

Dermatology Coding Alert

READER QUESTIONS: Give Collection Agencies All the Details

Question: We've decided to turn over some of our outstanding accounts to a collection agency. Do you have any tips for using an outside agency?

New York Subscriber

Answer: Using an outside debt collection agency has its advantages, but to get the most bang for your buck, you need to know how collection agencies tick. Watch out: Skimping on the information you provide may jeopardize the collection agency's success in getting payment on your outstanding accounts.

Some collection agencies have client-education initiatives in place. Agencies may call you, ask for a few minutes of your time, and explain how they work, including the agency's responsibilities, obligations, liabilities and regulations. Those few minutes are typically well-spent, yielding a better return on collections.

These tips will help you get the best results possible from your collection agency:

- Provide the agency with enough information for its reps to get on the phone and collect the account.
- Provide the agency with enough timely information for its reps to address a patient who disputes the debt.
- Don't hold on to the debt very long because the older the debt, the lower the ability to collect. Therefore, you need to provide the agency with the debt in a timely manner to ensure you can collect.
- Notify the agency if you receive a bankruptcy notice pertaining to an account.
- Don't assign the same accounts to multiple agencies for collection.
- Let the agency know when a patient pays your practice directly.
- Work with the agency if a patient complains to your practice.

Tip: A high-quality, compliance-focused collection agency will take the initiative to provide you with the information you need to form a profitable, efficient relationship with the agency. If an agency simply asks you for your accounts, you'd be wise to keep looking.

Important: Some offices do pass on the cost of collection to the patient. The only way you can do that, however, is if:

- your state allows that practice;
- you make it clear to the patient up front when he signs the financial agreement with the practice that adding the collection fee is part of your policy; and
- the contract with the agency allows it.

