Four ways to collect in a slow economy.

We'd like to make a simple statement about patient billing statements: You can't afford to go on sending them out like this.

Statements require hours of time to prepare...cause extra trips to the post office ...and cost 29 cents each—just for postage. At best, they serve as silent, easy-to-ignore reminders of something many patients would just as soon forget. At worst, they warn slow-pay patients to get their stories ready, because a follow-up call is coming.

In a slow-moving economy, all of the above problems get worse.

Fee-for-service patients have less money to pay at the time of service. Insurance patients put off paying copay balances...and those balances grow higher and higher, as more and more employers raise deductibles on company-paid insurance plans.

So many statements to send; so little time....

If you'd like to collect more money in less time, and save a lot of money in the bargain, consider these ideas....

Collection-effective alternatives to the ordinary billing statement

1. Use personal contact to upgrade each statement to a personal reminder.

Whenever an elective procedure is to be performed...or an active patient's balance goes over $100...or a known slow-pay account comes in for an OV...arrange for a face-to-face meeting between the patient and your Collections Manager before the scheduled services are performed.

At this meeting, your collection manager or office manager will serve as a Credit Counselor by discussing the probable costs of your doctor's services, the patient's ability to pay, and (if the patient welcomes such input) ideas to help the patient manage money. In return, ask the patient for a commitment to pay specific amounts of money on or before specific dates. Write down the agreed-upon payment schedule...give the patient a copy...and say you'll be sending regular statements as a reminder of the promises the patient made to you.

Now everything about the outstanding balance has become personal: the special attention the patient received; the agreement he or she made; the follow-up statements you send. And as anyone with a conscience can tell you, it's a lot harder to "forget" commitments and promises that are made in person.
2. Check out the new collection options offered by credit card companies. These include:

- Payment of charges incurred by patients covered by private insurance plans: Some credit card issuers take responsibility for collecting benefits from the insurance carrier plus collecting the copay balance from the patient. Your practice would be charged a fee for this service, but in return, your cash flow would be faster and your collection costs and headaches reduced.
- Preauthorized payment of insurance benefits and copay balances not paid to you within 90 days: Patients may sign up for this option at the same time they complete their regular insurance paperwork. The credit card issuer usually makes no charge to the practice for this service, other than standard merchant fees.
- Charging running balances to a credit card company: You can have a patient authorize that all further treatments for a particular ailment be charged to his or her credit card up to a certain limit.

There are limitations to all of these credit-card-related options. For one thing, patients will not be allowed to charge medical fees that exceed their credit-line limits. And if patients fall behind in their payments to the card issuer, their credit privileges will be terminated. And, you'll need to watch that the plan is not costing you as a merchant more than sending a bill, but no matter which option you choose, you can increase your cash flow, so long as you live up to the terms of your contract with that issuer.

To find out which of these options (if any) will serve your practice's needs, talk to the bank that provides your practice credit cards.

3. Coupon books.

Banks use coupon books because they “manage” the payment process. They show borrowers exactly what to do, and when to do it, simply by having the payment amount and due-date printed on each coupon. They provide a mechanical means for carrying out the “ritual” of payment—over the course of a 5-year auto loan or a 30-year mortgage, the removal of coupons and the thinning of the book become a regular (and satisfying!) part of the borrower’s life. Because each coupon also shows the remaining balance, the coupon book becomes a self-contained “progress chart” along the borrower’s road to freedom from that particular debt.

For all the above reasons, coupon books are often a more reliable way to “keep the cash flowing” than the arduous statement-sending process.

Best of all, providing a borrower with a one-time coupon book is far less expensive than preparing, processing, and posting all those monthly statements.
So why don’t medical practitioners use coupon books? Because they cost a lot of money if you order them from a financial printing service...because they look unprofessional if you produce them in-house...because federal law requires a signed contract whenever a payment schedule of more than four payments is “formally” agreed to, and coupon books are “formal.”

You can solve two of those problems by using one of the new computer software programs that let you print out your own coupon books (some come complete with graphics and sequentially-numbered coupons that show the amount due, payment date, and remaining balance). Each book will cost less than the total expense of sending out a single statement...will look as “professional” as a book issued by a bank...will work as effectively as a book from the bank...and will help you put more money in the bank.

