

## USING FINANCIAL MONITORS

By Marsha Freeman

Financial monitors are a dentist's first line of defense against system malfunctions, employee apathy, patient dissatisfaction, shifts in the economy, and changes in the insurance and/or dental industry.

Once monitors are used, you will wonder how you ever survived without them. Most dental practices have weathered some or all of the problems above, often not knowing who to blame or what to do. Some simply continue to lose money and hope for something miraculous to happen.

The good news is, if you have already implemented the first five of "Six Steps to Managing Your Accounts Receivable Effectively" as outlined in the last five issues of *Insurance Solutions Newsletter*, you are well on your way to increasing your cash flow. With well-placed monitors, which represent the sixth step to managing your accounts receivable, you will ensure that all of your hard work continues to pay off. Monitors alert you when you are getting off track. Coupled with a time study monitor and a phone analysis, you will be able to determine if you need a better computer program, better phone system, additional staff, more staff training, and/or better communication with your patients.

Before we discuss the use of monitors, let us review the entire Six-Step System one last time. Evaluate your progress towards each step as you read along and highlight the areas that concern you.

### 1. Written Financial Options

All financial options should be in written form--presented in language that is helpful, not insistent--and available to your patients in their welcome packet, as a take-home handout, and/or used when presenting their treatment plan and financial choices. The financial options should be simple, clear, concise, approved by the doctor, and familiar to the entire staff. Financial options should be firm yet flexible enough to provide for choices, negotiation, and collaboration.

### 2. Signed Financial Arrangements Prior to Treatment

The standard in your office should be to "inform before you perform." Financial arrangements should be written in language that is clear and concise, signed by the patient, and witnessed by a staff member. Signed originals should be kept in the chart with a copy given to the patient.

### 3. Payments Collected on the Day of Treatment

Thorough chart preparation and the use of routing slips are paramount to this step. There should be no questions at the front desk regarding the payment that is due. Use appropriate verbal skills, smile, and monitor your effectiveness.

### 4. Effective Management of Accounts Receivable

Use standard operating procedures (SOPs) to standardize your success in this area. You need a monthly schedule of all accounts receivable activities, clear job descriptions, task inventories of who does what and when, and steps on how to maintain the cycle. This is a team effort involving everyone, not just business personnel.

### 5. Consistent Billing and Collection Activity

Your billing cycle should be consistent (i.e., accounts billed on the same day every month). Statements should portray a professional image and include appropriate messages to your patients (i.e., personalized, handwritten overdue notes or stickers).

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### Consultant's Corner

We are very pleased to welcome back Marsha Freeman, President of Marsha Freeman & Associates, as she completes her six-part series, "Six Steps to Managing Your Accounts Receivable Effectively."

Marsha has authored numerous books, including *Standard Operating Procedures for All Dentists* and conducts workshops teaching dental teams how to create their own SOP manuals. 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), [www.marshafreeman.com](http://www.marshafreeman.com), [www.sops.com](http://www.sops.com), or by phone at 800-253-2544.



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### 6. Performance Measured with Financial Monitors

Set goals, monitor your performance closely, and fine-tune your processes as needed. The following are some common benchmarks to consider:

0-30 days:	20-40%
30-60 days:	20-40%
60-90 days:	8-13%
Over 90 days:	18-20% (30% max)
Adjustments:	< 2%

Accounts Receivable Ratio: 1 to 1½ times average monthly production


Dental practices should also keep track of the following billing and collection statistics:

- Number of statements mailed each month
- Total dollar amount of statements mailed
- Number of returned statements
- Number of insurance claims sent
- Total dollar amount of insurance claims sent
- Total dollar amount of insurance paid
- Number of phone calls to delinquent accounts
- Number of reminder letters, notices, or slips to delinquent accounts

Monitors can be created to track specific information found in reports generated from your practice management software. Certain data is gathered daily from your computer and transferred to a single sheet of paper. The monthly totals are then transferred to another sheet of paper, allowing you to compare monthly statistics from year to year. At the end of the year, the annual totals are added to another sheet of paper, allowing you to quickly compare annual statistics.

I am often asked why separate monitors are needed when the same information shows up on computer reports. The answer is that taking a few extra minutes to transfer key data allows one to see the whole picture (day to day, month to month, and year to year) by simply looking at three sheets of paper. There is no need to fumble through various reports for data that you cannot remember long enough to do a thorough analysis. Monitors allow you to quickly identify daily, monthly, and annual trends. They can also help you determine how much you need to increase fees and what impact external factors are having on your practice.

Monitors can be created to analyze many situations. In addition to a basic accounts receivable monitor, you may find it helpful to monitor phone traffic to determine if you have enough staff to handle peak-call time periods. These two forms are available without charge on our home page at [www.marshafreeman.com](http://www.marshafreeman.com). It can also be helpful to monitor over-the-counter payments to determine if more training is required in this area (see page 8). Phone traffic and over-the-counter payment monitors are only used long enough to obtain the data needed to make important management decisions.

In reflecting on the six steps to managing your accounts receivable effectively, it is clear that all team members need to do their part to keep patient care in the forefront and patient finances in an area where we can let our customer service shine. We must always inform before we perform. Patients must see us as their advocate, not their adversary. We need to help--not hassle. We need to assist--not insist. If we succeed, our patients will enjoy their dental experiences, and we will enjoy our patients. 

## OVER-THE-COUNTER PAYMENTS MONITOR

Dr. \_\_\_\_\_

Month/Year \_\_\_\_\_

DATE	DAY	# PTS SEEN	# ASKED TO PAY	%	\$ AMOUNT REQUESTED	\$ AMOUNT PAID	%	COMMENT
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
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18								
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21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
<b>TOTAL</b>								

**DIRECTIONS:** Count the number of patients on the final schedule for the day. When prepping the charts, write the amount due from the patient next to his/her name with a zero in front of the dollar amount. For instance, \$150 is 0150. Post these numbers to your monitor. As the day progresses, place a mark beside each patient that was asked for payment. Indicate if the patient paid and how much. At the end of the day, total the amount paid as compared to what was expected. Calculate the percentage of patients that paid. Also count the number of patients you asked to pay compared to the number that you should have asked. Next, calculate the percentage of patients that were asked to pay. Obviously, the goal should be 100% in both cases.