

Optometry Coding & Billing Alert

Build a Better Business: Your Warm and Fuzzy Payment Plans May Catch More Money

Save money and patient relations by steering clear of aggressive tactics.

Streamline your collections system and get your deserved money faster with these practice management tips. Optometrists: Clip and give this monthly section to your claims specialist.

Instead of sending patients to collections, try setting up your past-due patients on a payment plan. Don't give up on collecting. A signed payment agreement or promissory note can help you ensure timely payments from the patient.

Keep the Payment Flowing, No Matter How Small

Maintaining good patient relations is valuable, but collecting for services is just as important. Strive to make your patient stick to the payment schedule, which may mean sitting down and working out a mutually acceptable payment regimen. Although a payment plan may take longer to get your money, this system will help financially struggling patients avoid an outside collector, says **Catherine Brink, CMM, CPC, CMSCS**, president of Healthcare Resource Management (www.hrminc.com) in Spring Lake, N.J.

"At least with offering payment plans, you have some income coming in versus sending them to collections and possibly never getting paid," agrees **Michelle Radmer**, billing specialist for Greater Milwaukee Otolaryngology in Greenfield, Wis. Offering payment plans "also shows how much you care about your patient" by being willing to work with him or her. By sending a patient to collections you also end up paying a portion of the proceeds to the collections agency. Sending a patient to collections can create bad will with the patient.

Be proactive: Whenever possible, try to collect from patients before your physician sees them, says **Marge McQuade, CMSCS, CMM**, a consultant and director of education for the Professional Association of Healthcare Coding Specialists in Florida. "If you're a family practice, you should be collecting copays up front" resulting in no need for payment plans. If you're in a specialty office in which patients may have "large surgery bills, then payment plans can be the way to go," she says.

Several types of patients can benefit from a payment plan. Your practice can offer payment plans for patients whose insurance will not cover a significant portion of the bill. Also, consider using payment plans as a collections tool on large, outstanding balances.

Patients may also be underinsured, uninsured, or out of network with your payers. These conditions can cause large deductibles and balances because the patients don't have insurance, the plans have high deductibles, or the insurance doesn't cover the services.

Go over the options way ahead: The biller responsible for collections and A/R should discuss any outstanding account balances with a patient immediately before or after the patient sees the physician. Patients are much more likely to make payment arrangements when in your office. Once the patient leaves your office, you will have a harder time collecting payments and setting up payment arrangements.

Don't Intimidate Patients With Aggressive Tactics

Given the current economy and unemployment rates, payment plans are becoming more prevalent in medical practices. "Practices need to be more understanding that more and more patients cannot pay their balances in full and need to be willing to work with them," Radmer says.

Be polite: While aggressive collections measures may seem more effective when corresponding with patients who owe you money, the opposite is actually true. Collections experts agree that compassion and sensitivity to a patient's situation are far more likely to be successful and eventually bring in the payment your practice deserves -- but at the same time, don't let patients walk all over you.

Develop a written policy: Make sure you have a written policy that dictates exactly when you will send statements, make phone calls, and send accounts on to the outside collector. Sticking to such a timetable is important for successful collections, even when you're offering payment plan options.

Have a collections policy that includes payment plan policies, but do not include payment plan information in your financial policy, McQuade advises. "If the information's in your financial policy, every patient is going to want a plan," she says. "This is an as-needed option." Be fair, but make sure the payment plan fits the situation, the patient's needs, and your practice's needs.

Custom Fit the Agreement to the Patient

For proven instances of financial hardship, your practice should give the impression that you are understanding and professional enough to recognize that immediate payment simply may not be an option.

Extending the courtesy to work through the situation and continue the discussion in the future is often the best way to ensure payment down the road, experts say.

Tip: Make patients pay a down payment on any payment plan you set up. Then, consider the minimum monthly payment amount you'll allow. "To me \$5 a month is not acceptable," McQuade says. "I'd suggest a \$50 a month minimum payment."

Be aware: "Some patients may not be able to afford the minimum amount you require," Radmer cautions. You may need to give exceptions for these patients. If patients ask to pay less than your minimum, ask the patient to prove that he's unable to pay that amount, just as you would do to prove financial hardship, McQuade suggests.

Good practice: Arrange a payment plan for two months at a time, with the understanding that you will reevaluate the situation every 60 days.