

Post No Bills

Shattering these common collection myths will put your practice in position to halt sending monthly statements.

BY PATRICK WAHL, D.M.D., AND LORRAINE HOLLETT

The tradition of billing has created a perception among some dentists and their staff members that collecting past-due accounts is a normal and healthy endeavor. Some practices retain a full-time staff member for this one task. Uncollectable bills are invariably seen as a routine business cost.

Admitting to a collection problem seems to be admitting some sort of personal failure. A collection rate of 98% is thought to be excellent, even if some balances are obtained several months after treatment and even if the process leaves some patients hostile.

With the wide array of payment options now available, there is no reason to routinely bill your patients. Your utility company probably offers you the option of automatic payment by electronic funds transfer; your car and your house were probably financed through a professional lending institution. Why shouldn't you offer patients these same modern payment conveniences?

It's time to clear your mind of the foggy myths about collections that have become so ingrained in dentistry's collective conscience. Turn the challenge of collecting into an opportunity to impress the patient. Update your financial policy in the same way you update your clinical skills.

Here are some of the major financial myths we overcame on the way to developing a "statementless" practice.

Myth: Gaining approval for a fee indicates that a payment agreement has been reached.

Fact: Too often, the doctor or staff will quote a fee, the patient will nod in agreement and treatment begins. The patient is then escorted to the front desk only to exclaim, "Oh, I didn't know I had to pay *today*." Any financial discussion must include an agreement as to the method and timing of the payment, not just an understanding of the fee.

Myth: To sell "comprehensive dentistry," your practice must offer in-house financing.

Fact: The truth is that banks exist so that you don't have to be one. Many lenders would love to handle your financing for you, and your staff can then spend its time servicing patients.

People tend to resent those to whom they owe money. Let them be mad at a bank, not at you or your staff. Anyone's financial situation can change overnight; if your patient's situation changes for the worse, odds are the dentist won't be high on his priority list of creditors.

If the financing agency that you work with will not offer the patient a large enough loan, suggest that the patient

take a bank or home-equity loan. At the very least, have the patient pre-authorize payments from her checking account through electronic fund transfer rather than sending bills.

Myth: Offering an immediate 5% discount for payment in full would be a losing proposition for a practice with a 99% collection rate.

Fact: Money is worth more today than tomorrow; that's why lenders charge interest. Richard Madow, publisher of the *Richards Report*, states: "It's amazing how many patients will hem and haw about a payment plan until they hear there is a discount for payment in full." The 5% courtesy, when implemented properly, can help remove your office from the insurance game you face by having any reimbursement sent directly to the patient. Mentioning the discount you offer is also a great way to lead into a financial discussion, e.g., "Mrs. Smith, would you be interested in having your fee reduced?"

Myth: Placing signs around the office explaining your financial policy will help you collect effectively.

Fact: Many people will recommend that you put up a sign that says payment is due at the time of service. This sign is, in fact, counterproductive. The message to your staff members will be that they do not need



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to make payment arrangements; the sign will do it for them. The message to the patient will be, "We care only about your money."

Patients don't care about your policy; the subject of payment must be discussed with each patient in a manner that emphasizes the benefits to the patient. The only signs that may help you collect are the credit-card decals reminding patients of this convenient payment option.

Myth: Allowing patients to leave your office without paying ingratiates your practice to the patient.

Fact: Failing to explain fees clearly and to make solid payment arrangements will only hurt your practice. Some patients won't pay, others will find reasons to fault your work and still others will cancel future appointments. They will complain about you to friends and co-workers to justify their actions.

Myth: An experienced dentist or perceptive staff member can "size up" a patient's ability to pay.

Fact: If Burt Reynolds needed dental treatment, would you start the case and then send a bill? If you would, then good luck collecting: Burt recently filed for bankruptcy. The fact is, most Americans spend everything they make.

Did you know that an outstanding account of \$1 is worth only 57-cents at 181 days, based on the time you've spent trying to collect it, the depreciated value of the dollar and the growing likelihood with time that you won't recover some debts at all?

Myth: The No. 1 cost in a dental practice is always staff salaries.

Fact: According to practice management consultants James Alexander and Carie Bradshaw, in some practices the largest revenue drain is the cost of recovering accounts receivable. In one hour, a staff member earning \$15 an hour may make 10 collection calls. She may connect with two people and get one promise—and that patient may be lying!

