

## Part B Insider (Multispecialty) Coding Alert

### COLLECTIONS: Step Up Your Collection Efforts With Credit Cards

But protect 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 patients 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

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 payments on high-cost self-pay procedures if you accept credit cards.

"Depending on the types of patients that the practice serves, it 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 the hours you spend on collections and the cost of billing.

- **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.

- **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.

Tip: You should also consider offering an electronic bank draft option, Horowitz says. "Any time 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 Billing Service Inc.

#### Know What You're Signing

The most important thing your practice needs to know when working with credit card companies 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 credit card agreement musts:

- 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. Plus, passing those fees along to patients may violate merchant services contracts and could be illegal in some states.

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 prove compliance.

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