



Turning Patient Accounts Over to a Collection Agency—the Right Way

■ DAVID E. STERN, MD, CPC

Q. Should patient accounts ever get turned over to a collection agency?

A. The altruistic nature of running an urgent care center—to serve the public—can make it difficult to send patient accounts to collection, but it must be done if you want your center to survive. Some urgent care centers choose to leave patient balances in their billing systems indefinitely, but this puts a serious burden on the business by creating additional statement costs, wreaking havoc on financial reports, and inflating a center's days in A/R. It also damages an urgent care center's reputation. If patients know they can continue to be seen at your center without having to pay for your services, it may become known as the “free clinic” in the community. ■

Q. When should my urgent care center turn a patient account over to a collection agency?

A. Best practice is to send one or two statements to the patient. If the patient does not make any payments, then it makes sense to contact the patient by phone. Once you assess the accounts, find that the balances are valid, and have done everything you can within reason to collect the debt, the best practice is to send the patient account to collection 60–75 days from the date the balance became patient responsibility. Having a strong financial policy and staff training at all levels of your organization will minimize the number of patient accounts you need to turn over to collection. A good financial policy starts at the front desk of your urgent care center and should include the following steps:

- Verify insurance eligibility up front so if patients do not have valid insurance, you can treat them as self-pay and attempt to collect the balance in full based on whatever



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your self-pay rate is. If they do have insurance, collect any applicable copays and deductibles up front.

- If a patient has a balance from a previous visit, collect that balance before you render any new services.
- If allowed in the state in which you're located, add the collection agency cost to the service and have the patient sign off that they understand they'll pay this additional fee if the balance goes to collection. For example, if your collection agency is charging 35%, the patient should sign a document that states that if the balance goes to collection, they will be responsible for paying the additional fee. Confirm this is not prohibited in your state first, however.

We also recommend that you utilize credit card preauthorization. This may be available through your practice management (PM) software. This technology allows patients to grant you permission to charge their credit card when a balance becomes patient responsibility. This will decrease your days in A/R, increase your revenue, and typically reduce your bad-debt turnover because you are not waiting (and hoping) for the patient to decide to prioritize your statement.

All staff should be trained on how to have financial discussions with patients, from the front desk to clinicians. A patient might tell the medical assistant while in the exam room, “Hey, I have a question about my bill.” Or, a patient might run into a clinician at the grocery store and want to talk about their bill. No one in the healthcare industry gets a “free pass” when it comes to these kinds of conversations, so it's best to prepare your staff as best as you can.

Ultimately, your focus should be on having a clear internal collection process, starting at your front desk. This will reduce

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the number of patient balances you send to the collection agency, which is better for both you and your patients. Patients are embarrassed to deal with collection agencies. Even after a balance has gone to collection, patients will often submit the payment directly to the urgent care center, which puts the responsibility on you to contact the collection agency to report the payment so they can take their fee, update their records, and stop billing the patient. There is a potential for liability issues if you mishandle the collection process, so it is important to minimize the need to deal with a collection agency. ■

Q. How do I protect my urgent care center from liability when working with a collection agency?

A. The collection agency you partner with represents your urgent care center, so choose an agency that is ethical, is very familiar with state and federal guidelines, and abides by the Fair Debt Collection Practices Act (FDCPA) to the letter. You should have a detailed process for how you track the accounts that are sent to the collection agency. That process should include:

- Verification of the patient accounts that need to go to collection
- Verification that all of the balances are accurate before they are sent to collection
- A way to flag those patient accounts in your system so your front desk staff knows to collect on their balances, should those patients return to your urgent care center
- A way to confirm the collection agency uploaded those patient accounts into their system, such as an acknowledgement report that you can reconcile with your system
- Regular updates from the collection agency on the status of patient accounts and reports on overall collection ■

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