Myth: Accounts receivable equivalent to 1.5 months of production is healthy, even desirable.

Fact: This practice measure may have been the norm in the 1970s, but it is not true today. Electronic claims processing, for example, has cut insurance reimbursement time to three weeks or less. In addition, a myriad of payment options are available today that can make your payment virtually immediate.

Yet some dentists go so far as to view their accounts receivable as their vacation plan; they can stop working and still have money coming in. This thinking is wrong-headed. You earn no interest on money you are owed and you have no guarantee you will ever recover what you are owed—

even at its deflated future value. With the money already in the bank, there is no advantage to awaiting checks in the mail.

Myth: It's appropriate to finance the "uninsured" portion of the patient's fee.

Fact: Offering to finance a co-payment, which is only an estimate, can create a complicated mess when the reimbursement turns out to be less than expected. Financing should be offered only for an entire fee, and it should be used to help decrease the insurance-dependency of your practice by having the patient reimbursed directly. Co-payments should also never be discounted. A co-payment is only an estimate, and is the minimum a patient should pay in any office unless the patient opts for long-term fi-

Debunking dentistry's myths about fees

Health-care professionals, perhaps because of a natural urge to be charitable, have always been self-conscious about the fees they charge. But dentists are not doing patients a favor by keeping their fees low. Fair fees allow you to use better materials, take more courses and raise the level of service you provide.

Here are some of the valuable lessons we've learned and used in our practice:

Myth: It is unprofessional to discuss fees on the phone.

Fact: Most car dealers won't give prices over the phone. This behavior has not earned car dealers much public trust. Patients want to know what their care will cost. Take this valuable opportunity to let them know and to prevent collection problems be-

fore they occur.

Don't allow staff members to just blurt out a price in a way that will make the doctor appear uncaring or greedy. Develop phone scripts for staff to use that will communicate the value of your services. Try, "I'd be happy to explain our fees and affordable payment options to you, Mrs. Smith. So that I can tell you accurately, can you tell me about your problem?"

Myth: Don't state fees in writing because patients will use the figures to price-shop.

Fact: Patients who price-shop have not established trust in your practice. Written fees can help establish this trust. In addition, written fees can help prevent misunderstandings later on. In fact, higher fees



nancing. The purpose of your discount should be to create an incentive to pay you in full today.

Remember also that the patient is responsible for the entire fee, even the so-called "insured" portion. It's a terrible mistake to call a co-payment the patient's portion of the fee. Nor should a patient ever be told, "Unfortunately, your insurance covers only..." Emphasize the positive and remind the patient that he is fortunate to have insurance, particularly a plan that allows him to choose his own dentist.

Myth: Since it is the staff's job to collect fees, the dentist is free of responsibility in this area.

Fact: Dentists often sabotage the efforts of even the most competent staff members by beginning treatment

before financial arrangements are established. Many dentists tell their patients, "Don't worry about it, we'll work it out." They are then surprised when the patient runs out the door, not worried, repeating your promise to the staff that the doctor will work it out with the patient. If you must tell your patients not to worry about the payment, at least tell your patients that your staff will work it out with them.

Myth: Offering a 5% discount for payment in full at the time of service to an insured patient is illegal.

Fact: What if the patient uses your 5% courtesy for payment in full? Should you submit the full fee or discounted fee to the insurance company? One option is to simply submit the discounted fee that the patient actually

paid. In fact, submitting the discounted fee will not affect the patient's total reimbursement if your discounted fee is still above the company's "usual and customary" allowance. Another option is to submit the full fee but to stamp the form with a notification that the patient took advantage of your 5% bookkeeping courtesy for payment in full.

Myth: Collecting at the time of service means the practice wins, but the patient loses.

Fact: Collecting at the time of service is a tremendous service to the patient. The patient better understands the money owed, has the opportunity to discuss any difficulty he might have in making payment and can choose an agreeable payment plan. He receives

often create a perception of higher quality. If you are offered two theater tickets, which would you want, the cheaper or the more expensive?

Myth: Fees should be discussed in a private consultation room or in the doctor's personal office.

