



MARKETING / OFFICE / STAFF

If Cash Is King, Collections Are Your Fiefdom

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Ron has been a chiropractor in a small Midwestern town for approximately 15 years. He has made good money during that time - or at least he thought so. Recently, Ron and his accountant reviewed his books, and while they showed a good amount of revenue, collections did not equate with the balance sheet. After several weeks of review, what Ron determined was bewildering.

Apparently Ron had used a policy similar to the Popeye cartoon character [Whimpy](#), who was a glutton and would consume burgers at a ferocious rate, but could rarely pay for his habit. The phrase implies the underlying feeling that the person will actually pay for the hamburger (or whatever) whenever they please.



Now, some of you reading this may conduct business in a small town and believe this to be culture. In some respects, I have no disagreement with you. However, at the beginning and end of the day, Ron, like most chiropractors, is running a small business. Therefore, payment must be received for services rendered. Such is the case in retail or any food establishment. One would not expect to walk into a five-star restaurant and order a sirloin, only to say to the maître d' that you will pay them in two weeks' time. Chiropractors need to act similarly.

Origin of Payment Issues

Payment issues derive from the doctor-patient relationship. From the moment a patient engages with the doctor, there is a mutual bond. That bond becomes manifested in a relationship whereby there is not only an understanding of value, but to a certain extent friendship. Herein begins the trouble.

For chiropractors to maintain an ethical, professional and respected business environment, payment must be rendered immediately upon service. This assists in keeping the books tidy and auditing trails neat, and also works in both cash and reimbursement practices.

Lay the Groundwork

If you are familiar with professional baseball, then you know that prior to the start of every game, the umpires and managers meet at home plate to discuss the ground rules. Nothing changes from game to game, but as a professional courtesy, each team takes time to ensure the general rules are understood.

The rules for payment in your practice take effect immediately with your first conversation with the patient. This might be an evaluation or it may include the report of findings. During these initial conversations, it is imperative that the doctor converse with the patient about payment. This is

rather easy to do because during the [report of findings](#), elimination of symptoms with the use of protocols and procedures is discussed – so the next level of discussion should be the number of treatments and the related fees. It is quite obvious that the doctor, chiropractic assistant or front-desk clerk will determine the explanation of benefits. Yet at that initial meeting, the patient must understand their responsibilities for either co-payment or payment if out of network.

Precedent begins right after the session. What occurs here is then repeated. For example, after the first treatment, the front-desk person should schedule a follow-up session and then require payment for services. This is simple: no one leaves the door without paying. With each subsequent appointment, this protocol should be repeated. The moment someone falls out of sequence is the moment your practice will have collections trouble.

Barter, Nice Guy, Etc.

Precedent is important, but there will be times when issues arise. It would be foolish to think that patients will never ask for a pass – there may be a time that they lose their job, forget their wallet / debit card, or do not have a check or cash with them. These are simply exceptions, not the rule, because the moment you allow such practices, you lose control.

What is important here is that you provide one pass only to the patient. Any more than that and you will begin to lose revenue. It is then incumbent on the front desk to enforce collections, or if you're operating individually, that you collect payment for the prior service even before the second treatment begins.

I Slipped; Now What?

If you've deviated from the collection rules and your books are showing a good balance of uncollected debt, let me provide you some easy and friendly methods for recovery. The first thing you should do if you are seeing the patient often is request that they reduce their balance immediately. Illustrate to them on a statement the monies owed and have a friendly conversation about how quickly the responsibility can be resolved.

However, if the patient visits infrequently and has a large outstanding balance, it is best to begin a friendly collection letter campaign. The campaign should consist of three phases: 1) a friendly first letter; 2) a friendly, but stronger second letter; and 3) a strong letter that requests immediate payment or the patient will be sent into collections. Here are some templates to use:

First Letter: "This is just a friendly reminder that your account with us appears as past due. Our records indicate you have a total outstanding balance of [\$_____] with the following invoice(s) overdue. We would much appreciate if you could let us know the status of this payment. Please do not hesitate to call us if you have any questions about the balance due on your account. If you have already sent us your payment, please disregard this reminder. Thank you very much for your attention to this matter and your continued business."

Second Letter: "Perhaps you missed our first letter to you. We are sending this because your account appears overdue by 60 days. Our records indicate you have a total outstanding balance of [\$_____]. We would very much appreciate if you could call our office to take care of this immediately. We thank you in advance and look forward to hearing from you."

Third Letter: "It is unfortunate to have to send a letter like this; however, we have attempted to settle an unpaid debt with you previously and have not received a reply. Our records indicate you are a total outstanding balance of [\$_____] . We would very much appreciate if you could call our office to take care of this immediately. If we do not hear from you within 30 days, your

account will be sent to collections and in accordance with our policy, you will be entitled to not only pay the original balance, but any fees associated with collection. We sincerely don't want our relationship to end this way, so if you could please take care of this balance immediately, it would be most appreciated."

Structure Pays Off

To help offset losses, it is always best to be regimented with patients. The more structured the foundation, the less margin of error and the more money in your account in the long run.

When patients owe money, you have to realize not only the devaluation of your practice, but also the amount of money left uncollected. When these balances are resolved, you can use the money to pay down loans, reinvest in your marketing plans to obtain new patients, provide for your family and family emergencies, get that gift you've always desired for your spouse - and yes, even get *you* that vacation you've longed for.