

 Industry Insights Webinar

Billing & Collections Best Practices



KAREN COOPER, MBA

District Sales Manager, TSI



Our presenter

The logo for Transworld Systems, Inc. (tsi) is a blue square with the lowercase letters "tsi" in white.

KAREN COOPER, MBA

District Sales Manager, Transworld Systems

Karen has spent the last 20+ years working with medical practices as a District Sales Manager for Transworld Systems, Inc. Ms. Cooper received her MBA in Finance from NYU Stern School of Business. Her background includes over 6 years as an AVP in consumer credit at Citibank Credit Cards in the Business Planning and Analysis Department.

Objectives

- Develop internal strategies for effectively collecting money
- Help staff learn what to say to patients in order to motivate them to pay
- Understand what options are available when accounts are overdue
- Know when and how to use those options



Today's Challenges



Some of the biggest challenges of running a medical practice:

1

Understaffed

2

Managing multiple personality types

3

Dealing with rising operating costs

4

Growing the practice by attracting new patients

5

Collecting from self-pay, high deductible, and/or Health Savings Account patients and trying to work all accounts systematically

What the experts say



“If your practice is doing billing, follow-up, and collections the same way you did five or ten years ago, you need to strongly consider making some changes.”

- Tracy Spears, Speaker – National MGMA Conferences



"Today, patients have financial responsibility for **30-40%** of physician fees. Physicians must step up to the challenge by setting payment terms for patients and sticking to them, starting with a clear, understandable financial policy.”

- Mary Pat Whaley, Practice Management Consultant and Blogger – ManageMyPractice.com

The Healthcare Creditor's Bill of Rights

- All providers should expect to be paid on time
- Extending credit is a courtesy and should not bring financial or regulatory risk to a practice
- Practices should be able to focus on their specialty, free from the burden of collections



- Unpaid bills negatively impact everyone
- Late-paying patients should be held accountable to their obligation in a dignified, lawful, and respectful manner

4 reasons to collect

1

Accounts depreciate and get harder to collect

2

Complaints increase with time

3

Further medical treatments stop because patient avoids doctor

4

Stressful for staff and the patient



Impact of bad debt write-off on revenue

Your Write-Off	And Your Net Profit Is:						
	4%	5%	6%	7%	8%	9%	10%
You will need the following amount of additional revenue to offset the loss:							
\$10,000	\$250,000	\$200,000	\$166,667	\$142,857	\$125,000	\$111,111	\$100,000
\$25,000	\$625,000	\$500,000	\$416,667	\$357,143	\$312,500	\$277,778	\$250,000
\$50,000	\$1,250,000	\$1,000,000	\$833,333	\$714,286	\$625,000	\$555,556	\$500,000
\$100,000	\$2,500,000	\$2,000,000	\$1,666,666	\$1,428,571	\$1,250,000	\$1,111,111	\$1,000,000
\$250,000	\$6,250,000	\$5,000,000	\$4,166,666	\$3,571,429	\$3,125,000	\$2,777,778	\$2,500,000
\$500,000	\$12,500,000	\$10,000,000	\$8,333,333	\$7,142,857	\$6,250,000	\$5,555,556	\$5,000,000
\$750,000	\$18,750,000	\$15,000,000	\$12,500,000	\$10,714,286	\$9,375,000	\$8,333,333	\$7,500,000
\$1,000,000	\$25,000,000	\$20,000,000	\$16,666,666	\$14,285,714	\$12,500,000	\$11,111,111	\$10,000,000

Facts about collections



It costs a practice **\$31.60** to collect an account after it's **60 days** past due*