Fact: Many management consultants insist doctors need a consultation room to discuss finances. But financial matters can even be discussed on the phone, before the patient comes into the office. If a payment arrangement has not been discussed on the phone, there is no reason that your financial coordinator can't enter the operatory in which the patient has already been made to feel comfortable. You can then say, "If you have no other questions about the treatment, Mrs. Smith, let me introduce you to Lorraine. She's an expert on insurance and financing and can answer any questions for you."

Myth: Prophylaxis and exam fees should be kept low to attract new patients.

Fact: Competing on price is counterproductive in the long run. There will always be another dentist willing to work for a little less, while delivering a little less quality than your practice. Failing to charge adequately for your most common and routine procedures will dramatically harm your profitability. Dr. William G. Dickerson notes, "If you don't charge what you're worth, you become worth what you charge."

Myth: Raising fees will cause a significant loss of patients.

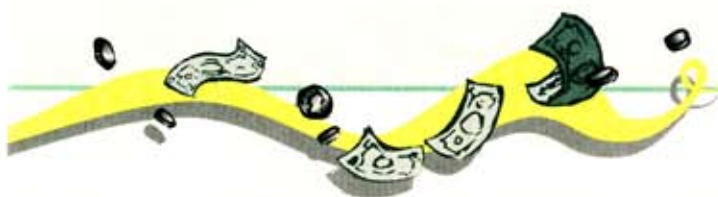
Fact: Studies show that 97.5% of customers will not notice a fee increase of 20% or less. Explaining value, rather than defending the fee, will help defuse the inevitable complaint. Telling a patient, "It's the finest treatment available Mrs. Smith," is of more interest to a patient than is the tale of

your own increased expenses and general woe.

Myth: To sell extensive dentistry, patients must be extensively educated.

Fact: Patients typically have only three questions, so don't talk the sale to death. The questions are: "Will it hurt? How long will it take? And how much does it cost?" Dr. Michael DiTolla suggests we respond, "Nope. Not long. And not much."

My office manager, Lorraine, recalls choosing uniforms for the staff. She told the sales representative that we had a certain color scheme in our office. The representative went on for what seemed like 15 minutes about how the uniforms come in all the popular colors—teal, blue, hunter green, etc., and how the factory is set up for customization. "I couldn't shut him up," Lorraine says. "He should have just asked me, 'What color would you like?' and closed the sale."



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the additional benefit of insurance verification and financial counseling as he develops greater confidence in your knowledgeable staff.

Your financial coordinator is not employed to antagonize your patients, but to help them find a way to afford the treatment they need. Collecting at the time of service benefits the patient, staff

and doctor. Also, studies show that the chances of collecting payment are higher at the time of service than at any other point in the collection process.

Myth: Asking for partial payment is appropriate in a dental office.

Fact: Many seemingly successful practices ask for partial payment and agree to bill the rest. But no

payment option should ever represent risk to the practice. Only at the dentist can a patient get a loan with loose terms, no collateral, not even a credit check. Insurance coverage must never be accepted as a "down payment." Offer your patients options, but make sure you're not simply sending out bills hoping for payment. If you accept assignment of benefits and collect the co-payment, collect the entire co-payment, not just part of it.

Myth: Staff members can be aggressive, even rude, when collecting because the patient won't hold it against the dentist.

Fact: Patients who leave a practice more often do so because they feel slighted by a staff member rather than by the dentist. The staff is an extension of the dentist. Staff members should never have to argue with a patient about payment, and the best way to avoid arguments is to prevent a past-due collection problem. There is no need for a "good cop/bad cop" routine between the dentist and staff when the entire staff operates as a unified team dedicated to a five-star product and five-star service.

Practices today, to be sure, are faced with an ever-expanding variety of challenges to their financial health. Too often, however, we are our own worst enemy, and our own misconceptions and fears prevent us from attaining the level of achievement we deserve. The world is starving for excellence, and you can't provide clinical excellence for very long without collecting the fees to pay for it. **DP&F**

Patrick Wahl is a practicing dentist in Wilmington, Del., and Lorraine Hollett is his office manager. They have written and spoken extensively about their "statementless" practice. They have also developed "Magical Customer Service and the Statementless Professional Practice," a complete system for eliminating billing from dental practices. For more information, call 800-750-8779; fax 302-655-8108; or e-mail billnomore@aol.com.



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