Doctor's Digest PODCAST: *Your Practice and the Recession* "Helping Patients Pay for your Services"

Hello and welcome to this new series of podcasts brought to you by the publishers of *Doctor's Digest*, bridging the gap between the business of medicine and the practice of medicine, with single-topic manuals that provide practical solutions from the experts.

If your practice is seeing more uninsured patients these days, and if you're therefore experiencing a sharp decline in revenue, you're hardly alone. As recent surveys have shown, economic hard times have had profound effects on both physicians and patients across the country. But the good news is that there are things you can do to make it easier for patients to pay their bills—and to increase your own revenue as a result.

First, a word of caution about something you should *not* do. According to Michael La Penna, a practice management consultant in Grand Rapids, Michigan, you should avoid jumping into a new business plan as a strategy for tough times. Instead, "Take what you do well and do it even better." Focus on low-tech, base-level services, which continue to do well even during a recession.

Your key strategy may include maximizing your staff by cross-training them to reduce your overhead costs. You might also re-evaluate or postpone your plan to invest in expensive new equipment; and you might develop a new way to communicate with patients in advance about medical costs.
One way to cut expenses, as many other primary care practices are doing, is by freezing wages or reducing hours. Consider staggering your staff hours in order to maximize what you're already paying in overhead.

Encourage patients who are struggling to pay to call your office to set up an action plan. Susan Shepard, RN, director of patient safety education for The Doctors Company, based in Napa, California, offers this suggestion: "Talking to your patient first and investigating why the bill isn't being paid can be more fruitful than using alternative financing options, including bill collection."

Consider accepting credit cards. According to an SK&A Information Services survey of more than 200,000 physicians nationwide, a third of physician practices did not accept credit cards as of April 2009. The figures vary by specialty, since 81% of dermatologists accept credit cards, along with 78% of ob-gyns, 83% of otolaryngologists, and 68% of cardiologists. Accepting credit cards can improve your practice's cash flow with more timely payments and can reduce your billing-related expenses, such as chasing down small co-pay amounts, issuing paper statements, and dealing with bounced checks. Credit cards give patients the flexibility to receive the healthcare they need, when they need it—regardless of their cash situation.

A common objection to credit cards is having to pay transaction fees, which are typically 3% to 4% per transaction. But as Jeff Drake, executive vice president of Passport Health Communications, points out, "Research has shown that once a patient walks out the door, the odds of collecting are 50% at best." A transaction fee versus nothing becomes a tempting proposition.

If you are considering offering credit cards—or other credit arrangements—to your patients, Ms Shepard offers some useful pointers. One, consider placing a limit on allowable credit card charges. This limit can be a percentage of the total treatment charge or a specific dollar amount—such as $3,500; $5,000; or no more than 50% of the cost of the procedure.

Two, be sure to respond to any letter from a credit card company about charges that are being challenged. If you don't clarify the dispute, the charge will be disallowed. Make sure your office staff recognizes these letters and brings them to your attention.

Three, put all payment plans in writing and ask your patients to sign them.
Four, get a reference for credit applications. That reference may help you locate the patient if the account ultimately gets sent to a collection agency.