If your software doesn’t have this feature, or if you don’t even have a computer, don’t despair. Just make some mutually-agreeable arrangement with someone who does have the right software: a physician colleague; a medical or office equipment vendor.

The third “problem” is really an opportunity. Why shouldn’t a patient sign a contract when he or she is, in effect, taking out a (probably interest-free) loan with your practice? You can obtain a legal contract form from your attorney...write in the names of the borrower and lender (yes, you’re a “lender”!)...write in the terms and conditions...have the document signed and witnessed...and close the transaction with a friendly, “As an extra service to our patients, we provide these handy coupon books to help you manage your payments!” (We recommend that you have your attorney approve this contract before putting it into use.)

4. Turn ordinary statements into payment coupons.

Suppose a patient owes you $250. An ordinary statement will tell the patient something along the lines of, “You owe us $250.” The patient is free to say, “Gee, I don’t have $250...but I bet they’ll be glad to take a partial payment...how about if I send them...$15?...no; I’m a little short this month; better make it $10.” Two years later, you’ll have all of your money, and the patient will be telling his or her friends (especially the ones who don’t have $250!) what a wonderful practice you are.

Instead of allowing each patient to set his or her own payment terms, gently guide your patients into a more favorable schedule by printing a few selected options on each statement. The following should give you some idea what these might look like:

- Full payment, $250 by June 5, interest free.
- Half-payment, $125 by June 5, $125 by July 5.
- Minimum payment, $62.50 by June 5, July 5, August 5, and September 5.

Thank you!

Four months later, you’ll have all of your money. The patient may or may not tell friends what a wonderful financial adviser you are; but either way, you’ll have all of your money earlier than you expected.
PART II Appointment Scheduling Management

A quarterly analysis of your appointment scheduling and patient flow patterns can help you to better manage practice income. But, to analyze your practice management of patient visits, it will be necessary to gather the following raw data.

Begin by gathering the following:
1. Total the number of appointments you completed in the last three months. Count them all, including emergencies and consultations.
2. Count the number of new patients who came into your practice in the last three months, including new emergency patients.
3. Total the number of patients who broke an appointment without 24-hour notice and those who arrived more than ten minutes late for an appointment.
4. Keep a log of the inactive patients you contacted in the last three months. Total how many were contacted and how many made an appointment and how many left the practice along with their reasons.

**How Much Did You Earn Per Appointment On Average?**

Divide your total production in dollars by the total number of appointments. This will give you your average gross income per appointment. If this figure is noticeably lower than the previous quarter, or if it is showing steady decline over time, you may not be scheduling enough service into each appointment. Or you may be permitting frequent, short, nonproductive appointments with only a few more productive ones. Your goal should be to make each appointment more productive.

**How Many New Patients Did You See?**

Compare the total number of new patients you’ve seen in the last three months with previous quarters. Then, total your production in dollars for new patients only. You may have to dig for this information, but it will be worth it.

Low or declining figures may indicate that you're not attracting an adequate number of new patients. Or perhaps you’re not attracting the kinds of patients you’d most like to have in your practice.

**What's Your Batting Average With New Patients?**

Reconstruct a list of new patients you saw over a three month period 2-3 years ago. Then check to see how many of these patients are still active. Do you have a “revolving door” practice where patients come in tremendous numbers but don’t stay? A low percentage of new active patients generally indicates a problem if yours is a practice that provides routine ongoing care to patients. The next step may help you find out what that problem is.

**Review The Numbers.**

Some of the information you gathered will be useful to you with no further calculation. For example, it's helpful to know whether the number of broken appointments in your practice is on the rise or decline, and plan ways to decrease them or observe whether your plans are working.

You will also find useful information regarding inactive contacts: Are you making contact with inactive patients? Were your contacts successful? They were if the patient scheduled an appointment. Did the reasons for leaving the practice reveal any obvious patient relations problems that can be corrected? If so, take steps to correct them and explore subtle ways to let inactive patients know what action you’ve taken.
Don't let "fourth-parties" force down your fees

A temporary receptionist—a high-school senior, filling in during a late-afternoon rush—answered the phone in a Delaware medical practice.

