. The SVMIC Practice Management Advisor brings you timely, informative and practical practice management advice in a succinct format. Practice management expert Elizabeth Woodcock, MBA, FACMPE, CPC, is the author and writer of the newsletter. Best of all, it's totally free!

This February 23, 2009 issue highlights collecting from patients, credit card fees, and upcoming educational opportunities. Feel free to tell your friends about the newsletter, or sign up all of your staff members. Click on the "Join our List" or email claudia.mccauley@svmic.com with the names and email addresses. We'll sign you up right away!

Tighten Up Collections

As America plunges deeper into a financial crisis, your bottom line can quickly erode without a focused collections strategy.

More patients are trying to stretch their household cash flow by delaying payments to their physicians. You probably also hear more patients who are able to pay at the time of service say, instead, "just bill me."

The industry average for the cost of collection per encounter is about \$7, but it's much higher if you have to chase a patient for the funds. The more startling statistic is this: industry research reveals that more than 80 percent of self-pay bills are never collected and more than 50 percent of patient responsibility after insurance ends up as bad debt as well.

Faced with real losses like these, it's time to tighten up your practice's collections approach.

Require a minimum deposit. Ask patients who present with no insurance - or those whose insurance you don't participate with - to pay a deposit. Don't seek an unattainable amount, like \$500, instead opt for a \$50 or \$100 deposit. If you serve a patient population with significant financial hardship, even a \$5 deposit is a good idea. You may wonder whether it's worth the effort to ask for and collect the \$50 deposit or the \$5 one, but just take a look at your own track record of collecting from uninsured patients after the service is rendered. It's unlikely that you'll question the merits of this new policy.

Collect more at time of service. Develop a process to collect more than just the copayment from guarantors. Review your payer contracts to

determine whether you can collect coinsurance and deductibles at the time of service. This may increase the transaction time at check-out - but the five minutes it takes to look up the patient's allowable and calculate 20 percent of it will be well worth it. If it's impossible to obtain every patient's allowable at the check-out desk, develop a table showing the allowables for common office visit codes. Even if you narrow your effort to the 10 most common codes - 99201-99205 and 99211-99215 - you'll be capturing a significant amount of the patient financial responsibility you are due to receive.

Condense the collections process. If you're in the habit of sending 10 or 20 statements before getting serious about collections, you're supporting the U.S. Postal Service but not your bottom line. Send two statements followed by a letter at the 75-day past-due mark to announce the account is going to collections unless it is paid or other arrangements are made with 30 days. Research proves that the payment rate on the fourth and subsequent correspondences is so negligible that it's worthless to continue pursuing.

Collect due balances. Don't concentrate your efforts solely on collecting past-due balances. If a balance is due, your front office staff should know what the amount is and ask for it at check in. Better still, when patients with past balances have upcoming appointments, call them a few days in advance. Ask if they would make a credit card payment on their account while you have them on the phone; emphasize the convenience of not having to do that extra paperwork when they come in for their visit in a few days.

Develop financial aid protocols. As more Americans experience financial troubles, it's important to be supportive of those who truly do have a need. Instead of forgiving everyone's debt, or doing so haphazardly, develop a financial aid policy to identify those patients who truly deserve a break. Put your policy in writing and tie discounts to a percentage of the federal poverty guidelines, which are updated annually in the Federal Register by the Department of Health and Human Services. Download the 2009 guidelines at: <http://aspe.hhs.gov/poverty/09fedreg.pdf> Decide what documentation you'll require from the patient to support your decision - a tax return, for example. Alternately, you may want to piggyback on the decision your local hospital makes regarding the patient's financial hardship status. If you're looking for a sample financial policy, e-mail me at elizabeth@elizabethwoodcock.com.

Verify insurance. As President Obama and Congress increase the availability of health care coverage to more Americans, you will need to check for any insurance eligibility your patients may have. Verify insurance coverage before or at every patient's appointment. Place charges for patients who have been identified as Medicaid eligible for a week or two in a pending file. Often, hospitals will admit patients under a "Medicaid pending" financial class but it may take a few days - or weeks -- for eligibility to be confirmed. Don't bill self-pay unless you must; check this file daily to determine if those patients have been granted Medicaid eligibility. Before you send any self-pay accounts to a collection agency, check each one for Medicaid eligibility. If uninsured patients do receive Medicaid eligibility, but it's not retroactive to your date of service, contact your state's Medicaid office to appeal the decision. It doesn't always work but even one exception pays.

Each of these efforts will take a little time and, yes, staff time is money. But it will be worth the investment if even a minority of these efforts is

successful in collecting dollars you would not have otherwise received.

Ask Elizabeth



QUESTION: My office manager just brought to my attention that I'm paying seven percent to process credit card payments. This sounds like too much! Is there anything I can do?

ANSWER: Seven percent is a lot, but credit card merchant fees can be complex. Look for savings by exploring a relationship with a merchant-account provider that can perform your credit card transactions at a lower cost. Evaluate *all* of the fees carefully, including what they charge for the terminal and related equipment (such as the PIN entry pad), additional charges for non-swiped transactions (such as payments taken online or directly keyed in by your staff), a membership fee and so forth. Your credit card provider may even be charging you to get its monthly statements on paper. There are also maintenance fees, and perhaps you must pay for a dedicated phone line. Just about everything is negotiable, so it pays to evaluate the pricing details carefully. Professional associations such as the Medical Group Management Association offer their members access to discounts from selected merchants, and retailers like Costco also may offer access to discounted credit card processing. Whatever course you take, don't discourage payments with plastic - it's often your best chance of getting payment at the time of service.

Elizabeth Woodcock, MBA, FACMPE, CPC, is a national practice management speaker and author. The material for The SVMIC Advisor comes from her frequent visits to medical practices, as well as her 17 years of practice management experience. She was educated at Duke University and The Wharton School of Business.

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