\$14.92 to rework a claim*



80% of the collections budget is spent to collect **20%** of past due accounts*

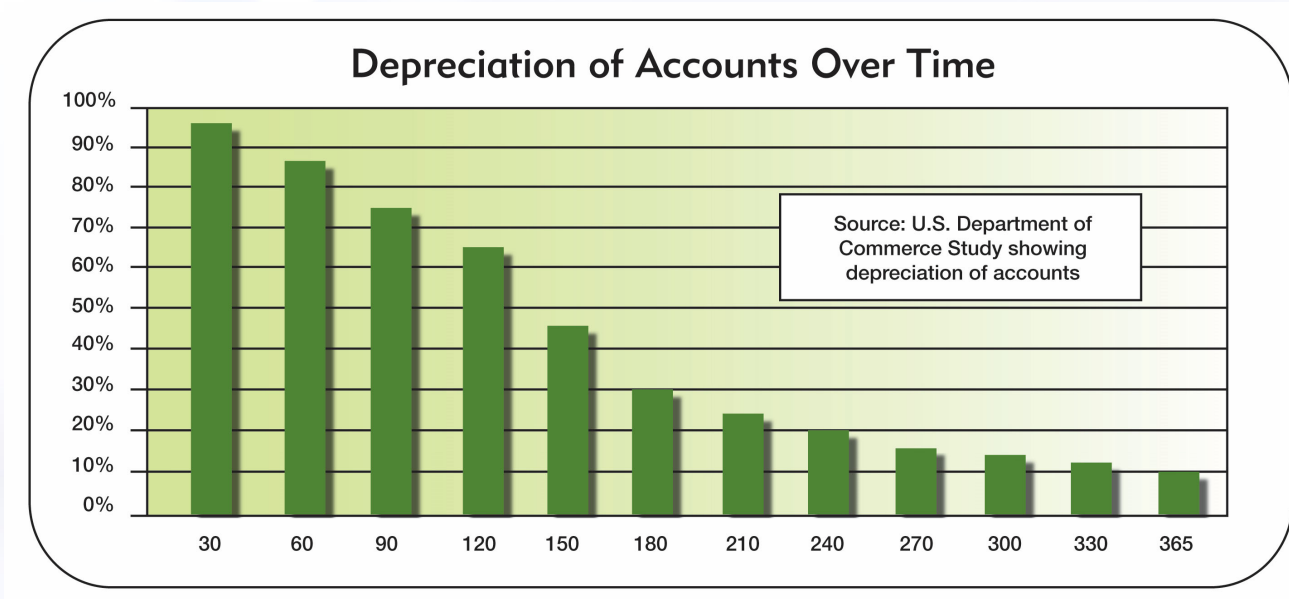


Delinquent accounts depreciate **½ percent** per day**

*MGMA resource center

**U.S. Department of Commerce study of depreciation of accounts held

Patient AR depreciates in recoverability at 15% per month after 90 days

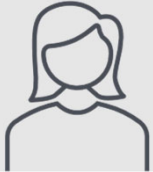


The longer you wait to get serious, the less likely you will ever see your money

Learning to identify the 4 payer types

Type 1

Reliable



Type 2

Distracted



Type 3

Disrespectful



Type 4

Professional Debtor



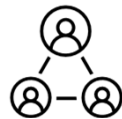
What makes them pay



Statement



Reminders

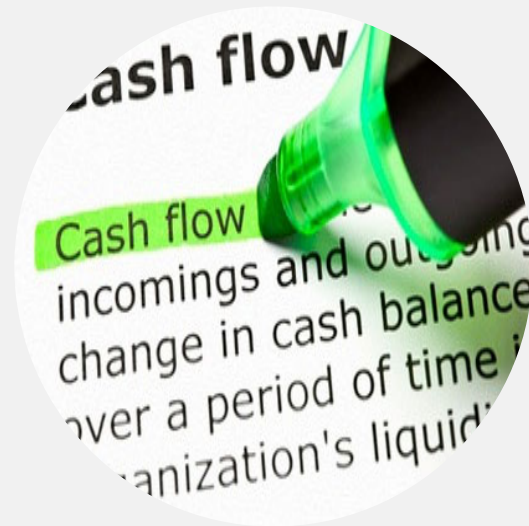


Third Party
Impact



Professional
Collectors

Committing to the cash-flow basics



Avoiding collections issues

- 1 Set expectations on the front end
- 2 Establish forms and timing of follow up
- 3 Back-end processes when needed



Admit and correct your mistakes

If patient has not paid because there is a billing error, admit it and correct it quickly.



Contact overdue accounts more frequently



Contact late paying patients every **10-14** days

Use 'Address Service Requested'

Put address service requested on all correspondence sent to patients

Process returned mail quickly



Use your aging sheet, not your feelings

➤ Stand by your policy



Make sure your staff is well-trained



Even experienced staff members can get jaded when dealing with past due accounts

The front end drives the back end



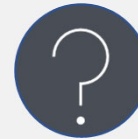
Is your patient financial policy clearly written including patient's responsibility if their insurance doesn't pay?