"What's your name," the caller demanded. Too surprised to ask questions, she answered. The caller continued in a barking, staccato voice: "You've filed a claim with our client that's far in excess of the Reasonable-and-Customary charges we honor in your area. We'd like to cooperate, but your claim is out of the question. Will you agree to a reduced amount? Or must we return your claim to our auditor for review, and contact you again on this matter in several months?" The temp hesitated; and the caller barked: "Well?"

"I...I guess it's okay. Should I ask the doctor?"

"No, that will be sufficient. Goodbye."

The doctor's bill was "discounted" by $150.00 on the basis of that one call. The reduced payment arrived with a cover letter stating the reduction had been "authorized" by the temp, and that future claims would be discounted according to the rate schedule that had been "authorized" as Reasonable-and-Customary! What's worse, this discounted fee may be reflected as the doctor's usual and customary charge for future claims.

The caller was an "Intermediary"

—a "fourth party" retained by a third-party to "renegotiate" its entire reimbursement schedule. Here's the way it works:
• The fourth-party calls a practice, gets the name of anyone who answers, and cajoles or bull-dozes that person into "authorizing" a fee adjustment.
• A "power-threat" is often used to force a quick decision: "If you won't go along with us, we'll tie up your claim in our audit office...."
• This trend also works by mail. A check for a reduced amount arrives, along with a cover letter along the lines of: "By depositing this check you agree to accept its face value as full payment for the services provided." The moment you deposit the check—innocently; accidentally; any old way—the reduced payment rate has been "authorized."
• Once a reduced payment is "authorized," it may become the maximum amount the third-party will pay for the service.
• It might be even worse. [1] If established as the "usual" fee, the third-party may decide to reduce all your fees by a percentage equal to the "discount" that the fourth-party forced out of you in the first place. [2] The fourth-party may contact other third-parties and advise them that your fees can be "negotiated downward."
• Once your fees have been beaten down, the fourth-party pockets a portion of the money (sometimes as much as 50%) that he or she has been able to "save" the third-party. Now, doesn't that make you feel better?

How to collect all the fees you honestly earn

1. Alert all your receptionists!
2. If anyone calls and demands,
“What’s your name!” the best answer is “Who’s calling?”... and the best thing to do with a caller who won’t identify him or herself (or who gives the name of an unknown or suspicious-sounding organization) is transfer the call to your Office Manager, posthaste.

2. Don’t authorize anything over the phone. That goes for supplies someone wants you to buy...services someone wants you to provide...and “fee giveaways” that fourth-parties are trying to talk you into. If anyone insists that you “authorize” any of the above, alert your Office Manager, pronto.

3. Watch out for “booby-trapped” checks—the kinds with cover letters or “conditional endorsements” that obligate you to accept reduced payments or other unsatisfactory terms. Never deposit such a check; hand it over to your Office Manager, Insurance Clerk, or Accounts Receivable person, presto.

4. Take the initiative by flagging all insurance plans that try to force discounts out of you, and letting them know you will not accept discounted payments under any conditions. Stamp claims with a notice stating that if they send you a “discounted” check you will:
   [1] endorse it “Partial Payment Only” and deposit it immediately;
   [2] bill their subscriber for the balance; and [3] notify all of that plan’s subscribers that they may be liable for partial payments if their plan attempts to discount your fees arbitrarily.

   Finally, alert your colleagues! It’s vital for all providers to work together to keep fourth-parties from beating down fees. These fourth-parties can eventually depress the UCR profile for an entire medical market...and force every provider in your market to settle for less money than he or she honestly earned!

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How to complain about commercial insurance

As a government agency, Medicare must have a built-in appeals and review process for unhappy users. Commercial insurers do not provide the same avenues for complaining as the feds. However, if you are having trouble getting paid fairly or promptly by a commercial insurer, you do have an option: Complain to your state’s insurance commissioner! Commercial insurers are answerable to state insurance commissions. What’s more, they don’t want to accumulate “black marks” on their record filed by medical practices. Even better, you may wish to draft a letter for your patient to sign that reflects his or her experience, since state insurance departments often respond more promptly to patient complaints.
Survival drill!


