

SUMMER STRATEGIES FOR A HEALTHY A/R

By Marsha Freeman

Summer is almost here, and people are thinking about vacations, a new summer wardrobe, and swimming classes for the kids. The last thing on their minds is their dental bill. In fact, this time of year many people are searching for extra money to pay for some fun in the sun. Some have learned that they can generate the extra cash by skipping their dental payment for a month. In fact, if no one notices, maybe they can even skip two months. If scheduled for treatment, some will conveniently forget to bring their checkbooks.

You know this scenario all too well. If we let patients skip even one month without confronting them, they will do it every time they run short of funds. We must bill everyone consistently and contact every patient who does not pay as expected (by either skipping a payment or sending in a smaller payment). We discussed the first four steps of managing an accounts receivable system in previous newsletters. In this issue, we will focus on Step #5: Consistent Billing.

Six Steps to Managing Your Accounts Receivable Effectively

- 1) Establishing financial options for your patients
- 2) Making financial arrangements prior to treatment
- 3) Asking for payments the day of treatment
- 4) Proactively managing your accounts receivable system using SOPs
- 5) Consistent billing**
- 6) Establishing and maintaining meaningful monitors


Before analyzing Step #5, Consistent Billing, let me share a story about one of my clients. Prior to implementing this six-step system, her account manager spent minimal time on the first four steps and was swamped, stressed, and overwhelmed when it came to sending statements and working delinquent accounts. "There are just so many," she complained. Yet, when presented with the details of steps #1-4, which is designed to prevent the delinquent accounts, she lamented, "I don't have enough time to do that for every patient! I will never get my other work done!" Fortunately, she agreed that their accounts receivable system needed an overhaul, and she was interested in working "smarter, not harder." She realized that the time spent with the first four steps would save her countless hours when it came to billing and working delinquent accounts. She finally understood that she would simply be reprioritizing how she spent her time. If she balanced her time among the six steps, she would see dramatically improved results.

With some coaching, the account manager became more skilled at preparing for patients and checking them in and out. The patients were happier because they understood their financial options and were able to choose the option that worked best for them. The staff loved their recent collection-based bonus, and the dentist was happier because she could stop worrying about money and focus on patient care. With SOPs in place for her accounts receivable system, the dentist felt more confident about staff accountability, cross training, and phased training for new employees.

The key to consistent billing is to know the status of every account at least twice a month; at statement time and again at "mid-month" time, which is halfway between two statement periods. For instance, if you mail your statements on the 5th of each month, you should examine your accounts again around the 20th of each month. Run an aging report of all accounts with a balance each time, with the exception of welfare accounts and others you have determined are not to be billed. I encourage you to also run a separate credit balance report and issue overpayment refunds at least twice a month.

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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 at Marsha@fix.net. Information can also be found at www.marshafreeman.com, www.sops.com, and/or by phone at 800-253-2544. 

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I recommend sending statements to all accounts with balances, even those with insurance still pending. Let patients know from the very beginning and in your written treatment estimate that they will receive a statement every month to keep them posted on account activity. If their dental plan pays more than expected, they will promptly receive a refund check. If the dental plan pays less than expected, the statement will show what remains to be paid by them.

As you know all too well, even patients who have agreed to pay in full at the time of treatment (either by check, cash, credit card, or outside financing) sometimes fail to honor their financial agreement. In spite of your best efforts, some patients still slip into a monthly payment plan not initiated or approved by you. Forgotten checkbooks, declined credit cards, and bounced checks are only a few reasons why dental practices end up carrying account balances. The surest way to avoid this is to ask for payment when patients check in and reschedule them if they fail to pay as agreed. The doctor may not want to give up the production. However, when a patient fails to honor his/her prior financial agreement there is significantly increased risk that the doctor will not be paid for his/her efforts. Increasing production only increases expenses and frustration if you are not paid for your services.

The following SOP outlines the recommended billing routine, including how to manage reports and delinquent accounts for peak efficiency. Consistency is the key to success. Whatever you do, do it on a regular basis.

A. Review Accounts at Least Twice a Month

1. Run an aging report of all accounts owing a balance. Exclude welfare accounts.
2. Beginning with the first page, highlight in yellow all of the accounts you recognize as current without having to research their ledger.
3. These statements can be mailed immediately. Write a date by each account on the report to indicate the date the statement was mailed.
4. Determine what constitutes a “delinquent” account.
 - a. Forgotten checkbook or other changes on the day of treatment
 - b. Broken promise to pay by a certain time
 - c. No response to request for payment
 - d. An account does not have to be 60-90 days old to be delinquent
5. Go back through the report and research each account that is not highlighted, deciding what action is needed for each account.
6. Write down what action is needed in red (e.g., a phone call, a statement sticker, reminder letter, re-bill insurance, etc.).
7. **Important:** Do not stop at any point to complete the action. The goal is to analyze the entire report and indicate what action is needed.
8. Other staff members can help implement the action needed. However, the account manager should determine the specific action needed.

B. Mail Statements Consistently

1. Mail current accounts immediately.
2. Mail statements to overdue accounts as soon as notes/stickers are placed, and write that date on the A/R report next to the account name.

