

PRACTICE MANAGEMENT NOTES

A Supplement to the AAOMS Today Newsletter January/February 2003

Get Paid For Your Services—7 Simple, Sensible Steps!

You work, you get paid. Isn't that the way it's been done since the beginning of time? Whether it's 10 chickens or a check for \$10,000, you expect to be paid for your services. Then why doesn't it always happen?

Often, what gets in the way of fiscal success in the oral and maxillofacial surgery practice is not having a simple, rock-solid payment system the team can follow. To ensure you are paid for non-covered services, and/or by the uninsured patient, here are the seven simple, sensible steps to implement!

1. Developing a Financial Policy

Do you have a system for payment arrangements? What is it? Does it provide you with 98% collections? The flexibility that allows patients to move ahead with treatment? Accounts receivable (A/R) that are one- to one-and-a-half times your average monthly production? Do you have written credit guidelines that are understood and communicated confidently by the team?

A written financial policy serves as your road map; it keeps you on track so the team knows the destination and enables you to provide a win-win-win arrangement for the patient and practice and referring doctors.

There are many things to consider. The doctor and financial administrator must spend time discussing and then finalizing a

financial policy. Here are just a few of the discussion points:

1. Do we feel a responsibility to educate patients about not only their clinical needs but also their financial responsibility to the practice?
2. What is our payment policy? Will we expect payment in full? Will patients be allowed to pay monthly?
3. How will we work with new patients? Will we quote a range on the initial call? Will we expect payment in full at the surgery/consult regardless of insurance coverage?
4. How will we work with insured patients? Will we accept assignment of benefits? Will we educate patients about their coverage?
5. What payment options will we offer? A payment plan? Credit cards? Which ones? Pre-authorized checking? Debit card?

Brainstorm and consider other important situations such as emergency patients, pre-authorizations, and past due accounts. Once you have determined how you will handle each of these, put your policy in writing, present it to your team, and then celebrate a job well done!

2. Payment Arrangements Are a Team Effort!

Nobody wants to ask the patient to pay!

"Let Mary do it!"

"No, it's the doctor's job."

It's this simple: if the patients aren't getting quality service, nobody should ask the patient to pay. If they are, it's a team effort. However, the doctor leads the team, and when it comes to most of the financial follow-through, the financial administrator or practice manager gets the nod.

Does this mean that everyone on the team will be asking for money or negotiating payment arrangements? Absolutely not. What it does mean is that each person understands what he or she must do to help the financial administrator/practice manager get the job done.

Here are examples of team responsibilities for successful payment arrangements:

Doctor:

- After presenting treatment, quotes the fee range.
- Briefs the financial administrator on the treatment plan and possible patient concerns.
- Meets with the financial administrator/practice manager at least once a month to review the status of accounts.

Financial Administrator/ Practice Manager:

- Negotiates payment arrangements with each uninsured patient requiring treatment, following the practice's financial policy.
- Oversees the management of the A/R, including past due accounts.
- Works with the insurance coordinator to process and track insurance reimbursement.
- Uses excellent telephone skills. Stays calm, unruffled, and pleasant.

Business Administration Personnel:

- Informs patient/guarantor of payment arrangements when the appointment is scheduled.
- Answers calls from patients with questions about their account status and forwards calls to the financial administrator when patients with financial arrangements are past due.
- Is thoroughly familiar with the practice's credit guidelines.
- Collects co-insurance, partial payment, or payment in full as determined by the practice's financial policy.

Clinical Assistant:

- Documents necessary treatment and fees on the treatment plan as per the doctor's instruction.
- Knows the fees for procedures.
- Notes any patient concerns expressed during consultation to prepare for the discussion.

3. Preparing for the Payment Arrangement

Preparation is key to conducting seamless payment arrangements. When time is taken to prepare, full attention can be given to the patient during the negotiation.

There are two situations to prepare for:

- A. Treatment presented that day, without a consultation visit.
- B. Treatment presented in a consultation visit.

