

Collecting at Time of Service

Dear Dianne,

My patients are in the habit of coming for treatment and not paying anything until insurance pays. They are accustomed to being billed. Most pay every month, but a significant number of people take advantage of this arrangement. I take responsibility for this because I have allowed it to continue, but now it is time to change. My accounts receivable is too high (two times an average month's production). How do I get patients to pay at the time of service? Should I send a letter informing them of this change?

*Sincerely,
Time For a Change*

Dear Time,

Yes, it is time for a change. Your accounts receivable should be no more than one month's collections to be considered healthy.

Your financial policy needs to be clear for you and staff members, and your patients must be retrained to pay at the time of service. Begin by establishing a written financial policy.

Next, to implement and strengthen your financial policy, empower your business assistant to work out financial issues with patients before dentistry is performed. If there are two front-desk assistants, designate one as the financial coordinator. It is her responsibility that patients know their financial obligations. She should be comfortable talking finances with patients, inform them of their estimated financial portions, and tell them payment is due on treatment dates unless other arrangements are made. In the best-case scenario, there is an area where financial arrangements can be discussed in private between patients and the financial coordinator.

A business staff well-trained in office financial policy is important. Staff members who are not inhibited about discussing finances with patients will usually be able to prevent financial misunderstandings. These misunderstandings occur when patients do not understand treatment, how payment is expected, or both. Patients appreciate direction and respect being offered dental finance options.

I do not advise sending a letter for two reasons. First, it is an unnecessary expense. Second, patients will read it and promptly discard it. Some will claim never to have received it. Others will not remember the letter a month later when they come for their appointments.

A better action is give patients in your office a handout that outlines your new financial policy options. Business assistants may personally hand each adult patient a copy and say, "Mrs. Patient, in an effort to keep down rising expenses and fees associated with billing, we have some new financial guidelines. Here is a copy for you. Please look this over and give me a call if you have any questions." Here is sample letter handout:

To all our valued patients:

In an effort to control the ever-rising expenses of billing, we are pleased to offer you the following financial options:



Dianne Glasscoe

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Figure 1

FINANCIAL OPTIONS

Amount of treatment _____

This is a treatment estimate based on our present diagnosis. Changes in the body occur with time, and even with X-rays, some teeth may be in worse condition than originally diagnosed. We will discuss your options if this occurs. Changes in treatment needed or failed appointments may result in fee changes and/or loss of payment courtesies. Signing this estimate is not an obligation to do the treatment. You have been informed of treatment needed, fees, and estimated insurance coverage. Insurance payments are estimates, and some or all treatment may not be covered due to your plan limitations and/or maximums. It is your responsibility to check with your insurance company. If your insurance company does not pay the amount estimated, the balance is your responsibility. I UNDERSTAND THE PROPOSED TREATMENT PLAN and FINANCIAL ARRANGEMENTS.

I, _____, choose the following method of payment for my dental care and the care of my dependents.

Please initial your preferences.

1. _____ I have no dental insurance.

A. I elect to pay cash_____, check_____, MasterCard_____, VISA_____, Discover _____ on all visits as treatment progresses.

B. _____ I prefer to secure a bank or credit union loan for the entire amount and make monthly payments to my lending institution over an extended period of time.

C. _____ I wish to apply for your in-office finance plan (CareCredit®). I understand, on approved credit, I may finance up to _____ and make monthly payments over an extended time.

D. _____ On treatment amounts over \$_____, I elect to pay half on the preparation date and the balance on the second appointment.

E. _____ For amounts over \$500, I choose to pay the full amount on the first visit and take a 5% courtesy discount.

2. I have dental insurance through _____.

A. _____ I elect to pay my deductible of \$_____ and uninsured portion as treatment progresses.

B. _____ On treatment amounts over \$_____, I elect to pay 50% of my uninsured portion on the preparation date and the balance on completion or delivery date.

C. _____ On treatment amounts over \$_____, I elect to pay 50% of my uninsured portion on the preparation date and the balance in three equal monthly payments.

D. _____ On treatment amounts over \$_____, I elect to pay half of the uninsured portion on the preparation date and place the balance of the uninsured portion on (CareCredit). I understand, on approved credit, I may finance up to \$10,000 and make monthly payments over an extended length of time.

E. On treatment amounts over \$_____, I elect to pay my entire uninsured balance with CareCredit. On approved credit, I may finance up to \$10,000 and make monthly payments over an extended time.

Patient Signature _____

Date _____

or Discover) for the uninsured portion of your bill. Otherwise, the uninsured portion is due on the treatment date.

② All fees are due and payable at the time of treatment. You may use cash, check, bank card, or insurance.

③ For fees greater than \$500, other financial options are available through our financial coordinator.

④ For those who need extended payment arrangements, we offer (name of dental credit card), a finance plan that offers up to 12 months' interest-free loans on approved credit.

⑤ To uninsured patients, for treatment plans greater than \$500, a 5 percent courtesy will be given for payment made in full prior to treatment.

Remember that patients must become accustomed to your new rules, and that takes time.

We still are running businesses that should operate on sound financial principles. When patients go into a grocery or hardware store, they gather items they wish to purchase and must pay before they can leave with those items. We are no different in the business sense. Nevertheless, because we provide mostly services, tradition has led patients to believe they can delay paying for those services. That's where retraining comes in. We must retrain patients and change their thinking about payment for our services. We can provide patients with some credit options, but these options are engineered around our parameters, not those of patients.

When your financial coordinator works one-on-one with a patient for financial arrangements, it helps to have a comprehensive document that outlines acceptable payment methods. See Figure 1 for a sample document.

① If you have dental insurance, we will be happy to bill your credit card (MasterCard, VISA,

Another recommendation is for you and your financial coordinator to schedule meetings once

a month to talk about action for nonpayers. She should present a report that outlines her actions on delinquent accounts and her other efforts on collections. For now, there might be several uncollectible accounts. But with your new financial policy, bad accounts should become a thing of the past. The effectiveness of a good financial coordinator can be measured in a number. That number is the percentage of collections against adjusted production over time. Look at a three- to six-month average of collection percentages. The average should be 98 percent or better.

For now, all patients should receive a walk-out statement and copy of your updated financial options. In the future, if patients elect not to pay their portions on treatment dates, they must furnish a credit card number so the balance can be billed to the credit card on the day the insurance check is received.

For new patients, your business assistant should start by informing them of your payment

options. All new patients should receive a copy of your financial policy with their new patient questionnaires. When patients approach the front desk, the assistant should say, "Mrs. Jones, your total today will be \$X. Will that be cash, check, or bank card?" Also, verify insurance prior to dentistry.

If your office sends out a large number of statements each month, gradually reduce the number of statements until you send few, if any. Gradually retrain patients into thinking of paying when they come. Additionally, many dental-software programs allow for sending daily statements, rather than a large batch at one time. This allows better cash flow.

Remember, a good financial policy tempered with feeling is a practice builder.

**Best wishes,
Dianne ■**