

# Preventative Measures Ensure the Health of Your Accounts Receivable

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Running a dental practice is no small task; from staying on the leading edge of new medical developments and products, to monitoring ever-changing dental insurance plans, to simply overseeing the fundamental day-to-day operations. But there is one area of your practice that can be streamlined to significantly improve your cash flow, minimize delinquencies and optimize fiscal operations. Your accounts receivable and collections can be economically and efficiently managed by a savvy combination of internal efforts and the partnership of a third party resource.

## Internal Practices Minimize Overall Delinquencies

In many instances, accounts receivable managers focus on pursuing accounts that have aged beyond 60-90 days. But age is the greatest deteriorating factor in the collectability of an account, so these efforts often generate minimal recovery results. The good news is, there are simple internal measures you can take to minimize the number of accounts that ever reach 60-days delinquent. In fact, statistics have shown that you can reduce that number by as much as 50% by implementing these steps:

- **Seek full payment, or make clear payment arrangements, at the time of service.** It may sound obvious, but patient communication is an integral part of effective accounts receivable management. You have the greatest opportunity to prevent delinquencies from occurring by seeking remittance or discussing terms when the patient is at the practice.
- Once you know the amount the insurance provider is covering, and thus the amount the patient owes, bill the patient immediately. **If payment is not received in 15 days, place a call to the patient.** Often good-faith arrangements can be made just by re-opening the lines of communication. And if you've discussed payment upfront, there are no surprises. This call is also a great opportunity to follow up on the care provided, and further grow the practice/patient relationship.
- **At 31-days delinquent, submit a written communication** advising the patient of the outstanding balance. This is not a collection notice; it is simply a means of verifying the account balance and performing due diligence to maintain consistent communication.
- **At 45-days delinquent, place another call, or series of calls,** again to ensure the financial obligation is top of mind and that the patient is aware you intend to follow through.
- **If the account reaches 60-days delinquent, this is the time to submit a written final demand.** This notice should inform the patient that he has 10 days to remit payment before the account is formally placed with a third party. If you have performed all the recommended steps prior to this action, you have honored a timely schedule of patient communications and fully informed him of his obligation.

If this final communication does not generate full remittance, be sure to **follow through and place the account with a reputable third party at 70-days delinquent.** Again, the longer an account ages, the more difficult it will be to collect. By focusing your internal efforts on the 30-60 day slow-pays, you'll minimize the number of accounts requiring collections. For those accounts that do require pursuit, how do you choose a third party resource?

Many healthcare professionals avoid working with a third party due to high costs, use of harsh or alienating tactics, and minimal recovery ratios. But with the advent of new technologies as well as communicative, relationship-based approaches, there are third-party agencies that offer options that are economical, preserve your patient relationships, and produce superior results.

By employing a reputable third party agency, you can enlist a staff of experts to support your internal team and supplement your efforts. It's a critical component to optimizing your accounts receivable management and ensuring you have the positive cash flow necessary to maintain a thriving practice.

### **Third Party Guidelines and Considerations**

A third-party agency shouldn't simply be a provider; it should be a partner. It should be a resource for managing accounts on a consistent and ongoing basis, as opposed to a necessary fix once delinquencies have accrued. Here are a few important guidelines to consider:

- **Employ a full-service agency.** Letter writing services and attorneys do not use all available means to follow up on delinquent accounts. A full-service agency will utilize both verbal and written contacts, perform skip tracing on invalid addresses, and provide legal counsel when needed to generate the highest possible recovery results.
- **Seek a third party that specializes in collections within the healthcare field.** These are the resources that understand the sensitivity required and successfully implement non-alienating protocol for other practices. For example, a company that is affiliated with an audit bureau will submit a balance verification notice to start the collection process. This is a simple but critical tactic in performing account pursuit, while preserving relationships.
- **Look for an agency that employs a fixed fee.** Many charge upwards of 35% to collect an account, an amount that discourages early placement (when results are optimal) and negates your profit margin. While providing the best patient care is your top priority, operating a profitable business is equally important. A fixed-fee agency makes collections economical.
- **Along that line, work with an agency that promotes early referral.** In conjunction with your internal efforts, early referral programs help you identify no-pays from slow-pays, so you can treat each accordingly. And the earlier an account is pursued, the greater the chance of full recovery.
- **An agency that provides comprehensive services will perform credit reporting.** Look for an agency that reports to all three major national credit bureaus to affect debtors' credit.
- **Ensure that your agency conducts full reporting of account updates and payments, as well as all communications.** These are your patients and your relationships. You should remain in complete control of your accounts at all times.

### **Immediate Solutions with Long-Term Benefits**

Much like conducting preventative care for your patients, accounts receivable management can benefit from the same ideology. By implementing easy internal procedures that work to *prevent* delinquencies, you can greatly decrease the number requiring collections. It's an approach that can optimize your accounts receivable immediately, and for the long term.

And because there will always be accounts that require collections, employ the services of a third party agency that subscribes to the guidelines outlined above. Take advantage of the resources available to you. It will help ensure the health of your practice, enabling you to place your focus on the health of your patients.

***TekCollect***, a TDA Perks Program partner, offers comprehensive accounts receivable management and collection services for a low fixed fee of typically less than 10%. For more information, contact TekCollect Division Vice President, Caleb Neetz, at [\*\*\*cneetz@tekcollect.com\*\*\*](mailto:cneetz@tekcollect.com) or **(866) 652-6500 ext 363**. For information regarding other TDA Perks programs, please visit [tdaperks.com](http://tdaperks.com), or call (512) 443-3675.