PRACTICE MANAGEMENT

IMPROVING PHYSICIAN REVENUE SINCE 1995

CONVENIENCE, COMMUNICATION AND COMPASSION: RECEIVE MORE PAYMENTS BY MAKING PAYMENTS EASIER

BEST PATIENT FINANCIAL POLICY

I don't know about you, but I find I have trouble coming up with absolutes in creating patient financial policies. I come up with a rule, then find that there is an exception. Then, more exceptions. On top of that, every healthcare organization has unique ideas about financial policy. Pretty soon, I have a flow chart that looks like something from a nightmare about a college science final. I'm hoping there is another way that takes the complexity of the patient population into account as a starting point.

Ability to pay might be a good starting point for creating patient financial policies and collection efforts. Several distinct groups of patients exist and each group has different needs with regard to financial policy. By considering the needs of each group, maybe we can create a workable patient financial policy. Below, I have some ideas for four groups of patients and their unique needs when it comes to getting paid. Additional ideas follow the discussion of each group. If we are able to develop policy for all four groups, we may be able to avoid exceptions and create policy that is clear to staff and fair to patients.

EASY PAY GROUP

The first group of patients are those with the ability to pay who want to pay. For this group, many patient balance resolution tools are available to help you collect. There is an entire industry built on chasing patient due balances. Whether it be a payment button on a webpage, a patient portal, automated payment plans, or adding all possible payment types available, this is the group of patients that will respond. Many of these tools could be fine additions to your current process, or maybe you are already benefiting from technology aided payment methods. For this group, simple access to the preferred method of payment is all that is needed.

