

8

Keys for Dental Practice Cash-Flow Optimization

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Introducing Today's Cash-Flow Coach..



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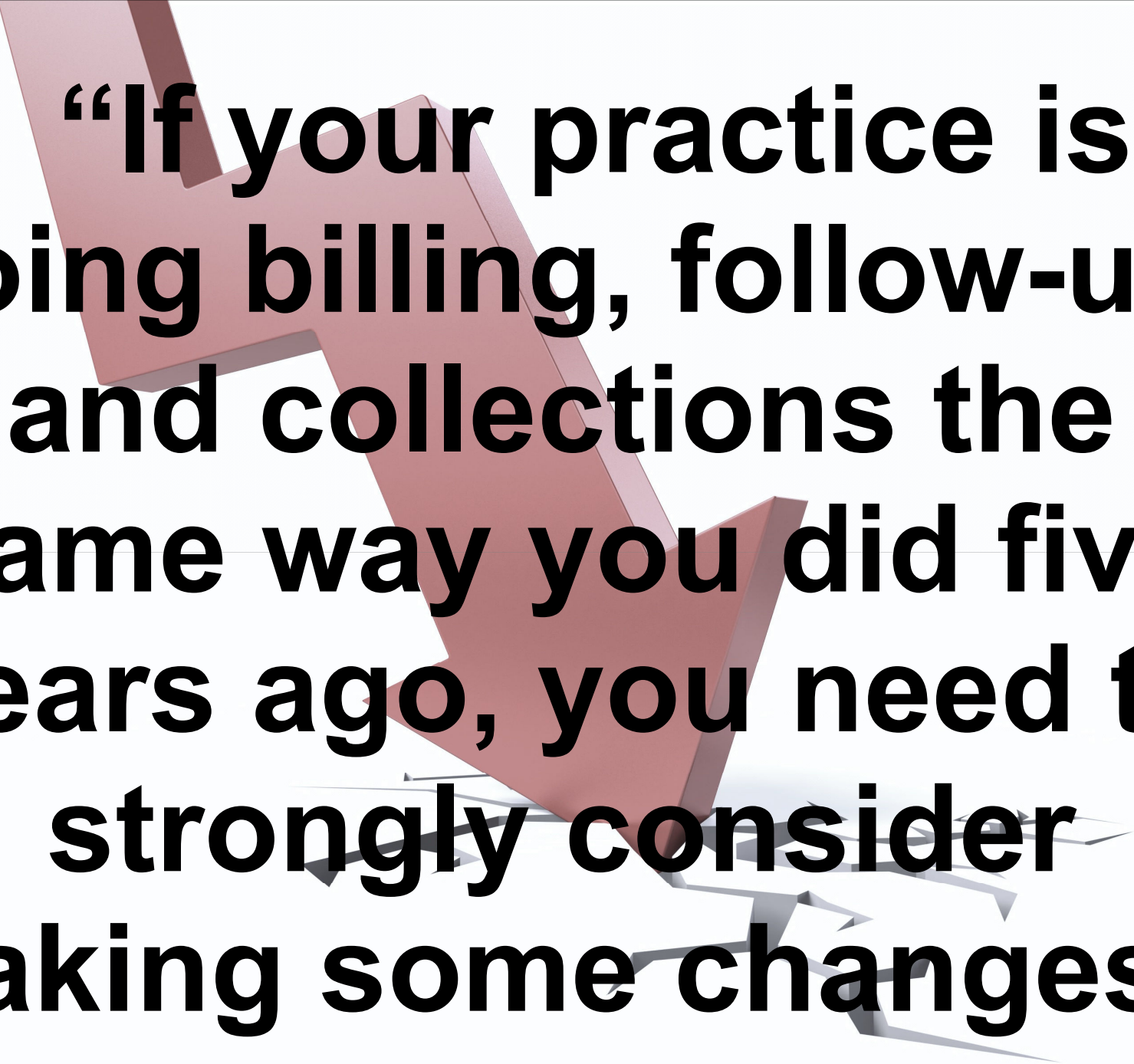
TransworldSystems®

