

Reducing Accounts Receivables BY LINDA MILES


In some practices, there's enough money in Accounts Receivables (A/R) to go around the world three times... while in others, the A/R is a non-issue. There are many important ways to keep the A/R low, such as instituting:

- A firm financial guideline/policy that all staff and doctors clearly understand, execute daily, and adhere to.
- Immediate proper filing of insurance and a follow-up tracking system that is checked weekly. Mistakes on submitted forms create a huge delay in the processing of forms and result in more work for the insurance/financial coordinator. The key to insurance efficiency is "do it right, not over!"
- A systematic way of following up on past due accounts, not waiting until the account is over 90 days late to be proactive.

In addition to the above, one of the most important factors in having low Accounts Receivables is using the right financial verbal skills ... so you have the money in the bank rather than on the books. These financial conversations take place over the telephone, chairside, and at the desk. These verbal skills are every team member's responsibility, even the dentist's.

While walking the halls of many dental practices on observation day, my consultants and I are astounded at how poor some of the financial verbal skills are, and even more astounded and excited at how fast the A/R improves with just a few weeks of communicating differently.

On The Telephone



A new patient calls to make an appointment, is scheduled for a specific time in the near future, and then asks, "How much will the first appointment be?" Some of the incorrect ways to handle this question include: 1) "Uh, we don't quote fees over the phone," 2) "That'll be \$160 and we expect to be paid that day," and 3) "I'm not sure. I'm new here. Let me ask someone."

In scheduling a new patient, one of the best ways to introduce the fact that there will be a fee which you expect to be paid at the time of service, and to sound more interested in the patient than their money, is to say "Mr. Walker, whom may we thank for referring you to our practice?" After hearing the name of their referral source, continue with, "I'm not sure how much your sister Barbara told you about our office. If you have a moment, I'd like to tell you what to expect on your first visit."

The conversation continues: "Your first visit will consist of a thorough dental examination by the doctor and your necessary radiographs. At the end of the first visit, Dr. Randall likes to spend quality time discussing your dental concerns. During his complete oral health exam, he will then refer you to our hygiene department for your professional dental cleaning within ten days of your first visit, as soon as he determines the amount of time our hygienist will need. Your fee for the new patient visit is \$130. And, for your convenience, in addition to our normal cash and check services, we also accept Visa, MasterCard, and Discover."

If the patient asks if the fee will be covered by insurance and your office accepts assignment of their benefit plan, your conversation should be: "As a courtesy to our patients, we submit benefit claims and are happy to place any charges not covered on your credit card the day of the service."


If the practice does not accept assignment, the conversation should be: "As a courtesy to our patients, we are happy to submit benefit claims for personal reimbursement. The majority of our patients enjoy the fact that by placing their office fees on a credit card, they receive their benefit plan reimbursement by the time they receive their credit card statement."

In order to have patients pay at time of service (insurance or not), the doctor and staff must have competency and confidence in talking financially to patients. More than 70% of treatment acceptance falls apart in the financial discussions. One weak or incorrect word or phrase, or a loss of words when questions are asked, becomes the moment of truth. Just as clinical dentistry is an art to be developed, so is the reduction of A/R through effective financial verbal skills.

In short, it's important in the first phone conversation to establish that: 1) We're glad you called our office, 2) we're going to take good care of you, and 3) we expect to be paid for services rendered.

Let's now focus on the patient's visit to the office, including two other financial communication stages, chairside and at the desk.

Chairside



Often times, patients will inquire about certain fees in the hygiene or doctor's treatment areas. This communication usually takes place between the patient and hygienist or the patient and assistant. One of the worst responses to financial inquiries are: "I'm sorry, I can't tell you the fee for the crown, but Mary will be glad to." Passing the buck is an indication

to the patient that a) "Fees here are so unimportant, I don't know what they are," or b) "Our fees are so high I would rather have someone else tell you what they are."

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While I agree that there should only be one person making financial arrangements, EVERYONE on the team should know the fees, be proud of those fees, and be able to answer occasional fee questions. The proper response would be, “Mr. Walker, the fee for the crown the doctor discussed with you is \$875. This includes all of your crown-related visits including final cementation, the best materials dentistry has to offer, and all of the doctor’s consultations with the laboratory that will be custom designing your crown.”

Some of the doctor-related A/R management problems arise from the dentist’s lack of confidence in talking financially with the patients. Some of these negative words and phrases are: “Mrs. Richardson, the restoration in this tooth is very badly broken down and ONE DAY you need to think about a crown,” or “Mr. Hunter, EVENTUALLY this tooth is going to break and you will need to have a crown.”

