

# Collection Basics Part II: Implementing Your Financial Policy

☒ In **Part 1 of this series** we explored payers. Now it's time to develop your financial policy. This is your foundational document for everything that happens with patient financial interactions. Your financial policy will confirm for patients and staff what your practice financial policies are, and will support the financial goals of the practice.

## The road to financial health

Putting together a new financial policy or revising your existing policy is one of the most important steps to financial health. Your financial policy is your road map and will determine how the practice will handle the collection of patient balances. The financial policy is the document you will come back to time and time again. If a question arises, ask yourself, **“What does our Financial Policy say?”**

First, decisions need to be made:

- What money will you collect before the patient is seen? Co-pays? Deductibles? Deposits for self-pay patients?
- Will you take the patient's word for it if they say they have met their deductible? If not, what action will you take?
- Do any of your payer contracts stipulate that you cannot collect the deductible before the claim is adjudicated?
- How will you handle patients with previous balances?
- What insurance will you file? Primary? Secondary? Tertiary?
- Will you give completed claim forms to patients to file

themselves?

- How will you check insurance eligibility before patients arrive?
- How will you deal with patients injured on the job or in an motor vehicle or other accident?
- What will you do if a patient arrives without their insurance card?
- With what payers does your practice have contracts?
- How will you handle patients who are electing to be seen out of network with reduced benefits, or out of network with no benefits?
- Can your practice management system calculate allowable charges so you can collect non-allowed/non-covered charges and/or co-insurance at the check-out desk?
- How will you disclose any fees that patients might incur (returned check fee, form completion fee, payment plan default fee, no-show fee, collection agency fee, interest or finance charges)?
- Do you plan to offer a cash discount to self-pay patients who pay in full at time of service?
- Do you plan to offer a financial assistance program to write-off a portion or all of the balance due to financial hardship?
- Is there an ATM near your practice that you can direct patients to if they are not prepared to pay any portion of their portion at time of service?
- What will you do if a patient checks-in without the desire or means to pay a co-pay?
- Will your practice defer seeing patients if they do not pay (excluding urgent needs)?

Because this document is so important to the healthy financial functioning of your practice, it needs to be simple and clear. I dislike financial policies that are long and wordy. I prefer a simple format that everyone can understand and use.

Your financial policy can look any way you want it to.

Remember, however, that people do not absorb information well that is organized in blocks of text. They do better with checklists, tables, diagrams, and bullet points. If you'd like a copy of the format I use and recommend, email me at [marypat@managemypractice.com](mailto:marypat@managemypractice.com) and I will email it to you.

## **Educating Patients**

When you put a new policy in place, you need to take every possible opportunity to educate patients about it. Some patients will resist a change in policy, regardless of the fact that collection for the patient's portion is quickly becoming the standard in medical practices.

Some suggestions to help get the word out:

- Put the policy on your website.
- Email a copy to all patients.
- Send a hard copy of the policy to all new patients.
- Mention the policy when they call to make an appointment – “We now collect co-pays when you check-in. so be sure to bring your insurance card and your co-pay.”
- Mention the policy when you call patients to remind them of their appointment. – “We are looking forward to seeing you on Tuesday, September XX at 9:00. Don't forget to bring all your medications, your insurance card and your co-pay.”
- If you want to phase in the new policy, start prepping patients by discussing the new policy at check-in and/or check-out and let patients know it will be in effect at their next visit.
- Circle the patient's plan on the front, have the patient sign the financial policy on the back, and give them a copy to take with them. Scan the signed side into your EMR.
- Patients will ask why you have made this change. There are a number of answers to this question, so I suggest

you have a handout prepared. This is not meant to be a substitute for a discussion with patients, but something for them to read and reflect upon. It should be worded in a straightforward, non-apologetic, non-defensive way.

Remember that some patients will sign anything they are given at the physician's office, so you will need to train your staff to take the time to explain the policy to each new patient. Patients that need more discussion on the policy can speak with the financial counselor or manager before seeing the physician. Do not forget that some patients are poor readers and will not be able to read the financial policy in English – depending on the number of English Language Learner (ELL) patients in your practice, you should consider printing the policy in more than one (1) language. If the patient needs help to complete the basic patient paperwork, it may be a sign that the patient will need special help from a staff member to complete forms and discuss the financial policy.

## **Educating Staff**

Don't forget to educate your staff. If they have not had to discuss money with patients before, they will need some coaching and some practice. I suggest a meeting where the staff have an opportunity to guess what patient's reactions will be and role play how the staff will respond. Remember to give the staff solid answers so when the patient asks "Why?" they can say something besides "Because that's our policy now."

## **Can you ever divert from the financial policy?**

Yes, you can make special arrangements for some patients based on their situation, but I encourage you to divert from the policy sparingly. After all, what good is a policy if you

don't enforce it? Your patients will hear about it if you change the rules for one person. The word will get around your community, no matter how large it is. Do yourself a favor, and make a financial policy that works for 99.99% of your patients. Be consistent in applying the policy, always follow a fairness test on applying the policy. Be prepared to defend why you diverted from your established policy. The only reason you should ever waive a co-pay or co-insurance is for financial need.

## **What if the financial policy needs changed once we start using it?**

No one in your practice will like the new policy. On the first day you implement it you should expect patient reactions range from challenging the policy to anger to outrage. Your brain will tell you it is the right thing, but you will certainly question your decision during the first week of the new policy.

No matter how well you have tried to educate patients, physicians, and staff about the new process, there will be complaints. Change is very uncomfortable and everyone will let you know about it. Be patient, live through the difficult early days and you will find yourself and everyone else adjusting to the new program. If, after living with the new policy for at least thirty (30) days, you do find something that warrants a change, you can change it. Change your policy and let patients know that you have changed something when/if it affects them. You have the right to change things in the practice to keep the business viable.

## **How do you implement a new policy?**

- Start the new policy on the least-busy day of the week, so everyone feels less stressed.

- You or your financial counselor, or someone with managerial authority should hang out at the front desk on the first day or two of the new policy. If any situations come up with patients, you can step in and model the behavior and speech you want to see your staff emulate.
- Take some benchmarks before you implement the policy so you can measure your progress afterwards. Involve the staff in moving the front desk collections toward 100% of co-pay collection, 100% of old balances (paid in full or committed to a reasonable payment plan), 100% of co-insurance and depending on your specialty, 90 to 100% of deductibles.
- Some practices reward the front desk for hitting benchmarks, but I disagree with singling out one department for a reward when it takes every member of your staff to contribute to a successful practice. If you're going to set a reward system, involve the entire staff and develop goals appropriate for the practice as a whole, teams of employees, or individuals, being sure to include everyone!