Take 100 charts, selected at random, that indicate service provided to the patient within the past 100 days. Compare the information in those charts against superbills and financial records to see how accurately:

- signature on file is in the chart
- completed information sheet is in the file
- superbilled services are documented in the charts
- charted dates of service correspond to service dates in your financial records
- precise ICD-9 and CPT codes are used
- the HCFA 1500 form follows the charted data
- chart and superbill both indicate the same level of service that was finally billed
- provider numbers and patient insurance information, such as ID number is entered correctly
- noncovered services are clearly identified in Medicare patients’ charts and the patient has signed an MC noncovered release for each noncovered procedure
- medications and refills (including OTC meds you’re aware of) are fully documented
- drug allergies are noted
- SOAP (Subjective Objective Assessment Plan) format followed
- treatment plan is documented
- signed patient releases are included in the chart, along with the name of the physician to whom copies of the records were released, and the reason, and the expected return date if originals were sent
- all charted information is legible, and organized in a way that allows anyone on your staff to quickly find whatever he or she needs in a hurry

If you'd like to take a break after reviewing a batch of 20-or-so charts, walk around the office...and do spot safety-checks.

- Is there a fully-stocked emergency kit in plain sight?
- Do you have procedures in place for safe handling and disposal of infectious materials and sharps?
- Are controlled substances kept in a locked room or vault?
- Are exam rooms, corridors, and your reception area tidy and obstacle-free?
- Are fire extinguishers in easily-accessible locations?

These are little things OSHA inspectors and fire marshals worry about...so after you've reassured yourself that those people have nothing to worry about, go back and tackle the next batch of 20-or-so charts.

By the time you’ve reviewed 100 charts—and taken five walks around your office—you’ll have a good idea of your staff’s overall charting accuracy. And, if there are mistakes that keep cropping up again and again, you’ll be able to take definite actions to decrease the number of errors. And, if there are problems in your office, you’ll be thinking of ways to correct those, too. Then, don’t hesitate to take the necessary action to make those corrections before some “inspector” tells you they “must be made.”
Reward employees' FAMILIES for work well done

Sometimes staff members give the practice more than just "An honest day’s work for an honest day’s pay." They make sacrifices...and their families may be called on to "co-sacrifice" for the good of your patients. One obvious example: An employee may have to call his or her spouse and say, "We've got an emergency; can you pick up the kids and fix supper?"

When something like this happens on a regular basis...when a staff member puts in extra time making collection calls...whenever an employee devotes "family time" for the good of the practice, or whenever you need a morale booster...a reward that gives consideration to the whole family is definitely in order. Some of the more appropriate rewards we can think of:

- dinner for two, plus cash for the babysitter
- theatre tickets
- a gift certificate at a shop that sells something you know the employee's family could use

Consider the whole family. Don't give theatre tickets in a nearby major city to a mother of small children. The trip may require an overnight stay, and a sitter may not be available to keep the kids.

Nobody likes to be taken for granted: not the employees who make special efforts for the good of the practice; not the families who support the employees who make those efforts. A family gift is a meaningful way for your practice to say, "We appreciate you. All of you!"

$50 could be just 3 pages away!

Turn to page 11. That's right, you can read pages 9 and 10 later on. Right now, we'd like you to check out page 11 so you can find out how you can win $50 in our First Class Mail contest.

We receive lots of letters from our readers, and some of them send us such terrific ideas that we just have to print them on page 11 and send the entrants $50 each for their efforts.

You could win, too. Just see page 11 for details.
MARKETing to Seniors

**Item:** Senior Citizens are the largest—and the fastest-growing—group of healthcare consumers in America.

**Item:** Supermarket-shopping is a highlight of many Seniors’ lives...especially those with medical concerns that keep them from participating in other activities.

**Item:** Seniors are more interested in news than any other U.S. age group...especially when that news affects them directly.

**Item:** Supermarkets are always looking for ways to publicize their stores...to small groups; to the neighborhood; to radio, newspaper, and TV audiences.

