21st-Century Patient Collections: Implement a Point-of-Service Collections Program Now

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An 8-surgeon group in the Southeast had a history of high patient receivables, the result of a long-held culture of "We'll submit to your insurance and bill you after insurance pays."

The billing and collections staff worked in the basement—far away and out of sight of the patients who showed up for their postoperative visits owing big bucks.

In a flash of wisdom, the administrator agreed to move the patient-balance collector into a converted closet near the check-out area, and provided the information, tools, and training that enabled her to speak with patients about their balances when they came in for an appointment. In her first month in this role and location, this employee collected *more than her annual salary* from patients.

It Takes a Program

This is one of our favorite client success stories, and it illustrates a key point: point-of-service (POS) collections do not have to be complicated. But the process does have to be deliberate and coordinated. Practices cannot simply update the financial policy and hope the staff members magically begin collecting. If this is your strategy, we promise that it will fail.

Successful POS collecting requires a *program approach*. And this approach starts at the front-end of the billing cycle, not "after insurance pays."

POS collections have never been more important. Health insurance exchanges and payers are increasing deductibles and coinsurances. Physicians are opting out of network. Given these realities, POS collections are vital to your cash flow and effective receivables management.

If you are starting practice, you have a perfect opportunity to open with POS collecting in place. A solo surgeon whom we set up in practice did so, and has collected up-front for office services, scans, and surgeries from his first day in practice. Today, the practice's only outstanding patient receivables are those of patients on payment plans—and these are less than 1% of total accounts receivable.

We also converted the "after insurance pays" philosophy of a surgeon in the South, implementing both POS collections and surgical deposits. In the first month, his patient payments increased by 40%. Another solo orthopedist reported an increased take-home salary of $90,000 in the first year after we helped his staff collect surgery deposits.

Six POS Program Elements

In 30 years of implementing or training staff to implement POS collections, we have come to recognize the following 6 key elements to include in your program approach: Policies + Procedures + Technology + Training + Monitoring + Coaching.

At a high level, here are the actions your practice will need to take:

1. **Update the financial policy** with 1 written standard for all physicians.
2. **Develop granular procedures** driven by the policy; these are the "how-tos" that enable the staff to collect successfully.
3. **Implement new technologies**, such as cost estimators, recurring payments, and online bill pay.
4. **Schedule formal training** to ensure that staff members know how to ask for money. (Do not assume they are, can, or will without training.)
5. **Measure and monitor the outcome** of patient collections and staff performance.
6. **Provide ongoing coaching and oversight** to maintain motivation and skills.

A blueprint for addressing each one of these actions follows.

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1 Update the financial policy

The policy is the set of expectations on which to build all procedures and training. Dust off this document, and review it as a group with the practice administrator. First, strike old language that says the patient will be balance-billed, or will only be asked in the office for his visit copay. Next, strive for clarity. "You will be asked to pay your financial responsibility at the time of service," really says nothing. Instead, the policy should be direct:

If you are recommended for surgery, our staff will calculate your coinsurance and unmet deductible amounts: 50% of this amount will be collected as a surgery deposit, and the remaining 50% is due on or before the day of surgery. Payment plans are available.

For office visits and services, break down the policy by coverage type. We find that a table such as the one shown makes expectations clear.

For Patients With…	Staff Collect…
Medicare	Noncovered services, as long as a signed Advanced Beneficiary Notice is on file.
PPO	Office visit copay for specialty care (on card), and unmet deductible and coinsurance for services rendered.
Out-of-Network PPO or HMO	Payment in full for all services performed, using the payment schedule for out-of-network amounts.
Uninsured	Payment in full based on cash discount fee schedule (unless other payment-plan arrangements have been made with the financial counselor).

Finally, strive for 1 standard policy for all providers. If every provider is allowed to create his or her own set of collection policies, the practice is setting staff up for complexity overload, and collections will suffer.

2 Develop granular procedures

Few practices take the time to translate the financial policy into written procedures that can be followed by staff. The policy establishes the rules, but the procedures tell staff *what to do to implement those rules*. For instance:

If the policy says:	The procedure could include:
Patients will be asked to pay their financial responsibility for all office services.	A chart of allowables that explains what front-desk staff should ask for, by payer, when collecting for radiographs, injections, casting, durable medical equipment, and other services before patients leave. For example, specify the differences in payment responsibility when a patient is uninsured vs out of network vs covered by a contracted plan vs Medicare.
We offer payment plans.	Detailed guidelines for setting up the payment plan. For instance, "If the patient's responsibility is $500 or less, the goal is to have it paid within 90 days. Collect 50% at time of service, and divide the remaining amount by 3 to establish the monthly payment."
Patient financing is available, for those who qualify.	A step-by-step guide for offering financing, and the details about how it can be used: 1) Review financing brochure with patient. 2) Explain 6- and 12-month no-interest options. 3) Direct patients to apply via the computer in the reception area. 4) If the patient does not qualify…[Specify the details of what your staff members are supposed to do when this happens].

