



MGMA e-Source, Aug. 31, 2010

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5 common collections oversights – and how to solve them

By [Matthew Vuletich](#), MGMA senior writer/editor

"I see it all the time," says [Doral Davis-Jacobsen](#), MBA, CMPE, MGMA member and manager of Dixon Hughes PLLC, Asheville, N.C. That is, a list of common collections oversights in medical practices, large and small, that cost organizations thousands – and sometimes millions – of dollars. Here are five from that list and how to solve them.

1. Accounts written off or sent to collections prematurely

"Many administrators automatically assume that a patient who doesn't pay is indigent," Davis-Jacobsen says. "That's not the case. Anywhere from 50 percent to 75 percent of those patients are fully insured."

In these situations, practice staff often neglect to collect what patients owe, such as copays and deductibles, and not for any good reason. "It's easier to write off accounts than to work really hard on them or to stand back and make the bigger observations about why they're not being collected," she says.

Davis-Jacobsen worked with a practice that reduced its list of write-offs from a 1- to 2-inch thick stack to less than 10 pages by figuring out which patients on the list had insurance coverage. She recommends developing a checklist of things to verify before sending patients' accounts to collections, such as Medicaid eligibility.

2. Fee schedules that need updating

"Every practice has a charge or two on its fee schedule that is lower than what can be collected," Jacobsen says. You should re-examine your fee schedule in comparison with payers' maximum allowable charges every year.

3. Neglected managed care contracts

"Practices don't come back to the negotiating table with managed care payers often enough," she says. "You can get more money from payers. They budget for increases every year, but there aren't enough squeaky wheels out there asking for higher reimbursement."

4. Inefficient processes

Laborious processes cost money. Davis-Jacobsen cites a five-doctor practice in which each had a different patient history form. The front-desk personnel had to get the right form to the right patient, then walk some 30 feet to another room to make a copy of patients' insurance cards. No surprise, often the right form didn't get to the right patient with the right photocopy in the right file, which frustrated the doctors and led to high turnover at the front-desk position. One form and a process that didn't require the employee to leave his or her seat cured that problem.

5. Low adjusted collections percentages

Davis-Jacobsen worked with a practice that collected 90 cents of every dollar it was owed. She discovered that the group was failing to collect surgery deposits – "and they didn't even know what they were missing," she adds. Another group had a collection rate of 91 percent. Staff managed to boost the rate another 4 percent, resulting in more than \$1 million in additional revenue. Groups need to evaluate where they're missing collections opportunities and be up front and more assertive with patients about paying what's owed, she advises.

To find where your collections fall short, you need a practice management system that provides the right data, says Davis-Jacobsen, who will present on the topic of improving collections at the [MGMA 2010 Annual Conference, Oct. 24-27, in New Orleans](#). Time to assemble and analyze the data is also a must.

Whether you lack the time, the right practice management system or both, the first place to start is with your physicians, she advises. Educate them about the financial aspects of the practice to get them engaged. This can be difficult and demand a strong personality, but the well informed physician will recognize that your efforts will pay off in the end.

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