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ORAL CANCER SCREENING

WHAT IS LIQUID CYTOLOGY?

Liquid cytology is a popular, relatively new FDA-approved cervical screening technique that can be used in the oral cavity. It is primarily used to screen a suspicious leukoplakia (white patch) or erythroplakia (fiery red patch) of the mouth in order to determine the presence or lack of pre-malignant dysplastic (abnormal) changes. Herpes simplex infection and candidiasis can also be diagnosed by this procedure.

Liquid cytology is also used to determine if a surgical biopsy should be performed (e.g., when the patient cannot afford or refuses a biopsy procedure or is too ill to undergo an invasive procedure). The technique involves the collection of disaggregated epithelial cells by vigorous rubbing of the oral lesion with a sterile nylon bristle brush provided by the oral pathology lab. The cells are transferred to a bottle containing a liquid preservative solution. The brush is twirled within the solution to remove the collected epithelial cells from the bristles. The nylon brush is then separated from the plastic handle and placed in the bottle. The bottle is placed in an overnight courier package for free delivery to the oral pathology lab the following morning. Most importantly, after the specimen is analyzed by an oral pathologist, a detailed report is sent to the dentist providing a diagnosis and treatment recommendations.

The clinician collecting the sample bills D7288 to the patient's dental plan. The lab typically bills its fee (\$143) directly to the patient or the patient's medical plan.

Free liquid cytology kits can be obtained by calling Tufts Oral Pathology Services (TOPS) at 617-636-6510 or visiting their website at www.tufts.edu/dental/tops. All you need to provide is your name, shipping address, and phone number to receive your free kits the following business day. 

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3. If insurance needs to be rebilled, place a note/sticker on the statement to keep the patient informed. When appropriate, ask the patient to call his/her insurance carrier regarding payment.
4. Clearly document all of your actions and communications with the patient.
5. If the account is delinquent, either place a progressively late notice on each statement, call the patient, or initiate the “Mid-Month System.”

C. Utilize the “Mid-Month System”

1. After the second statement or request for payment, the “Mid-Month System” should be initiated to prevent accounts from slipping through the cracks. This involves alternating statements and mid-month notices every two weeks.
2. This system actually gives the patient five to six opportunities to pay within 90 days. Send a final notice two weeks later and if needed, to collections if the account is not paid within 120 days of treatment.
3. My favorite collection of “mid-month” notices is available from Control-o-Fax. My personal contact is Sandy at 800-553-0070 (ext 72904). Ask to see a sample of the 110 Series, 20-110S, 20-110C, and 20-110P. I have no financial interest in this company. I just like their product because it works when used correctly.
4. Patients generally respond very well to the first and second mid-month prompts when followed consistently.
5. Courtesy calls are always preferred. However, if you cannot reach a patient by phone, a mid-month slip should be sent right away.

D. Send Final Notice and Initiate Collection Activity

1. Once a patient has gone through the mid-month system, you have spoken with him/her at least once, and he/she still refuses to pay, consider sending a final notice.
2. Before sending the final notice, pull all family members’ charts and review the account and clinical records with the doctor.
3. Always obtain approval from the doctor before proceeding with more aggressive collection methods.
4. Double-check previous insurance and collection efforts.
5. Send the “final notice” (e.g., pink slip or whatever you are using) as a 10-day notice by certified mail, return receipt requested.
6. Do not rebill, call, or send more letters to the patient after sending the final notice. However, if the patient calls the office, you can negotiate with them.
7. In 10 days, send the account to a collection agency, submit to small claims court, or write off the balance, based on the doctor’s preference.
8. Whatever you decide to do after the 10 days, write off the balance and flag the account ledger: **Balance adjusted until patient returns. Do not schedule without management approval.**
9. Complete all necessary in-office documentation so that the patient is unable to schedule an appointment without clearing the account.

Important Note

This cycle can be accelerated or slowed down as needed. The process can also be repeated for people who sometimes miss their payments. The key is to hold patients accountable. Consider collections as soon as a patient breaks two promises to pay.

In Summary

If we want our patients to save a portion of their summer budget for us, it is easier to arrange for it prior to treatment than to try to pry it out of them after their dental work is completed. Do whatever it takes to consistently complete steps 1 through 4 so there are fewer statements and delinquent accounts to worry about. For those patients who do sneak through your office without paying, establish an aggressive mid-month routine, and get them off your books within 120 days. Remember, the more overdue accounts are collected, the more likely you and your staff will get to enjoy some fun in the sun, too! 📖

FEDVIP REMINDER

Dental practices are still reporting problems with FEDVIP carriers requiring EOBs from FEHB plans before coordinating benefits. Technically, FEDVIP plans are supposed to directly coordinate benefits with FEHB plans. However, there are over 450 FEHB plans, and FEDVIP plans have no way of knowing which FEHB plan federal employees have unless that information was furnished when they signed up for their FEDVIP plan. Remind federal employees to report their FEHB information to www.BENEFEDS.com.

FEDVIP Enrollment Distribution

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| MetLife | 249,160 |
| GEHA | 50,595 |
| United Concordia | 44,366 |
| Aetna | 40,051 |
| Comp Benefits | 10,598 |
| GHI | 6,261 |
| TripleS | 2,126 |