A. Payment Arrangements without a Consultative Appointment:

- Do the majority of your patients have treatment rendered the day they present with their clinical concern?
- Is the financial administrator/practice manager informed and are finances discussed prior to surgery?
- Are finances discussed post-surgery?

Team support is crucial. The clinical assistant will notify the financial administrator/practice manager that treatment has been determined and presented by the doctor and that a payment negotiation is required.

To avoid surprises, disgruntled patients, and damaged referral relationships, inform patients of treatment fees prior to surgery. The financial administrator will negotiate and finalize the payment arrangement before treatment commences.

B. Payment Arrangements with a Consultative Visit:

When possible, all new patients should have their treatment needs presented in a consultative setting so that there are no surprises and an informed decision can be made prior to discussing fees and recapping the proposed treatment. Treatment acceptance is greatly increased.

The financial administrator/practice manager should be brought into the consultation visit. This ensures that the financial

administrator/practice manager understands the treatment that has been presented and agreed to by the patient and allows for a caring presentation of fees and payment options.

4. How to Negotiate a Payment Arrangement

A negotiation is a discussion with another to reach an agreement—in this case, discussion with patients to achieve full acceptance of their paying responsibilities. It also supports the office financial policy and leaves patients confident they made the right decision.

The financial administrator always wants to start by asking for payment in full—today.

If the patient accepts, the negotiation is closed and the paperwork is completed. If the patient is not able or interested in making the payment in full, move to your next option. The negotiation flow now moves to one option at a time, giving the patient an opportunity to determine if that will work for him or her. Do not present a “laundry list” of all the possible options. The information can be overwhelming and might make it difficult for the patient to make a good decision.

Here's an example of how a negotiation can flow if the patient and has no medical or dental coverage and is unable to pay in full:

Financial Administrator: “Mrs. Taylor, we like to thank those patients who pay the entire fee before surgery by offering a 5% account adjustment. In your case, that would be a savings of \$123. Is that something you would like to take advantage of today?”
Patient: “I won't be able to pay all of it at once.”

Financial Administrator: “Mrs. Taylor, normally, when our patients are not able to make payment in full before treatment, we ask that they make an initial investment. What would you be able to pay today?”

Patient: “Well, I could give you \$250 today.”

Financial Administrator: “Terrific. When we take your initial investment of \$250 from the total of \$2,475 that leaves a balance of \$2,225. Can you pay that in two equal monthly payments of \$1,112?”

Patient: “There is no way I could pay that much each month!”

Financial Administrator: “It sounds to me that you are interested in making payments on this balance and you are looking at something that will fit into your budget, am I correct?”

Patient: “Yes, in fact I was thinking of paying about \$300 a month.”

Financial Administrator: “Let’s take a look at how payments of \$300 a month can work for you. We offer our patients three months of payment arrangements. However, for our patients who request an extended time to pay, we work with a wonderful company that offers low-cost financing to our patients. It’s a very simple process. You fill out a brief application that I can fax to them, and within minutes we can learn if you can make payments to them, while moving ahead and completing your treatment. Does that sound like something you want to try?”

This example is one of a financial administrator who has worked diligently in the interests of both the patient and the practice to ensure clear communication and set straightforward expectations. The win-win outcome serves as an essential element in maintaining strong patient-practice relationships.

5. Paperwork

After the investment of time for preparation and negotiation, complete the process with appropriate paperwork. The benefits are many:

- The patients feel well cared for because they are clear about their financial commitment to the practice.
- The written payment arrangement serves as a reminder to patients to make timely, accurate payments.
- Written payment arrangements that include payment amounts and due dates help the financial administrator/practice manager follow up on current and past due accounts.

After verbally negotiating a payment arrangement, complete the following:

1. Use a Federal Truth-in-Lending form if there will be four or more payments in the payment plan and you will be assessing a finance charge. If you use a practice management software, ask the vendor to assist you in automating this process.
2. Use a Payment Arrangement form for all other payment plans. Again, many practice management software companies offer monthly payment plan templates.

You will want to include the following documentation:

- fee for total treatment plan or phase;
- initial payment amount;
- payment plan for the balance;
- number of payments;
- due dates;
- amounts due and how they will be paid.