WHAT EXCEPTIONAL LEADERS KNOW

High Impact Skills, Strategies & Ideas for Leaders



Tracy Spears & Wally Schmader

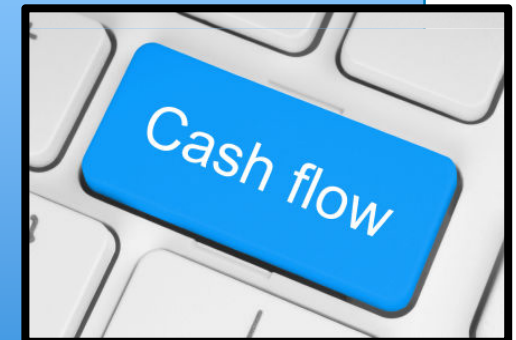


“If your practice is doing billing, follow-up, and collections the same way you did five years ago, you need to strongly consider making some changes”.

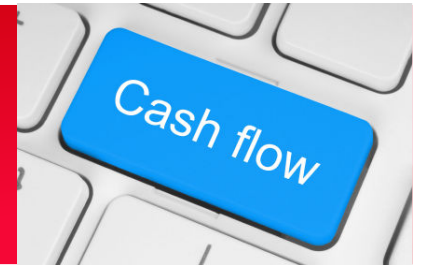
Here is Today's Agenda:

- In 30-40 minutes you will be informed, motivated & prepared
- Here are the **8 Keys for Dental Practice Cash-Flow Optimization**

- 1** The Crucial Importance of Practice Cash-Flow
- 2** Collecting Money is Harder Than Ever
- 3** Understanding What You Are Up Against
- 4** Learning to Identify the Four Payer Types
- 5** Improving Internal Collection Practices
- 6** Understanding Your Biggest Cash-Flow Threat
- 7** Working Profitably with a Collection Agency
- 8** Considering New Cash-Flow Solutions



The Crucial Importance of Cash-Flow



A-R is the one of
biggest financial
assets in most
practices

Your cash-flow
is the best
indicator of your
overall practice
efficiency

Practice cash-
flow can be
influenced in
many different
ways

#1

Collecting Money is Harder Than Ever

#2

**One in Three People Have
an Account in Collections**

**The Average Consumer Has
Twelve Creditors**

**FICO Has Just Deemphasized
Medical Debt on Credit Scores**

**The Average U.S. Adult has
\$5200 in Delinquent Accounts**

**The National Recovery Rate
for Medical Practices is 14.6%**



CNNMoney

Understanding What You Are Up Against

Businesses are Good at Getting Paid

Commercial businesses employ a variety of aggressive tactics to get paid.

Their collection practices are not scrutinized the way that healthcare practices are.

You are trying to collect from the same people they are.

You Need a Progressive Approach

Many of the collections strategies used in the past simply do not work anymore.

Practices are not using all of the resources available to manage their cash-flow.

Good advice can be hard to find.

Be Prepared to Compete

Practices must be very active on slow-paying patient accounts.

Early identification and intervention are crucial.

Practices must leverage the newest tools and techniques to compete with commercial businesses for collectable dollars.

Learning to Identify the Four Payer Types



What Makes Them Pay

Dutiful → Statement

Distracted → Reminders

Disrespectful → Third Party Impact

Deliberate → Professional Collectors

Improving Internal Collection Practices

Do's & Dont's

Do have a fixed credit policy that covers:

- Broken appointments
- Interest charged
- Acceptable payment terms

Don't put aging on bottom of statements like this →

Don't have "amount enclosed" box on your invoice or statement

How to Talk to Patients

When asking for payments:

You **should not** say:

- "How much can you pay?"
- "When can you pay?"
- "Can you pay something?"

You **should** say:

- "How will you be paying?"
- "We need to take care of this past-due amount today?"

