

SA-VIT COLLECTION AGENCY TIPS OF THE MONTH ARCHIVES



April 2008

You Are Not in the Business of Loaning Money

Short-term payment arrangements, three months or less, are good, however, when the debtor-patient needs more than three months to pay the balance due in full and the balance is large, it is best to transfer the debt to a bank.

It may seem tempting to receive added interest for longer-term payment arrangements, by charging 1 or 1.5 percent per month, (12 or 18 percent per year). When setting up these arrangements you come under a whole set of regulations regarding loaning money, which you will be doing under the law.

It would be better to transfer these obligations to a bank whose job it is to loan money.

This can be done in two ways. If you have patient balances over \$1,000 for elective procedures, i.e., orthodontia, plastic surgery, etc., you may approach a local bank and work out a system whereby the debtor-patients can finance these balances through the bank. This way you get your money up front and in full, and collecting all future payments become the responsibility of the bank.

Or, if the patients have credit cards ask them to sign a statement giving you the right to charge their card a certain amount each month until the balance is paid in full. Again, you have transferred the debt obligation to the bank that issued the credit card.

Healthcare practices earn profit by being paid as close to the time of service as possible. Banks earn profit by charging interest over as long a period as possible.

Do not fall into the trap of becoming a bank to your patients.

Questions? Email them to help@savit.com.