

Learn How One Practice Used a Credit Card on File Program to Collect Patient Balances and Increase their Cash Flow



It's always a fantastic feeling when other people speak on behalf of your products or services, so we were thrilled to see a very nice comment on a recent article at [Physician's Practice](#) "[Patient Balances: Get Them or Get Ready to Close Your Practice.](#)" The article details the importance of collecting patient balances as quickly and effectively as possible as doctors face declining reimbursements and increasing overhead and regulation. We have long championed the Credit Card on File system – where patients leave a credit card securely on file with the practice's gateway and the card is charged after insurance is billed for any patient balances under \$100. Balances above \$100 (or whatever limit a practice may set) are either placed into a payment program, or paid in full after contacting the patient. One of our very successful clients whose practice has implemented such a program commented on the article about her own experience.

We started a year ago with a Credit Card on File program, on the advice of Mary Pat Whaley. After 1 year, our patient balances are very small, and for practically every balance over 90 days old, the patient is on a payment plan, but since our overall patient A/R is very small, it doesn't represent a lot of outstanding income. We have over 2000 credit cards on file. Patients are not allowed to see the doctor without leaving a card on file, and they agree to this over the phone when they make an appointment. I've found it very challenging to understand and charge patient balances upfront, so we've

opted for Credit Card on File instead. We charge the copay, file the claim, then charge any remaining balance to the card, once the EOB is received. We charge the card if the balance is under \$100 (with an email receipt), and if over \$100 we call the patient to determine if they want to pay in full or in installments. Most pay in full, and most appreciate the call. We do not send out paper statements. It takes about 1/4 FTE to manage the credit card collections, but I have an excellent receptionist who handles this very nicely with the patients. There are some issues when the card declines, but we follow up with a weekly phone call, and if necessary, a paper statement (not often). There will always be a few that will never pay, but you can't escape that in this business. We are proud of our credit card collections, which is why I've detailed it here so you can consider it for your practice.

Marian @ Tue, 2013-07-23 11:12

Why, thank you very much, Marian!

If you'd like to learn how to start a Credit Card on File program in your own practice like Marian did, then you'll want to join us **next Thursday, August 8th at 3pm EST for "How to Start a Credit Card on File Program in Your Practice"** our popular 60-minute webinar and Action Pack that will give you the tools and plan you need to implement the policies.

Spending one hour of your time and \$59.95 now can mean all the difference in your bottom line tomorrow.

[Click here to register now!](#)

Before and After: How the Sequester's Cut will Change Your Medicare Reimbursement

✘ This is no April Fool's Joke for medical practices and providers: starting Monday, April 1st, we will face a 2% cut in reimbursement for services due to the "sequester." The sequester is the other half of the "fiscal cliff" that [we reported on](#) back in January. Although not too long ago, all the conventional wisdom was dead set against the government "going over the cliff," and here we are with both automatic tax hikes and spending cuts now a reality.

Managers might find themselves giving the same explanations about gridlock to the doctors that you gave your employees when their first paycheck of 2013 was lower than usual.

Although the cut is only 2%, it comes entirely from the 80% of the allowable that the government reimburses, as opposed to the 20% patient responsibility. The cut does not affect the Medicare patient's co-insurance, not does it affect the 2013 Medicare Part B deductible.

To give medical practice managers an idea of what that cut will look like, here are some sample numbers.

Let's Assume: a solo primary care physician sees roughly 500 patients a month, 30% of whom are Medicare-enrolled. Of the 150 Medicare patients seen per month, a quarter of them are new patient visits. Let's also assume that about 40% of your Medicare visits are coded as level 3 office visit, with the remaining 60% coded as a level 4 visit. If these numbers seem oversimplified – they are, but I'm hoping to keep the math a

little under control. Using the unadjusted, national reimbursement of these four basic CPT codes from the AMA, here's how the sequester would affect a practice.

✘ In this scenario then, pre-sequester, the physician would be reimbursed a total of \$12,629.18 for the month. With the 2% cut taken on the federal government's portion starting April 1st, 2013 that number would shrink to \$12,376.60 – a difference of \$252.58 a month.

The beginning of the calendar year is already tough on many practice's cash flow because of deductibles restarting. A 2% cut in Medicare reimbursements from Uncle Sam is not going to help. As for the future outlook of the sequester cuts, there has been no real movement on the part of the Democrats or the Republicans to replace the cuts now that they have happened. For the time being, they seem here to stay.

We are advising our clients to take a look at their financial policies and collection procedures in the wake of these changes. Collecting patient-responsible co-pays, co-insurance and deductibles on the front end is more important than ever. One idea that we recommend every practice take a look at is starting a credit card on file program in your practice to cut collection costs, increase front-end collections, and reduce days in accounts receivable (A/R.)

Our next webinar – “Starting a Credit Card on File Program in Your Practice” will be Tuesday, April 2nd, 2013, and is a 60-minute program designed to give you all the tools you need to start a program in your practice. We'll hope you'll join us.

[Register Today!](#)