

Smart Cash-Management Strategies

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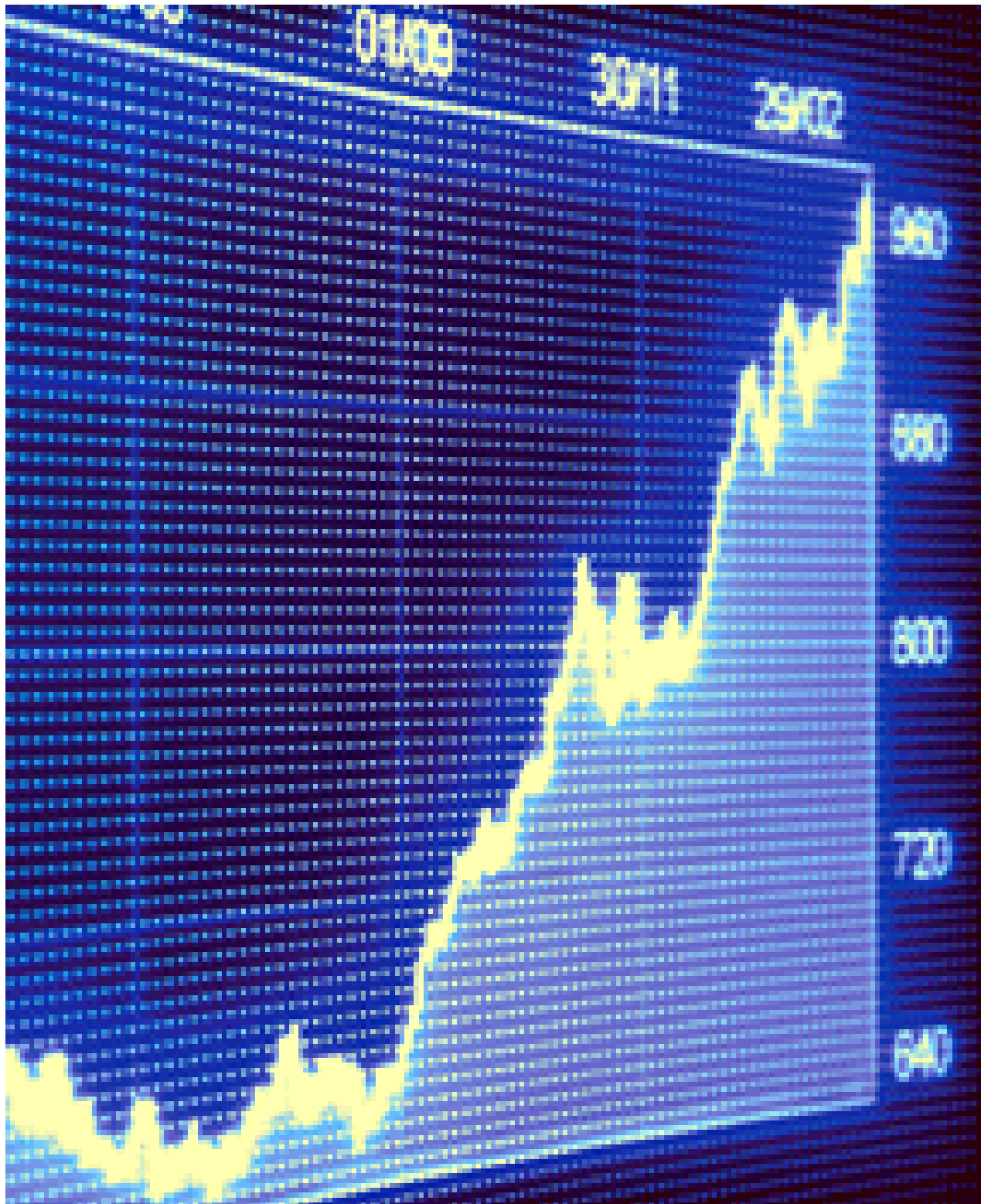
There are more changes confronting chiropractic practices today than ever before. Not only do you have to respond to the rising cost of running your practice, smaller margins of profitability and keeping compliant with the Health Insurance Portability and Accountability Act (HIPAA) to protect patient information, but you also have to be an expert in managing your cash flow.

Today, a practice manager must keep an eye on cash flow while dealing with the many challenges resulting from an increasingly complex insurance claims adjudication process from a myriad of payor types. In addition, all of these requirements must be met without losing focus on your most important objective: providing your patients with the highest quality care.

