

SA-VIT COLLECTION AGENCY TIPS OF THE MONTH ARCHIVES



April 2009

Collection Fees vs. Interest Charges

Adding a collection fee to the debtors balance rather than posting monthly interest charges is more efficient. Interest charges are difficult to administer, i.e., when do you begin charging interest, does it start before or after the insurance payment, is it after 30 or 60 days of the treatment, must it be done to everyone that owes a balance, etc. In addition, many patients will settle the bill for the charges only; the interest ends up being cancelled.

The last posted transaction prior to sending the account to your collection agency should be the collection fee. Of course, nothing is simple. Before you can legally add any charge that is not part of the normal fee structure, you must have a signed statement by the patients or guarantors, *before treatment is provided*, agreeing to this policy.

It is against federal law for a collection agency to add any type of fees, unless the contract creating the debt (the signed statement) provides for them. Also, a collection agency cannot add its fee to the balance owed.

Patients already sign various HIPAA privacy statements, and assignment of insurance benefits. They should sign a third statement agreeing to the exact amount that you intend to add to the delinquent balance, for example, \$50 or 25% of the balance whichever is greater. The \$50 covers the smaller balances under \$200 (co pays and deductibles) and the 25% is for larger amounts.

If you want a more detailed explanation of the procedure and a suggested statement for the patients/guarantors to sign, email us your request to info@savit.com, with your fax number, and we will send you the information.