

## Collection Strategies: It's How You Say What You Say BY LOIS BANTA

**R**emember the old Popeye cartoons? Remember Wimpy? He always said, "I'll gladly pay you Tuesday for a hamburger today." In dentistry, we have followed that same philosophy for a long time. We have given our patients permission to make payments. The number one reason they don't pay at the time of service is we haven't asked for the payment! You might be very surprised at our patients' willingness to pay for their dental treatments at their appointments if we **ask!**

Struggling with collections makes managing accounts receivable frustrating, which creates a stressful environment. When I worked in a dental office, my least favorite task was collections. So, I developed a plan to ask for the payment when the patient was checking out. Sounds simple, right? **WRONG!** The scariest thing about collecting payment at the time of service isn't asking for it, it's **THINKING** about asking for it. We tend to be our own worst enemies. So, I developed a simple method for introducing the patient to the idea. I had the clinical team escort the patient to the front desk saying, "We're going to stop and see Lois today, and she will get a receipt for you." Guess what? It worked! It is simple, it cuts to the chase, and it is a non-threatening, psychological message, which plants the seed that the patient is going to owe money today. I successfully used this concept over the years in dental practices. It is what I implement today when consulting and what I teach in seminars.

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Here's another tactic that works quite well. You have a patient you suspect didn't bring payment. (Intuition is a valuable tool; don't underestimate its power.) Offer to collect the estimated payment before the patient goes into the treatment room. If they did not bring their payment, you have a "heads up" to offer alternatives for payment such as outside financing, credit card, or perhaps rescheduling until it fits the budget. Remember, you cannot refuse to finish treatment on your patient when you have irreversibly altered the tooth structure.

Collection calls tend to be another sticky, awkward situation. Nobody enjoys making the calls, and chances are the person making the collection call is the same person making the patient's next appointment. Make your collection call to the patient friendly, courteous, and to the point. Don't say too much before the patient has a chance to respond, and always document what the patient said and promised on a collection report. Never document collection calls in the treatment rendered section of the patient's chart. It can be misinterpreted by the courts that you were only interested in the patient's money, instead of the treatment being done.

### Here is an example of a collection call:

- 1st phone call: "Hi, Mrs. Patient, this is Hilda from Dr. XYZ's office and I'm calling about your past due balance." (Never say "past due balance" on a recorder, simply ask for a return phone call.)
- Wait for the patient to respond. They usually tell you their pet ate their paycheck, etc.
- When they respond to you acknowledging the debt, say, "What date can we expect your payment/balance to be received in our office?" This commits them to send the payment sooner rather than later. If they respond with, "I think I can have it in your office by Monday," they will most likely mail the payment so that it will be received by that date, rather than saying: "I think I can send it by Monday," which, of course, allows them to send it later rather than sooner.
- 2nd phone call: "Hi, Mrs. Patient, this is Hilda again from Dr. XYZ's office. You and I spoke on \_\_\_\_\_ and we have not received payment yet." Again, let patient respond to you before continuing on with the conversation.

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# Bad Debt Collections: The Rules, The Law

BY LOIS BANTA

It is never a pleasant task to take action on a patient's bad debt. This patient may have been with you a long time, is generally a very nice person, and may always have been trustworthy! In these challenging economic times, it has never been more important to develop systems regarding bad debt and especially to know the law.

One report I recommend is The Fair Debt Collection Practices Act. This 18-page report explains the legal requirements you must follow to collect bad debt. Because this is a federal report, it is in your best interest to find out what your state requires. A great website to check out is [www.lawdog.com](http://www.lawdog.com). It provides thorough information on what your specific state requires. Most states follow The Fair Debt Collection Practices Act. The website is [www.ftc.gov/os/statutes/fdcpa/fdcfact.htm](http://www.ftc.gov/os/statutes/fdcpa/fdcfact.htm).

Some of the information listed in this report includes:

- You may not call the debtor before 8:00 AM or after 9:00 PM.
- You may not leave information on a recorder about their bad debt.
- You may not call them at work unless they give permission. (Fortunately, your patient gives you permission to call them when they fill out the health history.)
- You must send your patient only **one** final notice. (This is the biggest mistake we make in our collection efforts. We tend to send the patient twelve "we really mean it, this is your final notice" final notices!



- You may not collect from patient any interest, fees, or charges incidental to the original amount unless the debtor is made known of the fact and signs acknowledgement. You also may not deposit a post-dated check before the date listed on the debtor's check.
- You may not use any symbol or communication on the envelope signifying you are attempting to collect a bad debt.
- You may not falsely represent yourself to the debtor. (This means, you may not send a collection letter on your attorney's stationery).

All of the above-mentioned rules listed are in this report. Of course, the best collection efforts and the ones that save our sanity are collections at the time of service.

