Accounts Receivable Management—
Basic Strategies for Prompt Payment

In the current environment of reduced reimbursement, payor delays in payment and higher percentage of private pay patients due to the high cost of insurance, it is critical that the physician practice implement procedures to maximize collections. There are a number of items that a physician practice should review to insure collections are being maximized.

Verification Claims Have Been Received

First and foremost, when claims are sent to the clearinghouse, insure you receive information back from the insurance company to verify that they have accepted your claims from the clearinghouse. If this is not done, the practice will not be able to rebut a claim by the payor that they never received the claim. When an unpaid claim is followed up, your payment could be denied due to past filing deadlines. Hopefully all practices will follow up on claims regardless before a filing deadline date would occur. In practice, we know that this is not always the case. However, by determining that the payor has received the claim, at least this excuse for non-payment from the payor can be avoided.

Denial Follow Up

It is imperative that denials are followed up on promptly. Research of our industry indicates the following:

- 18% - 25% of claims are denied or rejected.
- 25% - 50% of denials are not being managed and/or followed up on.
- 50% of denials are recoverable with structured denial management processes.

It is important that all practices understand their denial problems. A denial log should be maintained that indicates the reason for every denial, and this should be regularly reviewed so that the practice can determine what services are currently encountering the most denials. The denial log should also indicate the follow up procedures that were done in the office including the dates these procedures were followed.

Denials should not be set aside to be worked when the person responsible for billing "gets a chance". This will create back log, much of which will never be worked. All denials should be worked on a weekly basis at a minimum.

Uninsured Patients

It should be determined prior to every visit whether the patient has insurance. For uninsured non-emergency patients, a detailed payment arrangements should be discussed and agreed upon with the patient. If the patient cannot pay for the service at the time it is rendered, obtain a signed agreement from the patient as to a payment schedule that they will follow. If the service being rendered is a surgery or other very expensive procedure, we recommend a "risk assessment" be undertaken prior to seeing the patient. This assessment should include a valuation of their financial wherewithal to make the payments. A decision should be made concerning the risks that the physician is willing to take concerning non-payment prior to rendering the service.

If the uninsured patient fails to meet a payment schedule, there should be phone follow up promptly after the missed payment, if that payment exceeds a predetermined minimum amount. Follow up by letter if the missed payment falls below that amount.

These are just a few of the follow up procedures that must be in place to maximize your collections. If your in house employees do not have time to perform these procedures on a regular basis without fail, consider either hiring additional personnel, hire more competent personnel who can get the work done, or consider using an outside billing service.

In today's environment, failure to pay close attention to maximizing collection efforts can be disastrous to the physicians practice.