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***Editors Note:*** *The promise of spring is in the air. I'm anxious to pull out the deck furniture, plant flowers and watch all of nature come back to life. This is my favorite season because the colors are so fresh and new. Included in this issue is an article regarding tax refunds as a potential source of revenue. Many people have received their refunds already, but there are always those who wait until the last minute. I hope you will find this edition helpful in sharpening your collection skills. As always, we welcome your comments and suggestions. Please email them to [support@corerecovery.biz](mailto:support@corerecovery.biz)*

## ***Common Collector Errors and How to Avoid Them*** ***Payment plans, contracts and more***

If you could focus on mistakes before they were made, it would be a great advantage in terms of productivity and performance. Unfortunately, few of us have a crystal ball in which to gaze and predict all the potential problems that might arise. As a result, we decided to ask some hospital collection supervisors to tell us what are some of the common errors that they encounter and how they address them.

### ***Long Term Payments***

“One of the most frequent mistakes that I have seen our collectors make is to assume that the patient cannot pay in full and then setting up payment arrangements,” said Glenn M Martin, CPAM, director of patient financial services, patient access and LabCare billing for Danville Regional Medical Center in Danville, VA.



Fortunately, Martin has been able to solve this problem. “With the revamping of our collection policies and the restructuring of the collection staff, we were able to better manage our customers who needed special attention,” he explains. “One group of our collectors cannot make payment arrangements. Customers have to complete a financial assessment form and then the form is mailed back to another group that works on term payment accounts and charity accounts. The group also may involve others, depending on the financial needs of the customer,” he says.

“I believe that our collections process is as streamlined as it can be since we refocused our attention on customers who cannot pay in full and need some special arrangements. We have had to be creative in figuring out ways to recoup our payment for services rendered,” Martin adds.

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Sheila Hastings, a patient service representative from The Memorial Hospital in North Conway, NH, reveals that she also has run into this problem. “The most common mistake that I have made is to make assumptions about the size of the monthly payment that a patient can handle,” she says.

“When I started working in collections, I tended to ask for a low-end payment plan. I have found that it is better to ask for higher monthly payments and then back down in increments if necessary,” Hastings says. “This makes the patient feel that we have been reasonable in dealing with him.”

Knowing when to show compassion and when to stand firm is also important, according to another collector. “I’m compassionate, but I know how to get to the point,” she says. She takes the time to qualify patients to see who can afford to pay and how much they can afford. By determining who can afford to pay more, she eliminated the normal follow-up cycle of missed payments and excuses.

### ***Knowing Payer Contracts***

The number of payer contracts held by most hospitals can be burdensome for collectors who work with them, leading to mistakes. “Not knowing every single contract by memory and relying heavily on our payment review area is difficult,” says Colleen Carney, supervisor over collections for Saddleback Memorial Hospital in Laguna Hills, CA. “Many times, employees are given a payment amount on a claim that may be incorrect, but they don’t know it. If they were all well versed in all the contracts, they could possibly solve the situation while they have someone on the phone and possibly avoid the underpayment on the claim. Many times, I think collectors just accept as accurate what the person on the other end of the phone has told them,” she says.

In an effort to give collectors the tools that they need to understand and learn contracts, Carney is putting together contract books for all the collection staff. “We are going to start requiring all of our collectors to have contract books on their desks, to be better prepared before they make their calls, and know exactly what our reimbursement should be prior to the call,” she says.

### ***Inability to Collect Self-Pay***

Medical Practice Consultant, Jennifer Bever of Karen Zupko & Associates in Chicago, describes

an area where many mistakes can be made. “The ongoing increase of deductibles, coinsurance and copays is a burden,” she says. The situation is also burdensome for many patients who often have difficulty paying and it leads to increase self-pay receivables and more write-offs.

In order to help prevent losses and collection problems, many providers are attempting to tighten up their procedures. “Most of our practices have stepped up the pre-registration and verification efforts along with providing financial counseling and deposit collection prior to big ticket procedures,” Bever says.

### ***Deciphering Patient Insurance Info***

Confusion over whether a patient is covered by workers compensation, auto, liability, or standard health insurance is an area laden with the potential for mistakes as well, Bever says. “This is one of the biggest things that we see. Sometimes the patients present misleading information and employees make assumptions that turn out to be incorrect. You discover mistakes later and have to rebill, refund or whatever,” she says. This is a particularly difficult issue for specialty practices such as orthopedic, neurology and others, she states. What can be done? Better follow-up with patients’ employers and with the patient to verify information.

### ***The Simple Things Matter***

One of the major causes of overdue receivables is that providers have not adequately defined to patients and staff when accounts are supposed to be paid. If patients are not educated that accounts are to be paid on time, then chances are that they’ll pay late or sometimes not at all. Make sure that your facility’s terms of payment are clearly stated in writing to each patient. You may also wish to have your employees tell patients what the policy is, too.

Sometimes it is the simplest mistakes that make the most difference. “Not listening” is the most common problem cited by Todd Cole, director of patient accounts for TriHealth in Cincinnati, OH. “Many issues are the result of not hearing what the customer is really trying to tell you. Most situations are solvable if we just listen to our customers,” he says.