Create a "POS Playbook" that contains information such as procedures, cost-quotation worksheets, US Poverty guidelines[1], and financing brochures. As old-school as it sounds, a 3-ring binder is great for this information, and makes information access and updates easy.

3 Implement collection technologies

Modern practices use inexpensive (and often free) tools that increase patient convenience and staff efficiency. Implement *at least* 2 of these useful technologies and watch your POS collections increase:

- *Reports from your practice management system* (PMS). Use the technology you already have. There are 2 standard reports in your PMS or clearinghouse that give front-desk staff the data to ask patients for money. *Eligibility status* and *past-due balance* reports indicate amounts owed, unmet deductibles, and the ineligible patients they can collect from when they come in for their appointment.

"But Won't We Have More Refunds?"

If your manager is concerned that collecting upfront may require more refund checks, our belief is this: Getting more money into the bank faster is worth writing a few additional checks each month. It is cheaper than sending hundreds of monthly statements. And we find that physicians prefer signing refund checks to reviewing old accounts and sending them for outside collection.

- *Online cost estimators.* These free, online tools are offered by payers and provide staff with real-time data about a patient's unmet deductible and coinsurance. When staff members enter *Current Procedural Terminology* (CPT) codes and the patient's benefit information into the online cost estimator, they can access valuable information. Many insurance plans offer cost estimators on their web sites. Others deliver the data through statewide or regional portals, such as Availity (www.availity.com). The accuracy of cost-estimator data can vary by region and depends on the data links with payers. Ask your team to evaluate which estimators are best for you based on your payer mix.
- *Online bill pay.* Everyone appreciates the convenience of paying bills online. Most patient portals offer this feature. If yours does not or you do not have a portal, you can offer PayPal (www.paypal.com) on your practice website, or use a system such as Intuit Health (www.intuithealth.com).
- *Recurring billing.* Recurring billing is how you pay for services, such as Netflix, Pandora, or your gym membership: it is automatically billed to a credit card each month. Offer this option to patients as a payment plan method, and staff will no longer need to send costly statements, post monthly check payments, or follow up when a patient is delinquent. Plus, it guarantees payment every month; patients can no longer say, "I forgot."
- TransFirst (www.transfirstassociation.com) and a-claim (www.a-claim.com) offer recurring billing through a "virtual terminal" that staff logs in to at checkout, or during the preprocedure patient counseling process. Both vendors also offer the option of automatically charging a patient's credit card after their insurance pays, speeding patient account pay-off and negating the need for statements.
- *Real-time collections scripts based on payer rules.* Patient Access, offered by Availity, combines real-time payer data with financial policies that are entered during set-up to create instant, patient-specific scripts that staff members read to the patient in front of them.

4 Schedule formal training

Just because someone can collect a copay does not mean he or she is comfortable with or capable of asking patients for past-due balances, surgical deposits, or large coinsurances. It is the rare staff person who is a "natural" at asking patients for money in a polished and professional manner.

That's why training staff how to ask patients for money is vital. A front-office supervisor or manager should conduct several training sessions to cover policies and procedures. Training materials should include talking points and scenarios for collecting for office services and past-due balances, and calculating what patients owe, using technology tools. Use role-playing to ensure staff can explain payment plan options and how to apply for patient financing or financial assistance.

Few practices can skip this part of the POS program and still be successful. If your manager or supervisor is not capable of training, it is worth the investment to hire an outside expert. Without thorough training, staff efforts will be suboptimal or, at worst, fail because the staff members will not know how or what to collect.

5 Measure and monitor the outcome

The *Hawthorne effect* is a psychological phenomenon that says people perform better and make more positive changes as a result of increased attention.[2] In other words, staff members will perform better, and collect more, if they know someone is paying attention. Trust us on this one.

Employees respect what management inspects. So even if the implementation of POS collections has been a big success, *do not take your eyes off the ball.*

Stop by the front desk or surgery coordinator's office a few times a month and ask how much has been collected. Randomly review daily over-the-counter collections logs. And always put POS collections performance on the monthly partner meeting agenda; review a graph that shows monthly collections at checkout and surgery deposits. Keeping tabs on performance enables the practice to take action quickly when collections drop, and before that decline becomes acute.

6 Provide ongoing coaching and oversight

Most practices train once, then wonder why staff motivation (and collections too) fall off after a while. Like that new couch you bought: it was all you could talk about the week after it was delivered. Now, it is only a comfy place to sit. It is the same with collections efforts. When the newness wears off, staff motivation does too, and training principles can be forgotten. That's human nature. Conduct role-playing in staff meetings each quarter and discuss best practices for handling patient objections. Encourage peer-to-peer observation and coaching to address knowledge gaps and missed collection opportunities. Ongoing training and coaching will tease out training needs and boost your team's collection confidence and success.

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