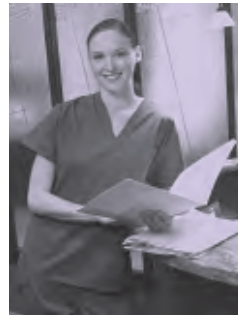
Another scenario occurs when the patient has been presented with a treatment plan and the fees involved; the patient looks at the dentist and says, “Doctor, I know I need this bridge but I just don’t know HOW I’ll be able to pay for it.” Dr. Nice Dentist then says, “Don’t worry, Janice. We can work this out.” Saying “We can work this out” is dangerous. To the patient it means: “I do dentistry for the joy of it and money is not important to me.” Many well-intended phrases from the dentist to the patient have caused tens of thousands of dollars in additional A/R. It is these same dentists who write off thousands of dollars of dentistry per year and wonder why their A/R is so high. Remember also that the number one solution for reducing broken appointments and no-shows is to clear up the A/R. People who owe the practice money break appointments!

To be effective chairside, it is also important to be assertive and learn to confidently do fee rebuttals when patients complain about the fees. Feelings of anger, embarrassment, or frustration normally follow fee complaints. And most dentists or staff find themselves at a loss for words when this happens. Please know it is normal for some patients to complain about the fees (no matter how low or high). Having a good rebuttal on hand helps.

Try one or more of the following:

- “Mrs. Weber, we would rather apologize for our fees once than the quality of your family’s dentistry for a lifetime.”
- “We are very proud of our fees. They reflect the quality of dentistry our practice provides.”
- “I’m not sure how your sister-in-law’s dentist can have fees that low. Only he or she knows the quality of their dentistry. We base our fees on the quality of ours.”
- “Mrs. Freeman, I know you can have your dentistry done CHEAPER somewhere else in town, but having worked with Dr. Randall for the past three years, I also know you can’t have it done BETTER.”
- “Mr. Walker, in dentistry, just like anything else, you get what you pay for. Dr. Randall is a fine dentist. I should know as he is my personal dentist and my entire family comes here.”

Remember, patients accept your fees when you and your staff do. We hear more fee complaints in a low-fee practice than a high-fee practice! The reason? Someone in the low-fee practice thinks the fees are high. This usually filters on to the patients.



At The Desk


Occasionally, on my seminar questionnaires, clinical staff write, “I enjoyed your entire lecture except the part on collections as it is not my job.” This is not true. It is everyone’s job to be involved in the collections process. One of the best phrases the clinical staff can use when escorting patients to the desk: “Mr. Walker, it was nice meeting

you today and I look forward to your next visit. I’ve given your chart to Mary. She’ll be giving you your receipt for today’s visit.” Over-the-counter collections improve immediately as everyone in the practice expects payment and therefore patients pay at time of service. In some practices, there is no ease of transfer from one staff member to another so collections are the responsibility of the financial coordinator only. Reducing the A/R is truly a team effort.

In presenting the fees, remember the person in the tallest position is in control. My advice for Financial Coordinators is to stand when patients are checking out at the desk. (If you’re short, step on a stool). Present the fees in positive terms and you’ll have positive results. “Never-say phrases” include: “Would you like to take care of this today?” or “How would you like to take care of this?” Being proactive can make a huge difference in getting paid. The best presentation is: “Mr. Walker, your fee for today was \$130. Will that be cash, check, or bankcard?” If Mr. Walker has insurance and your office accepts assignment, you may say, “Mr. Walker, even though your benefit plan states your initial preventive care appointments are covered 100%, please know that is based on UNC. This means ‘usual, normal, and customary.’ Broken down into lay terms, that means average. If we had average fees, we could only provide average care. Therefore your appointment may only be covered 70-80% in our practice. Today, your estimated portion is only \$39.” After-insurance balances are a huge A/R problem. Many practices would be shocked if they totaled all outstanding accounts with less than a \$100 balance. Pre-estimating and collecting ahead is of utmost importance in controlling the A/R. *continued on page 4*

As a reminder, it is not a good idea to use retail words in a professional setting. The words “cost,” “expense,” and “charge” should be replaced with “fee” or “investment.” Anything under \$1,000 is a fee and anything over \$1,000 is an investment. We have fees on professional services and prices on “things.” Listen for the negative words that bring negative financial results.

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Make 2007 the year your entire team gets on the same page and becomes accountable for lowering your A/R. Financially, a practice is only as successful as the dollars it collects. Staff members often wonder why there's no money to get the increases in pay and benefits they want or feel they deserve. In a practice with \$30,000 too much in A/R, at 22% for staff salaries, this dentist would have had an additional \$6,600 to share with the staff. In a large group with \$300,000 on the books, the practice could have spent another \$66,000 in staff salaries. When staff realize "the better the collections, the better everyone's rewards," the new verbal skill for collections become a comfortable second language. 



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