

## USING SOPs TO MANAGE YOUR ACCOUNTS RECEIVABLE

By Marsha Freeman

Prior to becoming a practice management consultant, I sat in the hot seat like many of you. I began my dental career after working at Bob's Big Boy restaurant and received "on-the-job" training from an oral surgeon. While working as an oral surgery assistant, one of my tasks was to present fees to patients and make financial arrangements. After a time, I became the office manager and assumed full responsibility for the accounts receivable.

When I later accepted a position as the practice administrator for a very large general practice, I once again found myself responsible for managing the accounts receivable (A/R). Because of the size and complexity of such a large practice, I quickly realized the need to develop a formal system for managing the A/R. Since A/R tasks had to be delegated between various staff members, Standard Operating Procedures (SOPs) became the foundation for training, monitoring, coaching, and evaluating performance.

I share this with you now because I firmly believe a well-managed accounts receivable program requires a team effort. Although there must be a ringleader to manage the entire process, many tasks must be delegated and performed correctly to ensure success. Having worked with many different practices, including those with only one business staff person, I am completely convinced that the entire team needs to collaborate and clearly document how each task is performed.

### What does it mean to manage?

A quick search of my computer's thesaurus provides the following synonyms: run, direct, administer, supervise, handle, deal with, and control. However, I ask you to consider yet another definition. The effective management of people and the tasks they do involves providing all the necessary resources each person needs to be successful. I believe that there are only two reasons why people do not succeed at a task: 1) they don't want to do the task (unwilling), or 2) they lack the necessary resources (unable--due to lack of time, training, education, information, proper equipment, practice, adequate support from others, or innate ability).

To successfully manage an accounts receivable system, one must identify and provide the resources staff members need to perform the various tasks. If after providing the resources it becomes clear that a staff member lacks the commitment or innate ability then someone else must be found to do the job. I have to admit that in my early days in dentistry, I sometimes justified not calling more patients because it seemed that the doctor had plenty of money. However, I quickly learned that there is another equally important reason for monitoring and managing patient accounts. A delinquent account keeps patients away from the treatment they need. Patients are embarrassed when their account is not current. When I realized I was doing patients a disservice by not following up on their account, my attitude changed. I worked harder to negotiate financial arrangements through other resources, such as Care Credit or a local bank, so patients could feel good about being in our office. I became their advocate, not their adversary, and we worked together to find ways that they could afford their treatment. The more I prepared up front, the less time I had to spend collecting accounts and giving the doctor disappointing monitor reports. At the same time, I began to better understand the practice overhead and that every dollar counted—not just to pay the bills but also to provide me and my co-workers a well-deserved pay increase.

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### Consultant's Corner

We are pleased to welcome back Marsha Freeman, President of Marsha Freeman & Associates, a company devoted to improving organization and system delivery in dental practices. Marsha has authored numerous books, including *Standard Operating Procedures for All Dentists* and conducts workshops teaching dental teams how to create their own SOP manual. She is a member of the Academy of Dental Management Consultants and is a certified trainer for the Institute of Foundational Training and Development. Marsha can be reached by e-mail at [Marsha@fix.net](mailto:Marsha@fix.net). Additional information can be found at [www.marshafreeman.com](http://www.marshafreeman.com), [www.sops.com](http://www.sops.com), and/or by phone at 800-253-2544. ☎

### HOW DO WE KNOW WHEN TO SEND X-RAYS?

Sending x-rays, perio charting, and narratives to dental plans can actually delay payment of your claim if they are not required. However, not sending them when they are required also delays payment of a claim. **So, how does one know when additional documentation should be sent with a claim?**

Finally, there is a single portal on the Internet where dental practices can perform a search by insurance company name and CDT code to see the specific attachments that are required. National Electronic Attachments (NEA), in partnership with the National Association of Dental Plans (NADP), has developed a new program called *FastLook*. The service costs \$40 per year per office location. Registration is free for NEA's *FastAttach* customers. For more information go to [www.nea-fast.com](http://www.nea-fast.com) and click on the *FastLook* logo. ☎

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In order to effectively manage an accounts receivable system, one must first understand each of the components and know who does what, when, and how. To ensure consistency, develop a Standard Operating Procedure (SOP) that outlines each task involved and provides a way to measure success. I have included a sample SOP below so you can see what one looks like. You will also find some additional forms, including a compli-

mentary Performance Packet for a Patient Accounts Administrator on my website at [www.marshafreeman.com](http://www.marshafreeman.com) or [www.sops.com](http://www.sops.com).