Get a commitment.

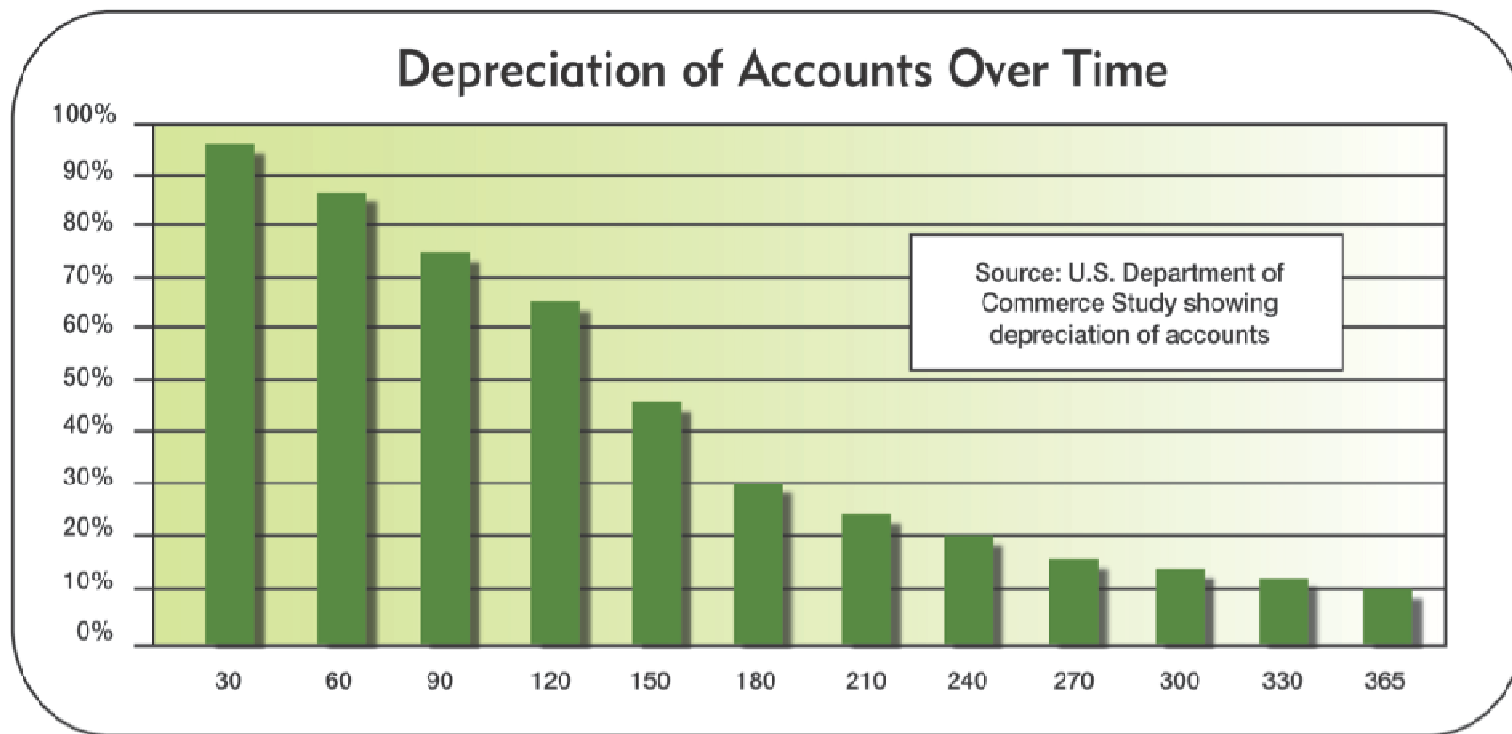
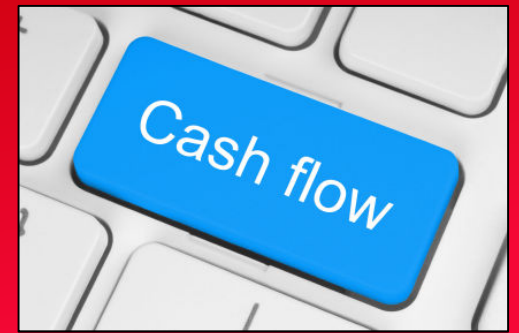
Collection Myths

