

## SA-VIT COLLECTION AGENCY TIPS OF THE MONTH ARCHIVES



December 2009

### **Keeping Income Up in a Down Economy**

When income is down in a healthcare practice there is a tendency to reduce staff in non-patient areas which usually means billing and collection people. Also, there is a feeling that more time and effort should be spent attempting to collect money from patients that have past due accounts.

Working smarter on past due accounts is better than working harder, especially if the staff has been reduced. Since approximately 80 percent of the practice income is insurance related, 80 percent of the billing effort should be focused toward collecting money faster from insurance companies. To help speed up insurance payments, schedule a follow-up contact within 30 to 45 days of the initial claim submission.

Accelerating the billing cycle will improve collections. Most patients are waiting to pay their share of the service until after being notified of the insurance payment. Send the first statement immediately upon posting the insurance payment. Enclose a pre-addressed envelope along with this statement. That will help you compete with the patients' other creditors. The statement along with two to three more statements will collect over 90 percent of the remaining dollars in less than 90 days.

The remaining 3 to 5 percent of the debtor-patients have no intention of paying the practice for the services provided. It is time to make a decision. Cancel the balance and stop wasting money by sending more follow-up statements or by attempting to reach these debtors by phone. A better option is to send the account to a third-party collector. No matter how many times you contact these patients there are no consequences from your continued efforts. Once sent to collection agencies there are serious consequences to the debtors' credit.

An efficient insurance follow-up system and an effective bill processing system will increase income, reduce expenses, and improve cash flow to keep income up in a down economy. If you need help developing an effective system contact us at [help@savit.com](mailto:help@savit.com).