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Build a Better Business: Step Up Your Collections Efforts With Credit Card Acceptance

Caveat: Protect your patients' credit information to comply with privacy, identity theft rules.

With fewer patients coming through the door these days because of financial concerns, you need to focus on collecting from those your providers do see. Make your job easier and increase your collection rates by offering patients the ability to use their credit cards. Here's how.

Examine the Benefits of Accepting Credit Cards

When a patient tells you that she doesn't have the cash or her checkbook to pay her copay at the time of service, you stand a better chance of collecting high-deductible payments or getting paid faster on high-cost self-pay procedures if you can offer her a third option: credit card payment.

"Depending on the types of patients that the practice serves it [credit card acceptance] can be an effective strategy," says **Ester Horowitz, MBA,** owner/certified management counselor and practice marketing advisor with M2Power, Inc. in Merrick, N.Y.

Some of the benefits your practice may see are:

• Reduced labor time and costs. You won't have to chase down unpaid copays or balances, which reduces both the hours you spend on collections and the cost of sending out bills.

• Increased cash flow capabilities. You'll have a new way to get money in the practice's pocket in a timely manner.

• Decreased accounts receivable (A/R). You won't have as much outstanding reimbursement, which decreases your A/R.

• Faster payment. You will get paid in a more timely manner.

• A more secure way to track revenue as well as reduce employee petty theft.

You should also consider offering an electronic bank draft option, Horowitz says. By asking for payment at the time of service, you reduce your collection cost and effort -- and by offering your patients multiple ways to pay, you make it harder for patients to "get away" with not paying.

"Anytime you can provide another option for payment, you are optimizing revenue and therefore you are increasing collections," says **Barbara Colburn,** director of operations for Lakefront Billings Service Inc.and managing partner of Total Healthcare Strategies in Milwaukee, Wis. Plus, you'll also likely see an increase in patient satisfaction, Colburn adds.

Know What You're Signing

The most important thing your practice needs to know when working with credit card payments is what the terms of your agreement with the credit card company are, Horowitz says.

You need to be aware of hidden fees and "understand what the merchants' legal obligations are to you," she cautions.

Ensure that you know these pieces of the credit card agreement puzzle:

• The monthly fees

• The transaction fees

• Minimum transaction size (and the effect that the transaction size may have on the transaction fees)

• Any fees/percentages the company charges you outside the monthly and transaction fees.

Don't just sign: Negotiate with the credit card companies to get the best agreement for your practice. "It is sometimes more prudent to pay a slightly higher percent for each transaction if your monthly fees are lower and you've minimized your hidden costs," Horowitz explains.

Pitfall: You might consider passing on a portion of your cost to your patients by charging them an additional "convenience" fee when they use the credit card payment option. "That's a deterrent, which can negatively affect patient satisfaction" Colburn says.

Remember Privacy, Identity Theft Rules

You also need to make sure the credit card merchant is compliant with all current regulations, Horowitz adds. Don't sign on with a company that can't show you that it is compliant.

"If you use credit cards for a one-time transaction at the point of sale you have no compliance requirements," Horowitz explains. However, if you accept credit cards "after services and products are rendered, whether once or ongoing, you may want to seek out a compliance expert."

Protect the data: When a patient hands you her credit card, there is an unspoken expectation that you will not allow her credit card information to fall into the wrong hands. You should take precautions to ensure credit card numbers and transaction information stay private and protected.

"Loss of any such data -- even if your company has no compliance requirements -- can be detrimental for any business. So securing it prudently is always a good rule of thumb," Horowitz says.

Also make sure you are carefully validating the credit card information provided by the person paying the bill.

For example, do not accept credit card payment on John Doe's credit card for Sally Smith's bill unless you can confirm that John Doe knows about the payment and agrees to it, Colburn cautions.

Bottom line: Follow the HIPAA and Red Flag standards for credit card transactions as well as other aspects of your billing and collections processes.