There are many other rules to follow in the legality of collections:

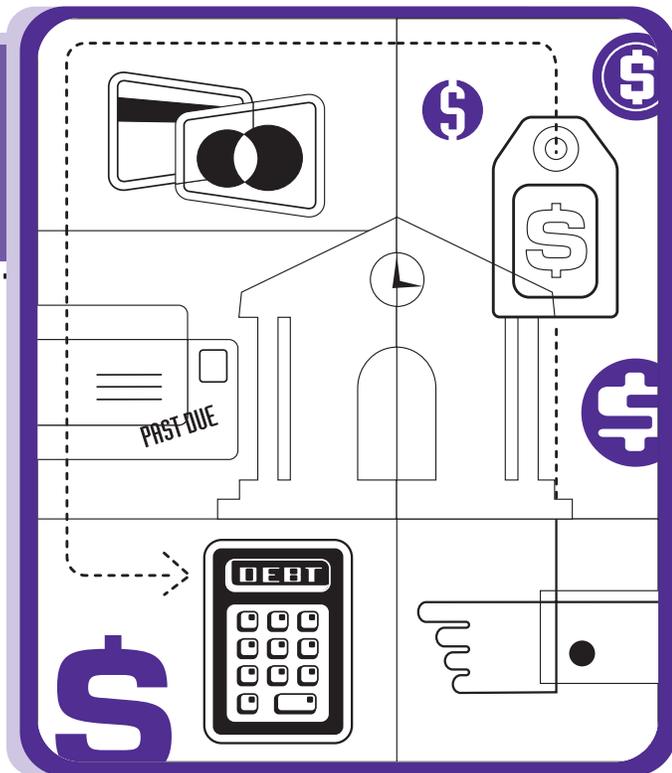
- You may not accept a post-dated check dated more than five days away.
- In most states, the amount required to take a debtor to small claims court is \$300 to \$3000. You can verify this on the website: [www.lawdog.com](http://www.lawdog.com).
- A bad check can be collected many ways. Most states allow you to refer the insufficient funds payment to your local county prosecutor. Some states require you to refer the insufficient funds check to your local magistrate department. There will be a dollar amount listed with your local courts on the dollar amount that constitutes a misdemeanor (usually \$500 or less) or a felony (usually any amount over \$500). Again, I refer you the website [www.lawdog.com](http://www.lawdog.com).

It's critical to have clearly stated "disclaimers" for your patients to understand your collection requirements. Some dental practices outline this on a separate "financial" form. I recommend all disclaimers be on the same form as your patient dental, health, and physical information, i.e. The Patient History Form. (I offer a detailed Health History form along with a Health History Update form on my website: [www.bantaconsulting.com](http://www.bantaconsulting.com).) Clearly stated guidelines of acceptable collection and payment practices in easy to understand terms will assist your patient in making financial arrangements that are comfortable for both parties. They sign the Patient History which acknowledges your rules and regulations for collection and acceptance of treatment recommendations.

Some of the disclaimers I recommend on your Patient History are as follows:

- I understand that my insurance is an agreement between my insurance company and me. I also understand that I am responsible for my balance regardless of my insurance.

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- Final notice phone call: "Hi, Mrs. Patient, this is Hilda again from Dr. XYZ's office. Our account manager was in our office recently and took your chart from our files. Your account will be referred for collection unless this balance is paid in full by \_\_\_\_\_. Mrs. Patient, we think you're a great patient and we don't want to see this account referred for collection. What can we do in our office to help you settle this account?"

Let's say your patient was unaware of your new payment guidelines and did not come to their appointment prepared to pay. Have systems in place to offer payment options such as cash, check, credit/debit card, or outside financing. Also, don't ask your patient if they want to pay today, simply state your options to them. Say, "How do you wish to pay today... cash, check, or credit card?" The more confident you are in your statement, the more likely your patient is to follow the new payment guidelines! This up-front payment option is the most successful tool you can have regarding payment at the time of service. It's one of the most important systems to have in your office. The results are two-fold... lowering your accounts receivable balances and increasing your collections.

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- I understand that I may incur a 1.5% or 18% (or whatever your state allows) finance charge if my balance goes beyond 90 days.
- I assign dental benefit payments to be paid directly to Dr. \_\_\_\_\_ from my insurance company. (The new X12-ADA 2002 claim form also outlines the patient's financial responsibility on line 36 of the claim form. It's outlined the same way on the ADA 2000 insurance form on line 39.)
- I give permission for my dentist and clinical team to take any necessary diagnostic films, photos, or study models to properly enable complete diagnosis and treatment.

All of these disclaimers allow you to legally treat, diagnose, and inform patient of all needs and requirements in your office. You have the best chance of winning a court case when the patient signs disclaimers.

Remember, when dealing with the law and collections, make sure you are aware of the federal and state requirements. The federal guidelines are what most states follow, but your state has jurisdiction on additional guidelines and laws. Your state laws are what are mandated for your dental office.



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*Have systems in place to offer payment options such as cash, check, credit/debit, or outside financing.*