



# Collecting by the Numbers

By Steve Williams, CPA

**In some medical practices the physician and the patients view the issue of billing and collections with equal distaste. Without prompt payment, however, the practice cannot provide adequate service. The suggestions presented here can do much to increase the efficacy and reduce the stress of the billing process.**

**T**he “business end” of running a medical practice can cause many difficulties for practitioners. Whether it is finance, accounting, marketing or personnel, business management is not commonly the forté of the practicing physician. Further, as few physicians have an extensive education in business management, this lack of formal training can lead to numerous problems.

One key aspect of running a practice is billing and collecting for medical services rendered—a process on which most physicians do not wish to spend much of their time. In fact, compared with the actual practice of medicine the billing process may seem rather mundane. However, medical practices can ill afford to neglect this area without a significant impact on cash flow. On the other hand, some timely attention

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to accounts receivable (A/R) can reap great dividends; even a 5% increase in your collection percentage can have a dramatic effect on revenues. The following is a “top 10” list of techniques to improve the odds of receiving payment for your services.

## **1. Assign specific roles for billing and collection**

Numerous personnel in your medical office can have a role in the billing and collection process. Receptionists can verify insurance information. Physicians can ensure proper coding. Staff involved in billing must submit claims promptly and resubmit denied claims. By establishing a systematic process with specific roles and adequately training staff to perform these duties, everyone will understand their contribution to obtaining revenue.

## **2. Collections should start at the initial contact**

Billing problems can often be traced to the first patient contact. If new patients are not informed immediately about payment policies problems will likely arise. Such issues can be minimized by fully informing new patients about how payment must be made and confirming this understanding when they schedule appointments.

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#### 3. Avoid assumptions when seeing returning patients

When new or returning patients come to the reception desk the receptionist should verify their address, telephone number, and insurance information each time. Furthermore, the receptionist should collect copayments and outstanding balances. This is usually preferable to having the “check-out” person collect payment, because it is easy for patients to exit unnoticed after appointments, or it may not be the best time to request payment. In any event, the copayment is best collected while the patient is in your office.

***Your personnel, both current and future, will be more successful at collections if every aspect of your billing and collection process is put in writing.***

#### 4. Assign billing personnel to specific insurance carriers

Due to the increasing complexity of managed care it is a good idea to assign employees to certain insurers. This allows them to learn an insurer’s specific requirements and develop a rapport with carrier personnel, which can facilitate claims processing and expedite payment. Such assignments also improve individual accountability. For example, if an employee’s collections continually fall behind you can review whether the problem stems from the employee or the specific insurers he or she covers.

#### 5. Regularly monitor accounts receivable agings

The practice manager should always know what percentage of A/R is in the 0-to-30 days category, 31-to-60 days, and beyond. These data should be available at any time, not just in a once-monthly summary report. This allows management to direct staff in pursuing insurers who are falling further behind in payments. Additionally, it is essential to know the “receivables concentrations”—ie, the amount of A/R due from a specific insurer. High receivables concentrations can represent a significant risk for a practice. In general, it is a good idea to review whether your practice should seek to diversify such concentrations.

#### 6. Closely manage overdue payments

Many practitioners are surprised to find that the longer an account is overdue the less likely it is to be collected; there always seems to be a good reason for the late payment, but the situation quickly becomes out of control for the payer. It is a good idea to develop a set timeline with specific procedures for acting on overdue accounts. For instance, after 30 days most practices will want to submit a query to the insurer if claims are not paid. If a claim is denied there should be a structured process for reviewing and appealing the denial.

It is also necessary to establish guidelines for overdue patient accounts. You may want to consider sending a friendly reminder letter or calling patients who have not responded within 30 days after the first bill. Through a systematic process of pursuing overdue accounts before too much time has elapsed, your practice can clearly communicate that it intends to obtain payment but is willing to work with the patient to resolve payment-related questions or problems.

In addition to tracking single payments the staff should watch for consistently overdue payments from a given insurer. For example, if one insurer consistently submits payment beyond 60 days the reason should be investigated. If slow payment is the insurer’s fault, steps must be taken to address the problem and raise the issue at contract renewal time. On the other hand, the physician can also determine whether the practice must make any changes to expedite payment.

#### 7. Maintain professionalism in collections

A medical practice is a business, and as such it is perfectly acceptable and reasonable to bill and collect for services rendered. There is no need to feel awkward or ashamed about it, although some personnel may have difficulty in this area. When collecting from patients staff should be friendly but firm.

#### 8. Develop written collection policies and procedures

Your personnel, both current and future, will be more successful at collections if every aspect of your billing and collection process is put in writing. Set standards for key

activities such as claims submission time (eg, within 24 hours). For each insurer consider having a summary that lists specific payment or appeal requirements, key contacts, and other relevant information.

### **9. Consider offering performance incentives.**

Performance incentives are not appropriate for every practice, but if you determine that your practice should have them make certain they are carefully and fairly developed. Some practices offer bonuses or other incentives to staff members who are instrumental in achieving collection goals, such as reducing payment time frames (A/R days) or increasing copayment rate at check-in. If implemented, collection performance goals should be included in individual performance reviews, and compensation based on an employee's success at meeting them.

### **10. Consider outsourcing your billing.**

Outsourcing your billing is another option. Professional billing companies can remove significant workloads from your staff, often while performing the service in a more efficient and effective manner. These companies are highly motivated to collect your money because their fees are based on the collections they generate for your practice. Their employees focus on billing and collecting your money, and are not hampered by multiple duties as often happens to your practice personnel.

### **CONCLUSION**

While collecting funds owed to your practice is seldom easy, it is far too important to leave it to a haphazard process. Collecting your money on a timely basis is essential to the financial health of your practice.