Strategies to Improve Physician Practice Collections

Declining reimbursement, increasing deductibles and copayments, healthcare reform, rising accounts receivable, and slow paying patients. Sound familiar? Maximizing revenue is critical for small and medium-size physician practices now struggling to stay afloat in this seemingly ever changing environment. However, many practices still allow even more money to slip away by failing to pay attention to collections.

First where I see practices breaking down is a total lack of monitoring and accountability. With measures in place to benchmark and monitor collection activity, practices can quickly boost their collections by 5-10 percent. Remember the age old saying: “You can’t manage what you don’t measure.”

An effective collections strategy should be embedded into office culture and workflow. You need to set expectations for staff on office standards for collections and provide them with the training they need. You have to hold employees accountable for following through on collection-related tasks.

If your physician practice is having problem with collections, here are a few strategies to help you out:

- **Monitor collections.** Administrators often say that front-desk collections are “going well” but can’t produce actual numbers (here is that “accountability” thing again). You should know how much you’re collecting everyday from every patient who walks in the door and owes money. This includes patients that come in with a receivable balance. It seems like common sense, but a lot of practices can’t tell me what percent of accounts they collected on each day.

- **Communicate with patients.** Do more than hand patients a statement of financial responsibility buried under a pile of forms. A discussion of how your financial policies and procedures work is time well spent, especially since newly insured patients with high-deductible plans may not understand their coverage.

- **Train your staff.** Front-desk employees are the face of the practice but many receive little or no training in how to talk with patients about payment. Role-playing can be an effective training tool - Start with simple cases and move into more challenging situations where staff have to think on their feet and respond quickly, appropriately, and professionally—with the goal of collecting money at the time of service.

- **Offer payment options.** Practices should make payment as convenient as possible (by taking credit cards, for example) and offer payment plans when appropriate. The payment plan is a wonderful tool to keep AR under control but once in place it needs monitoring. If a patient falls off their plan, someone on staff should contact them about why they’re not paying and whether adjustments could be made. Discounts on large balances can be effective as
well. Offering the patient a discount for payment within 14 days can keep AR current and get big bills paid off. Similarly, your staff and/or collection agency should be granted settlement rights to deal with severely overdue accounts. For example, have them offer to settle the account if the patient can pay half of what’s owed - You may get something instead of nothing.

- **Collect at time of service.** As previously mentioned, front desk staff should always ask for co-payments at the time of service and follow up when patients can’t pay. If they can’t pay today, hand them an envelope and contact them in a week if payment isn’t received. Setting an expectation on the first visit makes it more likely that they will be prepared the next time. Staff should also verify insurance coverage close to the visit to ensure that the patient’s statement is accurate when they arrive for their appointment.

- **Offer incentives.** Some offices offer token rewards, such as gift certificates or movie passes, to employees who consistently collect from patients at the time of service. The real motivation for employees often comes from knowing that managers are paying attention to their rate of collection and consider it an important part of their job.

- **Stay up to date with insurers.** Finally, practices can lose money on claims if they are slow to update insurers’ allowable charges. If you bill $80 for a procedure that has an updated allowable of $85, for example, you’ll receive the lower amount. Also look at coding changes for your specialty and modify as appropriate. Every year you have to make sure you are transitioning to new codes and setting corresponding fees, or you’ll risk delayed payments when claims are rejected.