Dynamic Chiropractic

BILLING / FEES / INSURANCE

Make Patient Financing a Part of Your Financial Policy

Rob Morris

Many patients today are facing higher out-of-pocket costs, including increased deductibles and self-pay portions, that can make moving forward with chiropractic care a challenge. To help more patients get the care they need, you should review your practice's financial policy and ensure that it provides a variety of payment options patients can take advantage of, including patient financing. With a comprehensive financial policy, you can offer patients a payment solution that fits both their budget and lifestyle, and allows them to move forward with chiropractic care.

Standard Payment Options

Most chiropractic practices have a financial policy that requests payment at the time of treatment by cash, check or major cards such as VISA or MasterCard. However, studies have shown that many Americans have only $300 available credit on their consumer cards and find it difficult to write a check for more than $500 out of their monthly budget. So, if patients require chiropractic treatment with an out-of-pocket cost beyond $500, it can often be a financial strain. Some practices try and help by billing patients, but in taking on the responsibility of billing, they also incur the cost and risk associated with it as well, including late payments, bad debt and uncollected accounts.

A Better Solution: Financing

Instead of billing patients and dealing with the risks and expense of accounts receivable, a better way to help manage self-pay portions is to add a third-party or outside patient-financing program to your practice's payment policy. Third-party patient financing is actually quite common in many health care fields, including dentistry, ophthalmology, cosmetic surgery and audiology. Using a third-party financing program is usually pretty simple. For a small processing fee to practices, patients apply for financing. Once approved, they can immediately access their credit to pay for treatment over time with convenient monthly payments. Because it's easier to fit the cost of care into their monthly budget, more patients can move forward with their recommended program.

There are typically two types of financing available through a third-party financing company: no-interest payment plans and low-interest payment plans. No-interest payment plans tend to be very popular because they give patients the ability to pay for care over time, without incurring any interest charges as long as the promotional balance is paid off within the specified time period; usually six to 18 months. Similar to department store credit cards, these options are often revolving or "open ended" so patients can use the line of credit again and again for additional care, usually without having to reapply.

The second type of payment option is the low-interest plan. More like a car loan, this type of financing is a term loan designed for patients who prefer a longer time to pay and lower monthly payments. It is ideal for patients with larger self-pay portions or higher out-of-pocket costs not covered by insurance. The loan is for a specified period, usually two to five years, and features low interest rates.

Choosing a Program That Works for You

Because financial needs differ from patient to patient, be sure to select a patient-financing program that offers a comprehensive range of payment options. The bigger the menu or variety of choices from which your patients can select, the more likely they are to find a plan that fits their budget. Also consider the initial costs to patients. Plans that feature no up-front costs, annual fees or prepayment penalties will always be more attractive to patients than those that don't.

It's also very important to understand when your practice will be paid. One of the biggest benefits of offering an outside program is that you get paid for your services up-front. However, not all programs are the same, and some can take as long as 14 days to pay the practice, so be sure you understand the program's policy. Also consider when the payment will be delivered. Some programs offer direct deposit into an authorized account, while others simply mail a check to the practice, increasing the amount of time before payment is credited to the your account. Ideally, the less time you have to deal with documentation and paperwork to get compensated, the better.

Once you have added a patient financing program to your financial policy, be sure to review it with your team so everyone understands the terms and options. It's often helpful if team members practice with scripts and do a little role-playing so they are comfortable explaining your policy in a consistent manner.

Adding patient financing to your financial policy allows you to help more patients fit the cost of chiropractic care into their budgets. It can also reduce A/R, improve cash flow, and increase patient compliance; benefits that can help your practice as well as your patients.

AUGUST 2010