Chiropractic practices have become used to waiting for insurance payments. While many insurance companies proclaim they pay "clean" claims within 10 days of submission, it is routine for legitimate claims to go unpaid beyond the legal 45-day limit. It is common for claims to be denied and additional information requested, requiring resubmission after resubmission.

If this scenario sounds familiar, you are well-aware of the challenges of keeping a close eye on your working capital while accurately managing your accounts receivable and performing timely reconciliation of payments. When the processes required to manage your practice finances become overwhelming, often your staff members become stressed and the risk of manual errors and fraud increases.

Employ Technology to Automate Financial Management



You can facilitate the financial management of your practice by employing readily available [technology](#) to automate many of your cash management functions. This will save you time *and* effort. An important step in this process is to electronically integrate payment information in your receivables processing procedures.

Automating the posting of payments can eliminate many of the errors that result from manual and paper processes. The electronic integration of check and document images that can be accessed from a browser-based interface can dramatically reduce the time spent researching payment details and speed collection time by days. Storing check images electronically on CD-ROM also

saves space and provides for greater ease of access and review. It also enhances confidential data security and record-retention requirements.

Electronic Payments Improve Efficiency

Electronic payments have been available for a long time and their use in the chiropractic industry is expanding rapidly. More and more insurance companies are employing electronic reimbursement. This means your practice has the ability to make financial administration more efficient by shifting away from paper-based, manual processes. Contact your bank to find out how you can take advantage of electronic funds transfer (EFT) and electronic data interchange (EDI) to streamline payments and reimbursements.

Remote Deposit Means Fewer Trips to the Bank

You can use remote-deposit services to have your staff scan checks at your practice for electronic transmission into your bank account. This service is an excellent way to deposit [copayments](#) and smaller check volumes quickly and efficiently. You can make an unlimited number of deposits each day and ensure they are deposited into your bank account the same day; all without having to make a trip to the bank!

Using remote deposit also allows you to take advantage of later deposit cutoff times. You can use this service to your advantage by depositing as many checks as possible on a single business day, thereby maximizing your bank account balance. By decreasing the frequency and urgency of end-of-day trips to the bank, remote deposit frees up your staff to perform other tasks.

Outsource Back-Office Functions to Your Bank

Get the most from your banking relationship by leveraging the resources your financial institution has to offer. You can increase efficiency and decrease administrative costs by transferring functions that would traditionally be performed by your back-office staff to your bank. These functions include insurance and patient payment collections, payroll and accounts payable.

Outsourcing collections helps to ensure a continuous cash flow, as payments are deposited directly into your bank account. Posting details can be handled after the fact rather than before the deposit, as is the standard procedure in many practices. The outsourcing of time-intensive activities including payroll and payables allows you and your staff members to spend more time on chiropractic and less time on the "business" of chiropractic, including chasing after receivables.

Use a Lockbox to Speed Collection Time

A lockbox is a post-office box (P.O. box) that is accessible by your bank. Your practice can set up a lockbox service with your bank for receiving insurance and patient payments. Insurance companies and patients mail their payments directly to the P.O. box. Then the bank collects and processes the payments, and deposits them directly into your bank account.

In addition to lockbox services, most banks provide online cash-management solutions that provide you with easy access to account information and your funds from your own desktop computer. Online banking services, such as electronic funds transfer, allow your staff to perform routine tasks on their own schedule, not the bank's. If you have multiple practice locations, many banks offer zero-balance accounts that allow you to pool balances from multiple accounts with an automatic overnight sweep. This option decreases the number of manual transfers required and the associated banking fees involved.

Protect Your Practice's Continuity

It is a reality that a disaster can blindside your practice with unfortunate consequences if you are not adequately prepared. Managing your cash flow strategically is important from the standpoint of routinely operating your practice on a daily basis. It becomes an essential function in the context of disaster recovery and contingency planning. All chiropractic practices, but especially those in disaster-prone areas, must consider business continuity in discussions of financial management.

You can automate critical financial functions by using a combination of services including a lockbox, sweep accounts and direct deposit of payroll. This can help ensure that these important functions can be performed remotely if you lose access to your office. Payments processed through a lockbox pass through the check-clearing process quickly, accelerating the availability of your funds. Online services allow you to manage and monitor payroll, deposits and other transactions from any desktop computer, regardless of if you are in your office or not.

Approximately one-third of every health care dollar is spent on the administrative costs involved with the collection, billing and submission of insurance claims. Containing and decreasing the administrative costs of health care is at the top of the minds of legislators, health care providers and insurance companies. By partnering with a knowledgeable [banker](#) that understands the financial challenges confronting your practice today, you can contain the costs of operating your practice, improve the effectiveness of your cash-flow-management procedures and protect your financial viability.

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