

Psychiatry Coding & Reimbursement Alert

Collections: Understand the Do's and Don'ts for Handling Nonpaying Patients

Try 'hard' collection as your last option.

You might be familiar with situations where you face the issue of patients not paying their bills on time. You might have to face problems where you will need to balance between trying to collect without losing out on the patient.

Bottom line: Your practice requires patients to make prompt payments but you cannot forego patient relations.

Check on how to handle patients who don't pay their dues on time.

Get in Touch Over The Phone

While technology affords us several ways to contact patients about paying their balances, nothing can replace a phone call, says **Alice Scott**, co-founder of Solutions Medical Billing in Rome, N.Y.

"In a medical office, we highly recommend calling the patients on overdue balances," explains Scott. This mode of communication is definitely more personal than an email or text, and talking to the patient can help you clear up any misconceptions about the bill or allow you to handle other issues.

Example: Your patient might not have been able to pay as he lost his job or had a sudden crisis. If a patient truly is a difficult situation, talk to him so that you will find a solution to help him settle your bills. If you take the time to talk to the patient, you're might find some means and methods to help the patient to pay his bill.

You might see that some practices try different means of notifying the patient, such as email, text, or even traditional mail. Scott says you shouldn't rely on these methods and should instead use the phone and tell the patient about the outstanding balance. Your messages and mails could go unread or end up being considered spam and you just might miss sending in the required information. So, you should directly talk to the patient, get to know what he says, and see how you can both work toward a win-win situation.

Have a Limit on Sending Notifications

You will need to work on a situation basis to see how many chances you can give to the patient to pay up his pending bills. If you make contact with the patient and they promise to pay, keep sending up-to-date invoices as long as the patient is responsive, Scott says.

If, however, you never hear from the patient, only make three attempts to collect before sending the bill to a collection agency, recommends Scott.

Think on Route to Garnering the Collection

You should not defer every case to a collection agency, but you might have to think of this when a patient won't just pay up. If you want the bill collector to use a softer approach, try using an agency that specializes in "soft" collections.

Definition: "Soft collection is a less severe form of collection," per FinancialWeb (www.finweb.com). "This [collections] agency will send increasingly urgent letters and make increasingly urgent phone calls" to the patient until he makes payment. But, before you hand out your bill collections to such agencies, be sure to research them. Even though soft collection use softer means such as contacting patients, they might go overboard with it in an effort to collect. "A soft collection(s) agency can become a nuisance at best, or illegally abusive at worst," FinancialWeb reports.



Not every office will choose the "soft" route. How to collect outstanding patient balances "is a personal decision for the provider to make," Scott says.

Though soft collection might be helpful to some, you can try out the "hard" way □ more so when you think only of your collections and not bother too much about patient relations.

Definition: While it depends on the collections agency, "hard" collections are more aggressive, and potentially intimidating, toward patients. A hard collection should be a last resort, as it could damage the patient's credit report and her relationship with the practice.