

SA-VIT COLLECTION AGENCY TIPS OF THE MONTH ARCHIVES



June 2009

A Better Use of Billing Assets

During these slower economic times there is a tendency to, "Keep sending bills, because maybe someone will pay." The problem with this policy is that after three or four attempts, everyone who intends to pay will have paid. The rest will not.

Let's assume you normally send out 400 bills a month to new patients. After mailing out three statements the billing process continues for another five months. Approximately 5% or 20 of these 400 new patients will be delinquent after three months. Therefore, you will have sent 300 more bills unnecessarily over the five-month period. In addition, there will have been attempts made to reach these people by telephone, with little or no success.

Besides the cost of postage, paper and envelopes, there is the greater cost of personnel time spent on these activities. The out-of-pocket cost is estimated to be from \$3 to \$5 for each unpaid account per month or an average of \$1,200 per month or \$14,400 per year of lost assets.

Rather than wasting these assets on patients who have no desire to pay, a better use would be to apply them to following up on unpaid insurance claims. Insurance companies are cutting back on personnel therefore your payments are more likely to be delayed. Practices that have good insurance payment tracking can substantially increase their cash flow and income.

Put your assets to work on your highest potential income source, insurance payments.