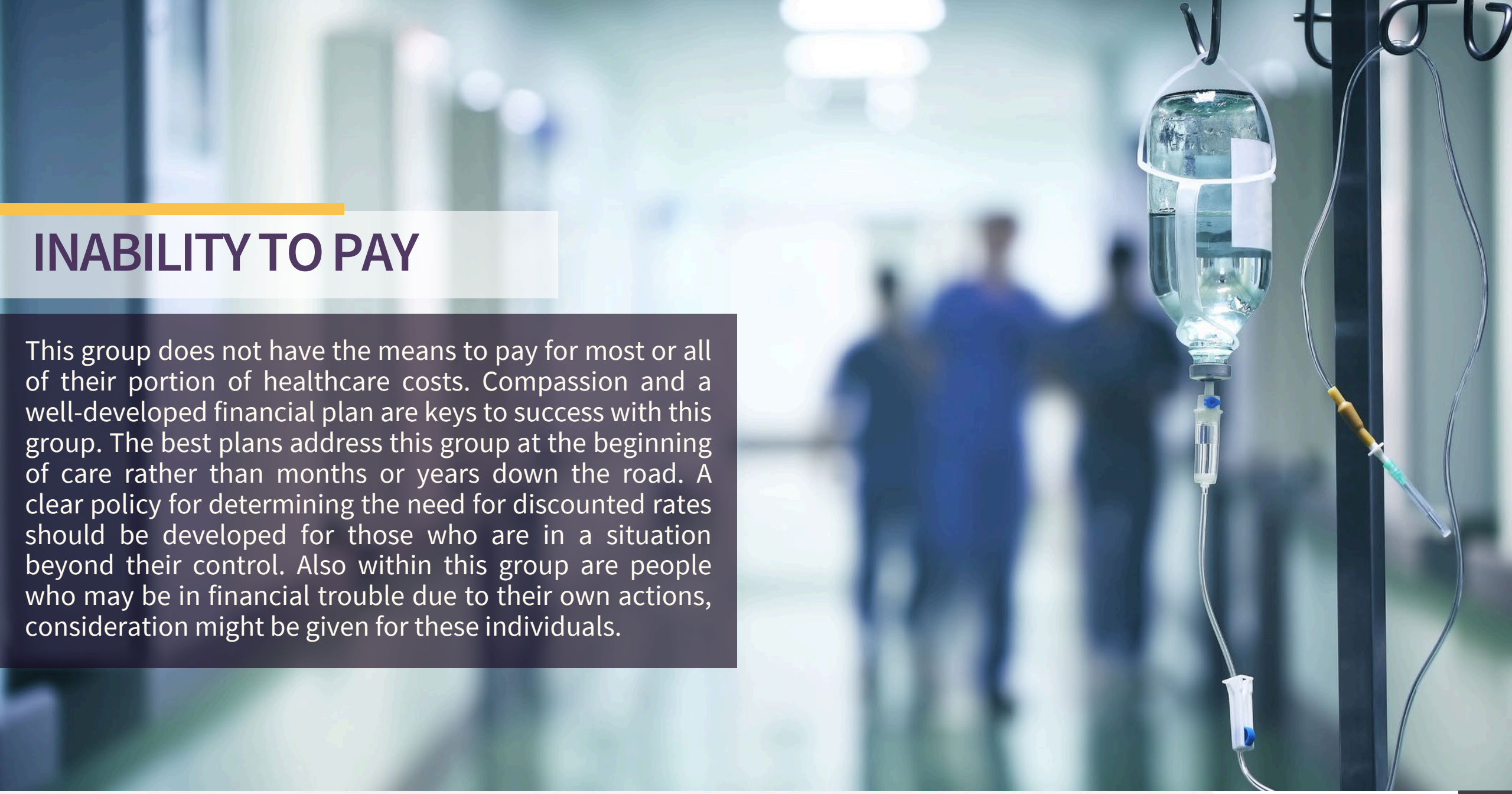
SOMEWHAT CHALLENGED PAY GROUP

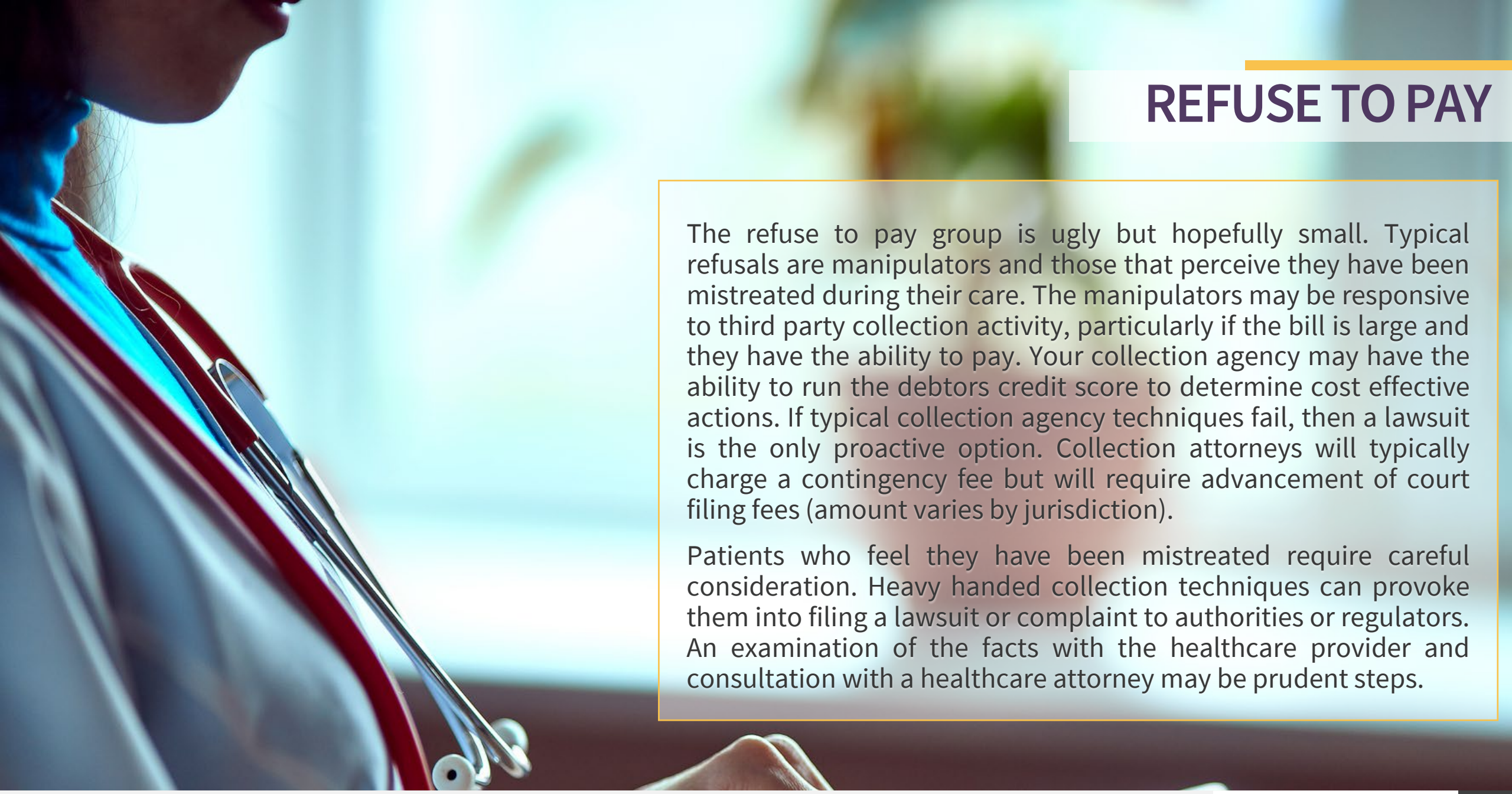
The second group are those that want to pay but have limited means to pay. For this group, patient balance resolution tools are beneficial but not the only requirement necessary to secure payment. This group that responds to interventions at the time of service through the time of initial intervention by a third party collection agency.