**Item:** Local media—especially Cable TV stations—are always looking for human-interest news events...especially the ones that let them show how much interest they take in their fellow humans.

Stir all those items together and you get: a superMARKETing tour for Senior Citizens!

The concept is as simple as it is cost-effective: arrange for a qualified, “nutrition-literate” staff member to escort groups of Seniors on “fact-finding” tours through a local supermarket...invite the market manager to cooperate for your mutual benefit...and invite local news media to cover a story that’s tailor-made for Senior viewing/listening/reading audiences!

**Here’s how to do it:**

1. **Designate two supermarket “tour guides”:** one staff member who can project a pleasant personality and relate especially well to Seniors; and a physician or other healthcare professional who can answer questions with authority.

2. **“Bone up” on food-related issues of concern to Seniors:** cholesterol; preservatives; caffeine and sweeteners in beverages; calcium; fats; snacks and foods to avoid at all costs; how to read and use label information...whatever can help to turn a reasonably intelligent adult into a nutrition-wise shopper.

3. Collect educational materials to hand out to tour members including: consumer information published by independent groups such as the Registered Dieticians Association; medical news from your professional organization; plus your own Patient Newsletter.

4. **Arrange a tour itinerary format:** transportation; which aisles to “hit” and which to avoid; what you’ll say; and how you’ll deal with questions.

5. **Invite Senior patients to come along on one of your tours and bring their friends (that is, potential new patients).** You may also want to contact neighborhood Senior Centers and let them know that informational tours of local supermarkets are now available, courtesy of your practice.

6. **Contact managers of local markets and ask what they’d like to add to your “tour package”:** cents-off coupons; pens or pocket calculators; refrigerator magnets; refreshments; canvas shopping bags. Remember: you’re not just somebody who’s taking advantage of their facilities to teach Senior nutrition; you are giving the manager an opportunity to showcase his or her facilities, to your group.

7. **Sign up “tour groups” of about 15 Seniors; about as many as one market (and one tour guide!) can handle at one time.** Give your cooperating market manager about one week advance notice. Mornings are usually a good time...
for the Seniors and for the markets.

8. Contact your local media (who are looking for supermarket advertising dollars as well as human-interest news events!), and let them know the date(s) and time(s) of upcoming market tours. Use the phone, so you can ask newspaper editors and radio/TV news directors: "Is there anything we can do to help you provide your audience with news and information of interest to them!"

When you lead a group on a MARKETING tour, look at package labels and explain the nutritional values (or lack of such) of various ingredients. Look at fresh foods and explain the essential vitamins and minerals they provide. And look at the camera...so your market will see which practice knows about nutrition in the first place, and cares enough to share its knowledge with an entire medical market.

And, it's not just for Seniors. There are plenty of other groups who could benefit from a nutritionally oriented supermarket tour like this. New parents, homemakers groups, organizations that benefit young people. Use your imagination to target the group that is most compatible with your service offer.

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Keep patient signatures on a (mailable) file

If a third-party won't accept "Signature On File," just send that party a signature that the patient has left "on file":
- Have patients sign a dozen or so pressure-sensitive labels, about the size of your average "Benefits Assigned" box.
- Whenever you file a claim, attach a label to that box.
- To make sure you're "covered" in case any third-parties squawk about your innovative idea, ask patients to sign a statement along the lines of, "I authorize (-Practice Name-) to file claims for services rendered to me, and to affix labels bearing my signature to the 'Benefits Assigned' box."

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Idea: Bring patient instructions up to eye level
In our ophthalmology practice, many of our post-op patients require written instructions...at the very time that reading has become temporarily difficult for them.

To make life easier, we type the instructions in a bold typeface...enlarge the type on our copier...and produce patient copies on brightly colored paper. This not only makes for easier reading...it makes our instructions easier for the patient to find.

April Johnston, Receptionist
Palestine Eye Clinic
Tyler TX

Idea: “Clear the forest” twice a year
If regular, six-month performance reviews are good for our office employees, why shouldn’t they be just as good for our “auxiliary employees”—the accountant, waste service, labs, janitorial service, and anyone else who, in effect, works for us!? We let our auxiliary people know that their performance will be reviewed every six months; if they want to keep our business, they have to measure up to our standards. We’ve found this to be very effective in eliminating vendor complacency and “dead wood.”