Active collections can scare patients away from a practice

It is allowable to add collection agency charges to patient balances

The cost of collections is the percentage the agency charges

Depreciation is the Biggest Threat to Your Practice's Cash-Flow



#6

- This is what all practices must understand.
- Time is not on your side.
- Early intervention is crucial.

Working Successfully With A Collection Agency

100% - Submitted to the agency

What to Watch Out For with Collection Agencies

Skimming – Unless your balances average well over \$1,000, they are going to get skimmed by contingency (%) agencies and attorneys. Here are the numbers:

Over-Charging – Most of the money collected by agencies and attorneys is collected through the mail. Industry sources say it may be as much as 88% of all collected money. Make sure you are not paying a full contingency fee for letter collections.

Good Money After Bad – Be wary of attorneys and agencies that have add-on fees for skip-tracing, court costs, attorneys fees, credit checks, etc. Your collection fees should cover all of these expenses.

Compliance – It is hard to be a collection agency. There is a jungle of regulations and laws that dictate nearly every move an agency makes to collect your money. Hiring a non-compliant agency or attorney puts a practice at significant financial risk. Do your homework before hiring an agency.

What to Look for in a Collection Agency

Tiered Pricing – Some progressive agencies have “a la carte” pricing schedules. If an account can be collected with a reminder, or a simple written collection demand, they do not charge a full contingency percentage.

Diplomatic Approach – Find an agency that will give you options on their approach. If you know the agency has a softer option, you may feel more comfortable placing a sensitive account.

Robust Reporting – A competitive agency should be able to tell you your recovery rate, your net collections, your total assignments, etc.

On-Line Interface – If you are using a collection agency that requires you to fax paperwork or provide copies of account information, it is time to say goodbye. It is 2014.

A Healthcare Speciality – Your practice should use an agency with a proven approach for healthcare collections. They should be able to provide reports and testimonials that demonstrate that expertise.

The Collection Agency Test

**There are over 4,000
collection agencies in
the U.S.

Only a few can pass
this test.**

Cash flow

Are you recommended
by healthcare industry
experts?

Are you fully compliant
with the FDCPA, TCPA
& HIPAA?

Do you offer 1st Party
services for clients?

Do you have an on-line
collections interface?

Do you offer fixed-fee
service options?

Do you have diplomatic
and intensive services?

Are you a healthcare
collections specialist?

2

3

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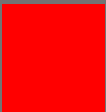
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Early-Out Strategies



A Multi-Step A-R Process



1st Party Services



Fixed-Fee Collections



Insurance Claim Prompting



An Automated Collection Interface



Patient Portal Technologies



**Be Open to
Progressive
Cash-Flow
Solutions**

#8





The Healthcare Creditors Bill of Rights

- **All providers should expect to be paid on time**
- **Extending credit is a courtesy and should not cause financial or regulatory risk to a practice**
- **Practices should be able to focus on their specialty, free from the burden of collections**
- **It is understood that unpaid bills negatively impact everyone**
- **Late-paying patients should be held accountable to their obligations in a dignified, lawful and respectful manner**

Let's Review Today's Content:

- 1** We reviewed the crucial importance of cash-flow
- 2** We discussed why collecting money is harder than ever
- 3** We described the unique challenges to medical collections
- 4** We learned to identify the four payer types
- 5** We discussed how to improve your internal collections
- 6** We reviewed your biggest cash-flow threat
- 7** We talked about working profitably with collection agencies
- 8** We reviewed some exciting new cash-flow solutions

THANK YOU!



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