Are payment terms spelled out as well as penalties for violating terms?



Do you include what the patient should do if they need a payment plan?



Do statements have due dates and phone numbers?



Do you show aging on your statements?

What's wrong with this bill?

Norman Margolies, D.M.D., P.A.

Mr. Steven Cooper

TO ENSURE PROPER CREDIT PLEASE DETACH AND RETURN THIS PORTION OF THE STATEMENT WITH YOUR PAYMENT

STATEMENT

ACCOUNT NO.	PAGE NO.
9900	1
BILLING DATE <small>Changes Of Payments After Billing Date Will Appear On Next Statement</small> July 3, 2008	

\$ Amount Limited

DMC
 VISA
 DISCOVER
 AMEX

Signature _____ Date _____ Exp. Date _____

* 3 digit security code - see back of card

DATE	DESCRIPTION	REFERENCE	CHARGES	CREDITS
06/13/2008	Periodic Oral Evaluation (Cln 8795)	Karen	45.00	the portion received
06/13/2008	Blewing X-Ray - 4 (Cln 8795)	Karen	50.00	the portion received
06/13/2008	Prophylaxis - Adult (Cln 8795)	Karen	90.00	the portion received
06/13/2008	Periapical X-Ray Single (Cln 8795)	Karen	25.00	the portion received
06/13/2008	Periapical Additional X-Ray (Cln 8795)	Karen	22.00	the portion received
06/13/2008	Fluoride - Adult	Karen	0.00	
06/23/2008	Insurance Check Payment (Cln 8745)	Karen		110.00
06/23/2008	Insurance Write Off	Karen		115.00

CURRENT	30 DAYS	60 DAYS	90 DAYS	NEW BALANCE	EXPECTED INSURANCE PAYMENTS	PLEASE PAY
20.00	0.00	0.00	0.00	20.00	0.00	20.00

Live Poll



Establish procedures

- Easier when training new employees
- Demonstrates the importance place on collections
- Establishes performance benchmarks (\$ collected, # calls made, % of 60)
- Keep it clear and simple, review and as needed



Defining policy

- Define “past-due”
- How is returned mail handled?
- Define acceptable payment arrangements
- How many written notices and phone calls?



Evidence shows it is best to vary the form of follow up at regular intervals of 10-20 days.

RECOMMENDED



2 mailed bills
+ 1 warning letter
+ 1 phone call*



Colored paper
helpful



Be careful when
leaving voice
messages

*Only if you have enough resources and it can get done within 90 days.

Outbound phone calls

When to start calling

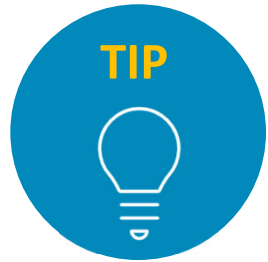
Track days/times of calls

Set goals of # of calls

Mental Attitude – expect success,
payment in full on 1st call, TODAY



Conveying expectations



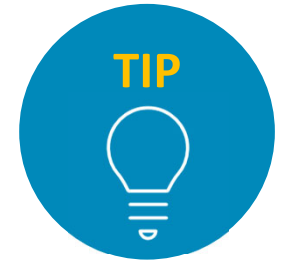
Ask, “How much are you short? rather than, “How much can you pay?”



“Can you pay the remainder within **14** days?”



“Can you set up a payment plan for **3** installments?”



Take good notes (just in case)

Asking for money is 3 step process

1

Empathize

Example – “ I know how you feel, that happens sometimes.”

2

Remind of the obligation

Example - "Mrs. Smith we provided services for you on ____ date.”