When possible, the OMS, the financial administrator/practice manager, and the patient should sign the form. Make sure the patient has a copy for his/her records. After the patient leaves, complete a Payment Plan Follow-Up form that is placed in a tickler file for payment plan follow-up. You can also track this information by using tracking features on your practice management system.

The small amount of time invested in completing the paperwork will pay back ten-fold as it minimizes misunderstandings and provides clear information.

6. Collecting Past Due Accounts

This is where “the rubber meets the road.” Your practice has established a solid financial policy, it is professionally communicated, payment terms are documented and understood, and now you must make sure you are paid! An effective, easy-to-use collection system is the backbone of payment arrangements.

Seven critical criteria for success are:

1. Written payment arrangements signed by the patient, the OMS, and the financial administrator/practice manager.
2. Agreed upon payment due dates.
3. A tracking system (manual or computerized) that indicates if an account is current or past due.

4. Communication scripts that assist the financial administrator/practice manager when making calls to patients who have delinquent accounts.

Here is a sample script for the financial administrator/practice manager to use on the second telephone contact with the patient, "The Solution Call":

Financial Administrator: "Hello, Mrs. Taylor, this is Susan from Dr. Hudson's office. How are you today?"

Patient: "Hello, Susan. I'm okay."

Financial Administrator: "We were expecting your payment on the 15th. We didn't receive it. Is there some way we can help you with this matter?"

Patient: "Susan, something came up and I haven't been able to send my \$200. My husband gets paid tomorrow and I'll drop the payment off myself tomorrow afternoon, I promise."

Financial Administrator: "Wonderful. Tomorrow we close at 4:30 pm. Will you be able to make it by then?"

Patient: "No problem. Sorry, Susan."

Financial Administrator: "I'm glad you can take care of this. I look forward to seeing you tomorrow."

5. A delinquent account letter series.
6. Time set aside weekly to spend on past due accounts (determined by the personal needs of the practice; one practice may need two hours while another may need six hours).
7. The doctor and financial administrator/practice manager should meet at least once per month to discuss problem accounts and celebrate successes.

7. Monitoring Success of Payment Arrangements

Monitoring your success is a rewarding, straightforward, and crucial element of the payment arrangement process. All successful businesses take a proactive approach in monitoring their activities and results. The monitoring process provides opportunity to celebrate the successes that have been achieved, as well as provide for planning to circumvent any negative trends.

Track these numbers monthly and take a proactive response to negative trends to achieve and maintain a healthy business equilibrium.

Following these steps will bring excellent collections, healthy accounts receivable, better patient relationships, and the intrinsic rewards that come from a job well done!

Begin implementing the seven steps today. You now have the information that will produce a team that understands its role in the process, appreciative patients, and information that culminates in a rock-solid system. By getting paid for your services, happily and every time, you will take a giant step forward for your practice, your patients, and your peace of mind. Congratulations in advance! ■

This issue of Practice Management Notes is reprinted from the May/June 2000 issue and was authored by Debbie Castagna and Virginia Moore, partners of Mosaic Management Group, a consulting company specializing in customized practice management. They may be reached at 415/924-5213.

Target Numbers

1. Accounts Receivable Ratio	1.0 - 1.5 months average monthly production
2. Collection Percentage	98% of production
3. Accounts Receivable 1-30 days	20-40% of Accts. Rec.
4. Accounts Receivable over 90 days	18-20% of Accts. Rec.
5. Accounts Receivable over 90 days not on a payment plan	\$0
6. Adjustments (i.e., discounts)	2%

This is number 74 in a series of articles on practice management and marketing for oral and maxillofacial surgeons developed under the auspices of the Committee on Practice Management and Communications (Ira D. Cheifetz, Chairman; Edward P. Cooper; Brent T. Garrison; Robert G. Hale; Jerry L. Halpern; J. David Johnson, Jr.; Larry J. Moore; Michael G. Steichen; Robert L. Coles (consultant); Thomas M. Weil (consultant); and AAOMS staff. Complete sets of previously published Practice Management Notes are available online at www.aaoms.org.