Six steps to financial solvency

By Sally McKenzie, CEO

Remember the good ol’ days? You know, the ones in which your schedule was booked for months, the patients were flowing like champagne from a fountain and you were rolling in the green — or at least you thought you were. Then came the recession: it put a cork in the bubbly, made Swiss cheese of the schedule and as for cash flow, accounts receivables went from so-so to “uh-oh!”

The truth is you probably have little or no idea what your receivables were before the economy hit the skids because you were so busy racing through your days too quickly to give a nary a glance at the figure. And after all, enough patients were paying up front, and in full. Ah, yes, the good ol’ days.

By the time 2008 rolled around, practices had come a long way in educating patients about payment expectations. Gone were the days of patient-dictated payment plans, “I would like to pay $50 a month on my $1,200 bill, that way I’ll have it paid off in just two years. No problem, right?” Practices put their collective feet down and said goodbye to the banking business.

Costs were not only adopted, they were actually implemented. Business staff became more confident at explaining financial policies to patients and patients were more willing to accept them. Then economic circumstances changed and dental teams panicked.

Three years later, it’s time to hit the pause button on practice panic and pay attention to what I’m about to tell you. We all know that the economy has undergone a series of changes and challenges over the last several years. That being said, the expectation remains: practice collections should yield 98 percent for treatment plans. This report effectively can identify your practices do this routinely.

Step No. 1: Revisit the financial policy

A plan that is too rigid will not be effective in any economy. However, that doesn’t mean that you return to the days of patient-dictated financial plans.

Pay attention to what patients are telling you, and if necessary, make adjustments. Consider incorporating the following:

• Establish a relationship with a treatment financing company, such as CareCredit.
• Allow patients to build a balance on their account before beginning major treatment.
• Allow patients to pay for larger cases in two or three installments over a specific period of time.
• Offer a 5 percent discount if the case is over $500, paid in full and will not be submitted to insurance.
• Make arrangements to bill the patient’s credit card on a recurring basis until the treatment has been paid in full. Orthodontic practices do this routinely.

Step No. 2: Maximize over-the-counter collecting

Before their visit, patients should be made aware of what is to be done and what fees they will be charged so they’ll be prepared to pay.

Your financial coordinator/business administrator should be professional, matter-of-fact, positive and friendly, and should follow a well-rehearsed script in explaining the services, the charges and the payment options.

Additionally, a printout of services provided — along with anticipated insurance payment as well as amount of patient payment — should be given to patients at every visit.

If a patient does not pay, give him or her a return envelope and say, “This will make it easy for you to mail us your check when you get home.”

Step No. 3: Send bills daily rather than monthly

Every statement should include a due date that is two weeks after the statement date. Make sure that there is a space for the responsible party to write in a credit card number and expiration date as a means of payment. A self-addressed payment envelope should also be provided.

Step No. 4: Track insurance

More specifically, track available benefits as well as uninsured procedures to calculate the anticipated insurance payment. Collect the patient portion at time of dismissal. After your software performs a validation process on each claim, claims should be sent electronically on the day of service.

Each week, generate a delinquent insurance claim report grouped by carrier so that one call can be made per carrier to check on all claims that are 30 days delinquent.

Cash flow can be enhanced by tracking and processing secondary insurance; keeping signatures on file so that after EOB (explanation of benefits) is received, the patient portion may be calculated and a credit card automatically processed; auditing submitted claims and automatically aging them until they are either paid off or written off.

Step No. 5: Follow up on delinquent accounts

Delinquent account calls should begin one day past the due date on the first statement. The manner and tone used will greatly influence the effectiveness of the call. Therefore, set the tone as “working together to resolve this situation.” The caller’s key question should be, “When can we expect payment?”

Enter highlights of the conversation into the computer to keep a record of collection attempts. On the same day, follow up the phone conversation with written confirmation. Finally, address the most critical col-
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No. 6: Train your team.

About the author

Sally McKenzie is a nationally known lecturer and author. She is CEO of McKenzie Management, which provides highly successful and proven management services to dentistry and has since 1980. McKenzie Management offers a full line of educational and management products, which are available at www.mckenziemgmt.com. In addition, the company offers a vast array of business operations programs and team training.

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