Barbara von Gulick
Office Manager
M. R. Solomon, D.P.M.
Garland TX

Enter our First Class Mail contest and you could win $50.
Send your practice management ideas (no clinical subjects please) to:
First Class Mail
The Doctor’s Office
P.O. BOX 10488
1861 Colonial Village Lane
Lancaster PA 17605-0488
A Dead Issue Comes To Life. Some medical practices are incorporated, some aren’t. Not much has changed in the last few years that would affect that decision. But watch out for laws coming down the road that will force you to rethink this. Your decision will be affected by expected tax law changes related to corporate tax rates, deductibility of compensation, and deductibility of health insurance benefits. Make sure you talk to your advisors and understand all the new rules.

Something Else To Know About Pension Distributions. As you probably know, a new law and a new set of regulations last year created a mandatory system for withholding taxes on pension and profit sharing plan distributions. To add insult to injury, you’ve got to notify plan participants of these new rules between 30 and 90 days before making any distribution that may be subject to the rules. The good news is that the IRS has prepared a form you can use for this purpose. If your pension advisors aren’t up on this latest development, ask them (or ask the librarian of a local law library, if you have one) to look for it. It’s in IRS Notice 92-48, which is in Internal Revenue Service Bulletin 1992-45, dated November 9, 1992.

Protecting Your Children From A Prior Marriage. Suppose you want to write your will to benefit your spouse, but want to protect your children from a prior marriage? A special kind of trust called a “QTIP” (for “Qualified Terminable Interest Property”) can give your spouse all trust income for life, but protect the principal of the trust for the eventual benefit of the children. This trust qualifies for the federal estate tax marital deduction, even though your spouse has limited access to it. But the disadvantage is that your children have to wait for their benefit. If your present spouse is closer in age to them than your first spouse, your children may have to wait a long time to receive any benefit from the trust.

Investing In Your Own Backyard. Have you invested in computer stocks lately? According to Peter Lynch, one of the most respected mutual fund managers ever, that may be a good idea for someone else but not for you. In a recent statement, he indicated that doctors are better off investing in healthcare stocks. The idea is that you’re going to be a better investor in areas you know rather than in areas where you’re a stranger.

© Copyright 1992 The Doctor’s Office. This page offers a discussion of general legal and practice principles, but only your own accountant or attorney can recommend specific actions you should take on your own professional circumstances.
Don’t refund money you haven’t collected

All people make mistakes...sometimes accidentally. Some people “mistakenly” send the doctor too much money...either as payment on their bill, or as an insurance copayment. Then they immediately “catch” the error and call the practice to request a refund.

Are you beginning to suspect there’s a scam going down here? Ah, alas, ‘tis true; this is nothing but the latest wrinkle upon the haggard face of theft-by-bad-check. One bad check is the one the patient gives the practice; it comes back marked “NSF,” and the practice must try to collect on it all over again. Another bad check is the refund the practice sends to the scam-artist. Oh, there are sufficient funds in the bank to cover the check...and that’s why it’s so bad for the practice’s cash flow.

Moral: If anyone calls to request refund of an “accidental” overpayment, say: “Sure; just as soon as we verify the figures, and your check clears the bank, our check will be in the mail. What address will you be at, two weeks from today?”

Selected carriers offer computer access to Medicare eligibility info.

Under a new pilot program from Medicare, MSP information may be as close as your computer keyboard. Insurance billing specialists in some areas may be able to find out quickly if they should bill Medicare as a secondary payer through computer access to a special database. In addition to MSP data, these physician offices may also find out whether a patient has paid his or her Medicare premium or is enrolled in a Medicare HMO. Other potentially available data include whether or not the patient has satisfied his or her Part B deductible.

To find out if you can access this electronic database, contact your local Medicare carrier office. To be eligible to use it, you must have an electronic claims filing system. Medicare will also require that you sign a “rigorous” agreement to use the information “properly” (i.e., not to market services or products to names on the list).