



## CNA HealthPro

### Be Cautious About Collection Actions

In an ideal world, every patient would pay his or her bill, in full, at the end of each appointment. In the real world of dentistry, however, some accounts go unpaid for a variety of reasons. Efforts to obtain outstanding receivables may result in disputes that destroy the dentist-patient relationship, especially if the dentist has forwarded the patient's account for collection action.

The collection action may involve the use of a collection agency or, in extreme cases, taking the patient to court. You have a legal right to pursue collection action for outstanding debts. However, it is prudent to weigh the potential risks and benefits before proceeding. When considering a collection action, be aware that many professional liability claims begin as retaliation against a dentist's attempts to recover a patient's debt. Often, a patient who was otherwise satisfied with his or her dental experience becomes angered by a collection action and then alleges malpractice on the part of the dentist. An alarming number of malpractice claims filed by patients are of this retaliatory nature. Some CNA HealthPro claim specialists estimate that as many as one of three dental malpractice cases they handle are triggered by collection actions or other financial conflicts.

The best way to avoid a retaliatory malpractice claim of this nature is by endeavoring to avoid sending patients to collection. By effectively managing your practice's financial dealings with patients, your exposure to such allegations may be minimized.

#### **Financial Policies**

The first step in reducing financial risks involves establishing clear financial policies for your practice and following them. Provide patients with a written copy of such policies, including those pertaining to insurance and fee payments. For example, you may wish to specify in writing that full payment (or insurance co-payment) is required at the time of service for most procedures.

When discussing your treatment plan with patients, explain financial arrangements as well, including how much treatment will cost and when payment is expected. We recommend that treatment fees be addressed in conjunction with the informed consent discussion of your proposed treatment and any treatment alternatives. Use the opportunity to ask the patient to commit in writing to a financial plan, as well as a treatment plan.

If you charge interest on accounts, be certain to provide a truth-in-lending disclosure to all patients, as may be required by state statute. You also may wish to establish a reliable pattern of payment with a patient before undertaking expensive, time-consuming treatment.

Another way to reduce potential conflict is to ask patients to pay a substantial fee in advance of treatment. Once this "down payment" is in hand, you may be less inclined to pursue the difference should a patient fail to pay the outstanding balance. This approach may be viable, although treatment may require completion to fulfill your professional duty and avoid allegations of abandonment. For example, you could require patients to pay half of a crown or bridge fee before even scheduling the preparation appointment. By doing so, you will be able to cover laboratory costs even if the patient cannot or will not pay the remainder.

Many outstanding balances are created due to the patient's lack of understanding about their own dental

insurance plan. Patients mistakenly believe dental plans are akin to medical plans, in which necessary services are generally covered to some extent. Therefore, patients should be informed that dental “insurance” should really be termed dental “payment assistance” because it doesn’t work like other types of insurance policies. You and your staff should do your best to assist patients in understanding their plans’ limitations and exclusions.

### **Investigate the Problem**

You or your staff also should contact patients who are overdue with payments, rather than allowing the problem to linger unaddressed. Patients may be unwilling to pay because they are dissatisfied with the dental care received or their treatment by you or your staff. Developing a reasonable resolution before the problems create a rift in your relationship is optimal.

Unfortunately, sometimes a frank discussion with the patient is not enough to resolve the financial impasse, and the account remains in arrears. In some practices, the account will eventually age into the collection category. In others, an office manager or billing supervisor will select accounts to send to collection.

Irrespective of how the account is flagged for collection, many collection actions are initiated without the specific approval or authorization of the dentist. Dentists should be judicious when determining whether to send a patient to collection, and should consider the question from a risk management perspective.

### **To Collect or Not to Collect**

We have heard of various methods in which dental practices determine the accounts sent for collection. In some offices, a policy has been established that every account past a specified aging period is sent. In other offices, the dentist has delegated to the sole judgment of an office manager or billing coordinator the responsibility of determining which accounts are sent to collection. We believe such blanket protocols are inadvisable and should be avoided.

Instead, we encourage the dentist to insert his or her own judgment into the equation. Before initiating or approving any collection action, review your relationship with the patient as well as the quality of the patient’s dental records. Ask yourself these questions before authorizing any collection action:

- Do patient conversations or actions indicate that the patient may be withholding payment because of dissatisfaction with the treatment or service?
- Am I aware of any deficiencies in patient care that may have contributed to an injury or dissatisfaction?
- Does the dental record contain all necessary patient care information? Is it legible, complete and correct? Are all documents (record, ledgers, insurance forms, etc.) consistent?
- Have I documented missed and cancelled patient appointments and the patient’s failure to follow my recommendations?
- Does my staff possess any pertinent information about the patient that I should know?
- Is there a problem with the patient’s dental insurance carrier or with my office payment records?

Answering the above questions before initiating a collection action will make you aware of the possible professional liability battle that could result.

Depending upon the size of the debt and the issues uncovered by asking these questions, you may find it more practical and economical to forgive the debt than to attempt collection. Balance the time and cost of potential litigation with the value of the debt you are collecting and make an informed business decision

that works best for you.

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