***IT’S IMPOSSIBLE TO LEARN WHAT YOU THINK YOU ALREADY KNOW.***

# Tax Refunds: A Potential Source of Revenue?

## *It All Depends on the Patient*

It's April and some of your patients with past due accounts will be receiving tax refunds from the government. Does that translate into a windfall for you? Not necessarily, say the patient finance people we spoke to. "I don't expect patients to think, 'Oh, I should probably pay off some bills with this refund.' Even if they do, we all know that medical bills generally are last in line," says Jennifer Bever, consultant with Chicago-based Karen Zupko & Associates, Inc. "I think we have to get back to basics. Set a payment plan and keep following up. Ideally, a deposit or payment should have been collected before a balance gets old so it is less of an issue.

Beware that the promise of a tax refund-based payment may be a stall tactic. A person may promise to pay all of his creditors with his tax refund to get them to back off temporarily. The refund may not cover all his promises to pay. So, how do you help make sure that the patient will pay you? Create the urgency to pay now. If you don't, your bill may be the last to get paid, as Bever notes. Following are a few tips to help you get paid.

- ◆ Tax refunds filed electronically result in faster refunds. Most tax preparation firms promise turn-around in less than one month.
- ◆ Rapid refund services offer plans that allow people to receive a refund right away. This actually is a bank loan and the IRS reimburses the bank.
- ◆ Suggest a short-term (30-60days) loan based on the tax refund. This means that you can get paid now and the bank gets paid when the debtor receives his tax refund.
- ◆ Recommend borrowing from friends or relatives to pay the debt now. Then pay back the loan with the tax refund.

### *What others are doing*

Many healthcare providers do try to take advantage of tax time collections. "We did a big push for the refund check during that time", according to a credit supervisor at a Northeastern hospital. "Starting in December we begin reminding patients that if they get a tax refund they could make a lump sum payment to us. We get some full payments that way." "We do this every year, but the volume isn't as high as we'd like it to be. If someone calls regarding his or her bill, I might mention their tax return, but it's the last place most people want to use that money," she adds. Nevertheless, she says, "Some people are very honest. They will do whatever it takes to get the bill paid.

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Jeffrey Shutak, patient accounting director for The Memorial Hospital in North Conway, NH, has had some success with this approach. "Yes, we do suggest that patients use tax returns to pay off the accounts and a surprising amount of patients do pay off their bills with tax returns distributions. Most of the payoffs are unsolicited, however," he says, "I notice an increase in payoff accounts during the month of February to April each year."

Shutak states that most self-pay patients want to pay their health care bills. "Unfortunately, they often lack the means to do so or have other more pressing priorities," he says.

Health care related bills rank at 20 to 26 on a list of 40 types of bills that consumers pay, according to Shutak. "First among them are automobiles. Ranking sixth on the list is veterinary bills, which seems to indicate that people value the health of their pets over their own health. When the money is available, the bill usually gets paid." he says.

## *Reward good service with a correct tip*

In the U.S. tipping isn't required, but it is customary and expected. It's also practical, since it can influence the service you receive and even the safety of your bags or car. Jacqueline Whitmore, founder and director of The Protocol School of Palm Beach, offers these tips on tipping:

- **Airport porter or skycaps.** \$1-\$1.50 per bag, depending on the weight.
- **Cab or limousine drivers.** 10%-15% of the bill.
- **Hotel doormen.** \$1-\$2 per bag at the curb and \$1-\$2 for calling a cab.
- **Hotel bellman or porter.** \$1-\$2 per bag, depending on the weight and the same amount per package delivered to your room..
- **Hotel concierge.** \$5-\$10 for services such as obtaining theatre tickets and making restaurant reservations.
- **Hotel housekeeper or maid.** \$1-\$2 per night. Add an additional \$1-\$2 if

you ask for special services such as extra towels. On your last day, leave the money in an envelope marked "Housekeeper".

- **Hotel room service waitstaff.** 15%-18% of the bill before taxes.
- **Parking attendant or valet.** \$2-\$3 for each retrieval of your car.
- **Restaurant maitre d'.** \$10-\$100, depending on the service you want to receive. Present the tip before you sit down at your table.
- **Restaurant waitstaff.** 15%-18% before taxes. Increase the tip to 20% for good service for parties of six or more.
- **Restaurant sommelier.** 15% of the wine bill.
- **Restaurant restroom attendant.** .50-\$1.

### *It's the law.....*

Please **do not** refer bankrupt accounts to collection. Once a debtor files for bankruptcy, you, as well as we are "stayed" from further collection activity. If an attorney contacts you and indicates he/she represents a debtor, further correspondence must be directed to that attorney. If you turn the account over to collection, please bring it to our attention that the debtor has an attorney.

Source: *Common Collector Errors and How to Avoid Them: Taken from "Health Care Collector", Nov. 2004*

*Tax Refunds: A Potential Source of Revenue?: Take from "Health Care Collector", Mar 2004.*

**Disclaimer:** This information is not presented to be used as legal or professional advice on specific facts or matters. Readers with specific questions should refer them to their own attorneys for guidance.

