

Part B Insider (Multispecialty) Coding Alert

COLLECTIONS: 3 Steps Increase Your Collections Success Rate

Improve collections rates and lower write-off amounts with expert advice.

With Medicare payments dropping all the time, you can't afford to write off your patients' coinsurance amounts or deductibles.

The following three tips can help you improve your collectionstrack record and eliminate costly write-offs.

Step 1: Collect at the time of service. In this day and age, when copays can run up to \$50, it is important to collect them up-front, says **Barbara J. Cobuzzi, MBA, CPC, CPC-H, CPCP, CENTC, CHCC**, president of CRN Healthcare Solutions. "Not only should you collect coinsurance amounts up-front, but you should collect them before the patient gets his service," Cobuzzi says. Keep in mind that collecting up-front only works for defined contribution copayments, which many Medicare Advantage programs offer, since they don't depend on which services you render, Cobuzzi says.

Some electronic subscription services allow you to verify the patient's coinsurance amount and whether their deductible has been met before the patient arrives for his visit. "When you make the patient reminder call, tell them approximately how much they'll owe you in coinsurance or deductible amounts," Cobuzzi says. If the patient arrives without a check, remind him where the nearest ATM is, or which credit cards you accept, Cobuzzi says.

Step 2: If you didn't collect during the service, don't wait too long: "Statistics show that after 90 days, you only have a 60 percent chance of collecting the debt owed," says **Brenda DuMont**, president of ABS Billing Services, Inc. in Anchorage, Alaska. DuMont advises reviewing outstanding patient balances every 30 days. She takes the following steps in trying to collect from patients:

- Send the first statement within five days of your system recognizing a patient-due balance exists.
- Send the second statement 30 days later.
- "At this point, the patient has had three opportunities to pay -- one at the time of service, and two statements," DuMont says. "If the balance is less than \$25, we write it off to bad debt -- it costs approximately \$7.50 in labor and costs to send a statement. If you send more than three statements for a balance of less than \$25, it's counterproductive."

"If you write the balance off, use an adjustment code if the coinsurance/deductible was not collected at the service time to identify how much money you've lost at the front desk," Cobuzzi says. Later, add that lost revenue to see the size of the controllable revenue leak.

- If the balance is over \$200, DuMont makes a courtesy call to the patient to ensure that the patient understands what the balance is for and what their options are if they are unable to pay in full. "Making collection calls are expensive and time consuming -- that's why we have put a threshold on the value.
- If the balance is over \$25 and the patient hasn't paid after two statements, DuMont sends a collection letter. "This letter states that the balance may be forwarded to an outside collection agency if payment is not received and encourages them to make payment arrangements."
- Once the account has aged 90 days without payment after two statements, a phone call, and a letter, the account is prepped for provider or management review. "The choices then are bad debt write-off, hardship write-off (many times providers are privy to patient circumstances and have data to support this), or send to collection agency," DuMont says.

Each practice should create internal policies on when an account warrants a write-off. Physicians should be involved in

creating these policies -- keep them apprised of write-off amounts every few months so they can stay involved in any necessary policy changes to ensure that they get paid, Cobuzzi says.

Step 3: Send to collections. If your practice chooses not to write off the debt amounts, sending them to collections is your best option. "Hold patients accountable to the debt they have incurred," DuMont says. "The worst thing you can do is train your patients that if they just wait long enough, you'll write it off. It's bad for them, bad for business, and bad for society as a whole."

Turn the page for tips on how to improve collections success when phoning patients.