Feel free to edit the SOP below to reflect your own office procedures. Once completed, put the edited SOP in a three-ring binder. This binder will be the beginning of your practice's own SOPs manual. Continue to write SOPs

for each of the tasks performed in your A/R system until you have totally "SOPified" each one. Use the Task Inventory as an outline of the tasks that need to be identified and determine who is responsible for performing each task, who provides back-up, and what duties are shared responsibility. Once you have developed SOPs for each element of your A/R system, begin creating SOPs for other areas of your practice.

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### COLLECTING AND AUTHORIZING CREDIT CARD PAYMENTS

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**Desired Outcome:** To efficiently and accurately collect and authorize credit card payments

**Measurement:** Feedback from the patient, authorization number on all credit card payments, and balanced collections at the end of each day

1. Obtain the patient's credit card and verify that the patient's name or spouse's name is the same as that listed on the credit card, unless prior arrangements have been made with the office manager for charges to be paid by another cardholder.
2. Check the expiration date to ensure the card is still valid, and place the credit card face-up in the credit card imprint machine.
3. Place a blank credit card slip on top of the card, and slide the carriage over the card. Then slide the carriage all the way to the right and back again.
4. Remove the credit card slip and card, and check the last page of the slip to ensure the imprint of the credit card information is legible.
5. Write the following information on the credit card slip:
  - Date of service
  - Expiration date—check the box
  - Description of services
  - Clerk's initials—yours
  - Card type—Visa, MasterCard, Amex, or Discover
  - Quantity of services (i.e., 1 for one office visit)
  - Amount of charges
6. Add the charges, enter the figure in the "total" box, and authorize the total amount to be paid using the credit card authorization terminal.
  - A. Press the blue "sale" button, and type the card number followed by the "enter" button.
  - B. Enter the expiration date in two-digit month/two-digit year format, then "enter." For example, if the expiration date is March of 2008, enter "0308."
  - C. Enter the amount without the decimal point followed by the "enter" key. (i.e., enter 5000 for \$50.00)
  - D. Write the authorization number on the credit card slip in the "authorization" box.
7. Return the slip and the card to the patient, and ask for his/her signature on the slip.
8. Remove the perforated strip on the left, separate the slip, and give the patient the "customer copy."
9. Attach the merchant and bank copies to the route slip.
10. Should the patient wish to use the same credit card for future individual payments or as the payment method for financial payments:
  - A. Ask him/her to sign the Authorization for Automatic Credit Card Deduction form. (Readers can obtain a sample form by sending a request to [Marsha@fix.net](mailto:Marsha@fix.net).)
  - B. Make three copies of the form after signature—one for the patient, one for the chart, and staple the 3rd copy to the routing slip.

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I once had a dentist tell me that he had been managing his practice the SOPs way for years—i.e., by the **S**eat **O**f his **P**ants but that I had convinced him to try using Standard Operating Procedures. Written guidelines are less apt to be misunderstood when training or holding someone accountable. You can see from the Task Inventory how complex this one system is.

Ideally, when you create your comprehensive task inventory for managing your accounts receivable system, you should write them in the order

you perform them. In other words, begin with your Payment Options and the SOP that explains how you use it. The initial phone call may be at the top of your list with the SOP that outlines how you discuss finances and insurance during that critical call. Continue through your day and list all of the tasks and forms that are used to present fees and treatment to your patients: the tasks you do before they come in for their appointment, how you confirm, how you check them in and update their information, collaborating with your clinical staff when treatment changes, handling emer-

gencies, child custody issues, different fee schedules, presenting the treatment plans using your payment option sheet, the verbal skills you use in making financial arrangements, signing the forms, asking for money the day of treatment, posting the payment, closing out the day sheet, making your bank deposit, billing insurance, working A/R reports, sending statements, collection calls, sending accounts to collections, following up on insurance claims, and completing necessary monitors and running reports, and the list goes on.

