

7 Steps for Successful Collections | by Marsha Pilgrim

As a consultant and software trainer, I have the privilege to observe different dental practices and their collection systems. I am always amazed at different offices' Accounts Receivables—some are great and others make me wonder how the doctor stays in business. I once watched a financial coordinator set up a payment plan for 48 months with no finance charges and no signed agreement. The patient was going to pay \$25 a month. I helped an office run 500 statements, for a one-doctor practice with over \$700,000 owed to the doctor. In this economy, a practice cannot survive doing business like this. The following are steps that I have used in the office and are the keys to having great collections and financial arrangements.

1. Credit Guidelines.

The best foundation for every collection system is a great set of written Credit Guidelines. It is impossible to have black and white policies in dentistry. As a team with the doctor, you should go through a credit guideline checklist and discuss different situations and how they are to be handled. Go through the checklist and see what the team knows about your collection guidelines and determine as a team what your guidelines will be. Then a written statement should be created and given to everyone on the team.

In order to handle different scenarios without having a discussion with the office manager or doctor, the team needs to know how they can collect money and stay within the office policies. Your guidelines should include things such as: how are children of divorced parents handled; what about college students; handling patients who want an appointment but owe the office money.

2. Inform before performing treatment.

Your patient must know what is expected from them. It is difficult to collect money from a surprised and/or angry patient. The patient needs to understand the need for treatment, the cost of the treatment plan and the different payment options available. Even in the

case of an emergency patient who has agreed to treatment, the finances need to be discussed before treatment is started. We have all had to make those collection calls to these patients who forget they agreed to pay the doctor for relieving their pain. They are not a pleasant part of the job.

3. Handling Insurance Estimates.

You want to try to help your patients understand their insurance coverage, but be careful not to become the expert on their insurance plans. Let them know that since the contract is between their employer and the insurance carrier, you cannot possibly know what the contract allows. We can only offer an estimate based on the information that the insurance carrier shares with us.

The patient should be presented the full fee along with the insurance estimate, so they understand what the cost of the treatment is, in case insurance does not pay what was estimated. Make sure you let the patient know the insurance portion is only an estimate. Please don't offer to do a pre-treatment estimate, this will only delay treatment. How can you tell the patient that they need dental treatment and then tell them they have to wait while you submit a pre-treatment claim? The question to consider is whether the pre-treatment estimate will make a difference to the needed



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treatment. The patient has to see the value and what they are going to get for their money.

4. Collect the payment.

I know it sounds simple, but I have seen staff afraid to ask for money. We need to collect what is owed for the treatment. The patient should know what is expected from them and most are prepared to pay. As a young office manager, I remember hearing Linda Miles say "imagine that your paycheck is pasted on the patient's forehead and if they walk out the door without paying, then your paycheck also

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Marsha Pilgrim has over 30 years experience in the dental office, first as a registered dental assistant and then as office manager. She has spent the last nine years as a dental management consultant and enjoys helping other practices put systems in place to make their offices productive and profitable. She has experience in scheduling, collections and setting production goals and obtaining them. She has worked with computers in the dental office for over 24 years and is a certified trainer for Dentrix. Marsha is a member of The Academy of Dental Management Consultants and The Speaking Consulting Network.

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just walked out the door." This visual reminder helped me understand that I had to collect in order to pay the bills and staff what was owed to them.

5. Offer payment options.

The offices that have great Accounts Receivables are the ones who partner with the patient to find a payment plan that works with the patient's budget. There are many options for offering the patients a payment plan without the office becoming the finance company. I have never seen a bank that offers dental services, so dental offices should not try to be banks. There are so many legal issues that have to be covered, let the professionals do that job. Companies such as CareCredit can do the credit checks and handle the collection issues, if they decide not to make the payments. The best part of working with an outside financing company is you can get paid within 24 hours.

6. Do the proper paperwork.

Have you ever borrowed money from a bank and not had to sign a lot of paperwork? This is the most important step in good financial arrangements. If a patient is going to make 3 or more payments, regardless of how often (monthly or weekly), you need to have a Truth in Lending document. This is the legal agreement that states how the office will get paid, who is going to pay and what are the terms of the agreement. Make sure the patient and the person who is presenting the financial arrangements sign the document. It is hard to take collection action on a past due account if you have nothing to show they promised to pay.

7. Follow up.

It is important to have a tracking system to follow up on past due accounts and missed payments. If you do offer in-office financing, pick 2 due dates for the payment, such as the

10th and 20th. On the 11th and 21st run a report so you can see who missed their monthly payments and contact them. Make sure you are sending out billing statements on a regular schedule. Keep count of how many statements you send. If you are sending out over 50 statements, divide the task into weekly alphabetical batches. This keeps the cash flow going all month long and cuts down on some of the phone calls. Make sure to have a system for sending out past due collection letters. Don't wait six months to take action on these accounts.

Handling patient finances is a full time job. You must have the conversation with the patient, document the details, and follow up to make sure the office is getting paid. For more information on the Credit Guidelines worksheet or a past due follow up system, contact me at mlspilgrim@sbcglobal.net.

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types of income you will have to account for on your tax return. I have spent a significant amount of time studying the new tax structure and it appears it will be met with a lot of controversy—so much so that the final regulations have been greatly debated and have not been released yet.

At its core, the Medicare Surtax is a 3.8% tax on Net Investment Income (capital gains,

dividends, and passive income) on Modified Adjusted Gross Income over certain thresholds (over \$250,000 for Married Filing Joint taxpayers, for example).

You can plan ahead for this tax and take steps to avoid some of it. If your CPA has not helped you plan ahead for this tax during 2013, give me a call so that you can take corrective action before Dec. 31!

The Affordable Care Act tax legislation can be complex; however, CPAs—particularly those who are dental CPA specialists and complete over 150 dental tax returns a year—can make sense of all of this for you and help you plan ahead before tax increases surprise you. Give me a call at 770-552-8500 to discuss how I may help you save more money so you can keep more money!



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