These patients may not respond if they are not offered their preferred method of payment. They may also not respond unless they are given some coaxing or a nudge. A portion of this group is in serious financial distress and requires pressure to respond.

INABILITY TO PAY

This group does not have the means to pay for most or all of their portion of healthcare costs. Compassion and a well-developed financial plan are keys to success with this group. The best plans address this group at the beginning of care rather than months or years down the road. A clear policy for determining the need for discounted rates should be developed for those who are in a situation beyond their control. Also within this group are people who may be in financial trouble due to their own actions, consideration might be given for these individuals.





REFUSE TO PAY

The refuse to pay group is ugly but hopefully small. Typical refusals are manipulators and those that perceive they have been mistreated during their care. The manipulators may be responsive to third party collection activity, particularly if the bill is large and they have the ability to pay. Your collection agency may have the ability to run the debtors credit score to determine cost effective actions. If typical collection agency techniques fail, then a lawsuit is the only proactive option. Collection attorneys will typically charge a contingency fee but will require advancement of court filing fees (amount varies by jurisdiction).

Patients who feel they have been mistreated require careful consideration. Heavy handed collection techniques can provoke them into filing a lawsuit or complaint to authorities or regulators. An examination of the facts with the healthcare provider and consultation with a healthcare attorney may be prudent steps.

PAYMENT METHOD CONSIDERATIONS

Collecting from patients is a difficult and frustrating process with medical debt often cited as the number one cause of personal bankruptcy. Successful in-house collection is often problematic and sometimes impossible. The problem frequently lies in the fact that patients simply have limited ability to pay. Financial demands on the average consumer bombard your patients constantly. While the patient may have had the $50 to pay you yesterday, it may no longer be available today. Time is precious when it comes to collecting from patients.

Let's face it; we live in a world where demands for consumer's cash appear at every turn. U.S. marketing to consumers focuses on making life better; all you have to do is purchase the next product or service to get your trip to nirvana. On the other hand, medical bills are for services already provided often with negative connotations such as sickness, injury, and problems. After the rent, cable and cell phone bills are paid, the stack of medical bills is considered. Healthcare organizations cannot compete with the demands for cash our society places on the average patient. If you do not collect when the patient is in the mood to pay, you risk not collecting at all.

With those barriers in place, we need to make it as easy as possible to collect from patients who may have the impulse to pay. We cannot put barriers up that make payment more difficult.

Every possible avenue for easy access to payment needs to be open. All major cards need to be accepted, electronic checks, cash, etc. Yes, you need to take AmEx, weigh the cost of service fees against the 85% or more loss if you don't take the payment when the patient is in the mood. Payment methods need to be easily accessed with the fewest hurdles by phone, by web, or in person.

EASY ACCESS

The “Pay My Bill” button on your website needs to be in a prominent position.

Figure out a way to accept web payments without having the patient set up a login.

Do you take less common payment types like American Express? Discover? Apple Pay?

Take payments from anyone offering. HIPAA should not throw a barrier up when the spouse who handles the bills wants to set up a payment plan for their partner.

Make sure all support staff can take an immediate payment when the patient makes the attempt.

The cost of various methods of payment should be evaluated in terms of overall patient receipts and weighed against potential loss of payment. While a 5% service fee to run a payment may seem excessive, losing out on a dollar to save a nickel might not be the best approach. In any case, evaluation of data quarterly or annually will give a clear picture. A key data point is the frequency at which patients select the method of payment.

Set simple policy for accepting payment plans, offer prompt pay discounts, and offer discounts to resolve very old balances.

Make the policy simple enough to give authority to as many staff as possible.

DISCOUNTING IDEAS

The cost of discounts and payment plans can be weighed against the loss of uncollectible debt. Could a 50% or 70% discount vs. 100% write-off be a better financial deal for the healthcare provider? Does it make sense to offer huge goodwill discounts on longstanding debt rather than fighting to the finish at a third party collection agency? Maybe… An open mind and open access are needed to address the most difficult area of healthcare finance.

Finally, for those who use third party collection agencies, is there an end point? Our experience over the years has been that the first few months of placement are the most productive. After the initial months, fewer and fewer payments come in. Looking at the data, you may be able to determine a point when the amount and the age of the account will no longer bear fruit. You might consider waiving balances on certain accounts as they age. Small accounts and debtors with low credit ratings are possibilities for good will adjustments. Nonprofits in particular should consider taking the high road with goodwill after a long battle to collect.

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