### PARTIAL TABLE OF CONTENTS FOR A/R SYSTEM

Taken from *Standard Operating Procedures for All Dentists*

Position	Performance Agreement	Employee Name	# or Initials
Patient Account Administrator	paactadm.doc		
Patient Treatment Coordinator	paptcoor.doc		
General Front Office Assistant	pafoasst.doc		
Office Manager	paofcmgr.doc		
Clinical Staff	parda.doc		
Dentist			

Titles	SOPs	Who is Responsible?		
		Primary	Back Up	Shared
<i>Place employee initials/# in column related to each task</i>	<b>File Names</b>			
<b>Accounts Receivable Tasks</b>				
Task Inventory	artaskinv.doc			
Managing Patient Finances	ptfinance.doc			
Patient Education of Insurance Issues	ptedins.doc			
Verifying Patient Insurance Benefits	bennieck.doc			
Chart Preparation	chtprep.doc			
Treatment Estimate	txest.doc			
Patient Check-Out	dismiss.doc			
Insurance Pre-authorization Requests	inspreauth.doc			
Notifying Patients of Predeterminations	ntfypts.doc			
Making a Patient Financial Agreement	ptfinarrg.doc			
Preparing Routing Slips for Data Entry	rtslipprep.doc			
Daily Data Entry	dataent.doc			
Posting Daily Charges	postchrg.doc			
Posting Payments	postpay.doc			
Data Repair	datarep.doc			
Finance Charges	finchrg.doc			
Running Statements	runstmts.doc			

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Titles <i>Place employee initials/# in column related to each task</i>	SOPs <b>File Names</b>	Who is Responsible?		
		Primary	Back Up	Shared
<b>Accounts Receivable Tasks</b>				
Reviewing Printed Statements	revstmts.doc			
Sending Statements	sendstmts.doc			
Following Up on Patient Payments	fuptpays.doc			
Claim Batch Printing & Processing	clmbtprt.doc			
Paid Claims	pdclaim.doc			
Billing Secondary Insurance	secondins.doc			
Adjustments	adjust.doc			
Write-Offs	writeoff.doc			
EOBs Lacking Information	eoblkinfo.doc			
Insurance Rebills	insrebl.doc			
Collections	collect.doc			
Entering New Patients in the Computer	entnewpt.doc			
Adding Dependents to an Existing Account	adddept.doc			
Updating Patient's Account	updinfo.doc			
Insurance Carrier Maintenance	insmaint.doc			
Bank Deposits	deposit.doc			
Refunds	refunds.doc			
Hospital Cases	hoscase.doc			
Patient Transfers	pttrans.doc			
<b>Forms</b>				
SOPs Worksheet	sopwk.doc			
Performance Agreement Worksheet	pawkst.doc			
Patient Transfer Form	pttrans.doc			
Authorization for Automatic Credit Card Deduction	authcc.doc			
Petty Cash Reconciliation Log and Worksheet	pettyca.doc			
Daily Deposit Recap and Cash Recap Worksheet	dailytotal.doc			
<b>Other Sample Forms</b>				
Payment Options				
Patient Information--Spanish				
Hospital Monitor--Stage One				
Surgery Scheduling Form with Sample Complete				
Fax Cover Sheet				
Surgery Information Sheet				
Outpatient History & Physical Exam				

I encourage you to take the time to create your own Task Inventory. Identify each task that should be performed and the person/position assigned to that task.

Write down what you do on the first call, how you prep the chart, how you greet

patients at check-in, what the clinical team does to provide you information, what you do at checkout, how you handle treatment presentations and financial arrangements, scheduling appointments, balancing the end of the day, making deposits, flagging patients who “forget their checkbook,” filling

in monitors, reviewing the next day for special needs or problem patients, and last, but certainly not least, praising your team/co-workers for a job well done. Once you have completed your inventory, it is easier to see if you have the necessary resources to effectively manage your accounts receivable. 