3

Ask for money

Example - “Mrs. Smith, your balance of \$500 is due now, we accept credit cards, and I can take that over the phone”

Credit policy example

Payment expected within 3 months. Policy allows for longer timelines for larger balances - \$1000 up to 12 month maximum

- 1 “You have a balance of \$_____. **How would you like to take care of this balance today?** We accept checks or credit cards, and I can take that over the phone now.”
- 2 If they can not pay in full, ask **“How much are you short?”**
- 3 Attempt to collect **50%** of balance now and remaining **50%** in **30 days**
- 4 Attempt to collect **1/3** of the balance now and the remaining in **2 installments**.
- 5 Break the Balance into a timeframe. Ask, **“How much time do you think you need?”** Set up monthly payments – referring to authorized payment plan (see example on next slide).

Authorized payment plan policy example

\$000 - \$499.	Divide balance by 3 to get payment amount	3 month maximum
\$500 - \$999.	Divide balance by 6 to get payment amount	6 month maximum
\$1000 and over	Divide balance by 12 to get payment amount	12 month maximum

If they can not meet the payment policy terms, then you tell them you're sorry you are not able to help them.

Bridging techniques

Bridging is a technique that collectors use to help retain control of a call, acknowledging the human need, and moving the patient back to the business need.

Examples of bridging statements

What's most important is that we get you into a payment plan that keeps you out of collections without jeopardizing the needs of your family.

The real issue here is money; not so much an insurance issue, correct?

Let me answer you by saying that it is frustrating to get calls from a collection company. Now I'm willing to work with you on a payment plan that will work for both you and our office.

Another thing to remember is that we're willing to work with you during this difficult time.

Third party services

Use only 3rd parties **licensed** to collect in the state where debtor is located.



When:

According to written polices/procedures

Age of account

of days since last payment

Broken promises, missed payments, unable to reach

Bounced checks

Disputed balance

What to look for in a third party

1

All terms in writing

2

References available

3

Status reports

4

Hold Harmless Agreement

5

Nationwide coverage

6

Pricing (flat fee vs. %)

Compliance questions to ask



Is your company compliant with TCPA, HIPAA, Regulation F, and familiar with state laws regarding compliance? How often are collectors re-tested and monitored for compliance? Are they licensed in the states where the debtors reside?



Does your company perform background checks on collectors?



How are calls to cell-phones handled?



Do you know what PHI is and what steps do you take to ensure its security during storage as well as communication with your agency?

Progressive solutions

Early-out strategies

A multi-step A-R process

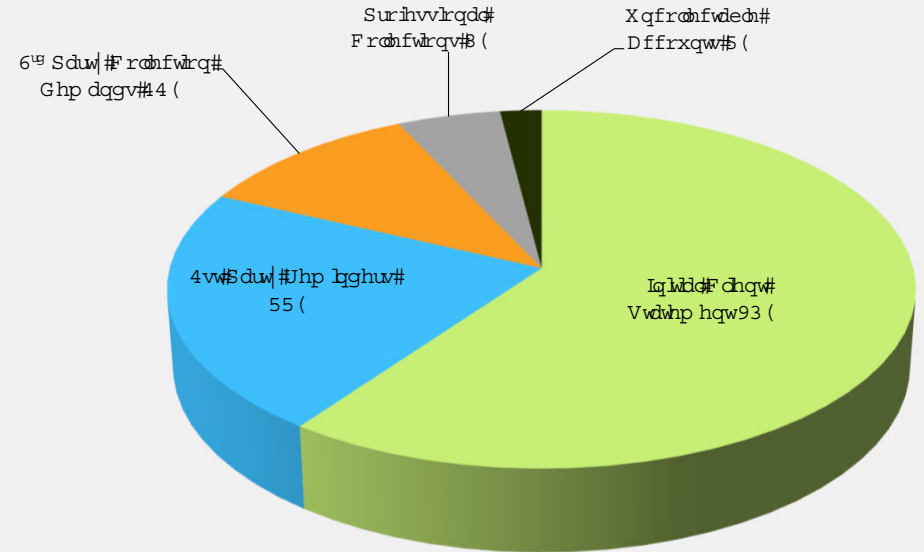
1st party services

Fixed-fee collections

Insurance claim prompting

An automated collection interface

Patient portal technologies





Final Word: Have realistic expectations of your accounts receivable program.





QUESTION AND ANSWER



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THANK YOU FOR ATTENDING



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MicroMD clients interested in collection services? Contact us at [800-624-8832](tel:800-624-8832) or micromdsales@henryschein.com to discuss your options.

