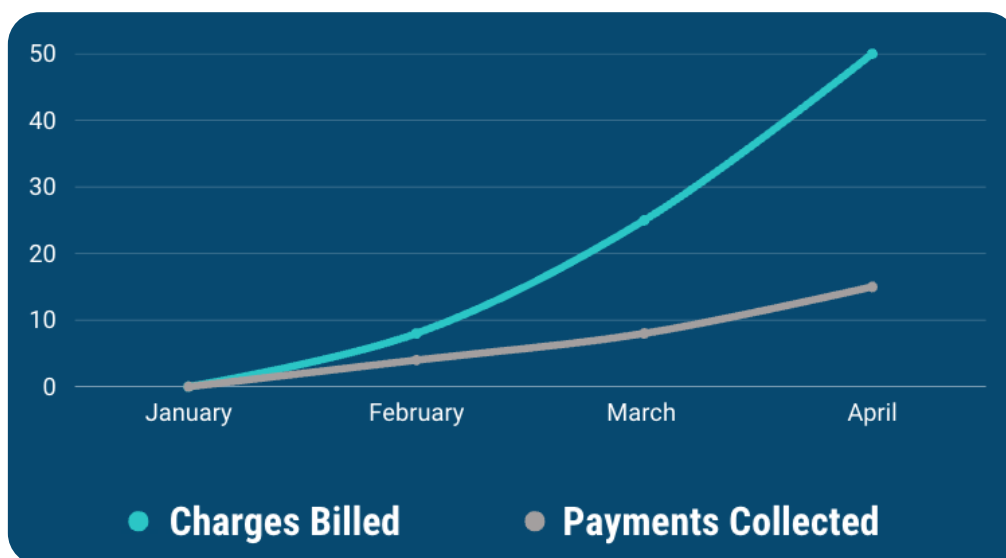


# Guide to Improving Collections Rates at Small Medical Practices



Private medical practices play a massive role in ensuring our communities have quality, accessible healthcare. But running a small practice is no easy feat. Private practices are dedicated to providing necessary healthcare services all while juggling administrative and financial responsibilities. The delicate balance between patient well-being and the practicalities of running a business can be difficult to strike, especially because collecting payments for medical services isn't always straightforward. Amidst the complexities of insurance claims, varying payment methods, and the sensitivities around healthcare costs, small practices often find themselves in a position where they must delicately pursue payments while still maintaining their patients' trust and comfort.

The success of small medical practices hinges on their ability to collect payments efficiently and effectively. To evaluate a practice's success in gathering payments, providers look at their practice's overall collections rate. This percentage is calculated by comparing payments collected vs. the total amount of charges billed.



If you're facing challenges collecting payments, you're not alone. Unfortunately, many small practices struggle with low collections rates, leading to substantial revenue loss. In this guide, you'll learn more about what causes low collections rates and how you can increase yours.

# Factors That Contribute to Low Collections Rates

Maintaining a high net collections rate is crucial for small practices to maintain a steady cash flow. Several factors contribute to low collections rates in small medical practices, and by better understanding these factors, your practice can develop a plan to increase payments.

## Claims Are Denied by Insurance Providers

Insurance claims can be denied by insurance providers for a variety of reasons, and when insurance doesn't cover a service, it's the patient's responsibility to pay. Your best bet to collecting on-time payments is to ensure the bulk of the services you provide are covered by your patients' insurance — and in order to collect payments from insurance, you must correctly file claims.

## Coding Errors

Medical coding involves assigning specific alphanumeric codes to medical diagnoses, procedures, and services. Medical codes provide a universal language professionals can speak to explain what services patients receive. Coding errors in medical billing can have a significant impact on collections rates for small medical practices. These errors can result in claim denials or underpayments, leading to financial challenges for your practice.



## Some tips:

Make sure you correctly capture information from your patients. If you fail to record important details about the patient's medical history or current condition, you may accidentally use the wrong code.

Choose the right codes when submitting claims. Upcoding and undercoding are errors that involve assigning incorrect codes to services rendered. Upcoding refers to billing for a more complex or expensive service than was actually performed, while undercoding involves billing for a less complex or less expensive service. Both upcoding and undercoding can result in claim denials or underpayments.

### Upcoding

Upcoding refers to billing for a more complex or expensive service than was actually performed

### Undercoding

Undercoding involves billing for a less complex or less expensive service than was actually performed

Regularly report on your clean claims rate. Regular audits and reviews of coding practices can also help identify trends so you can improve your workflows.

By addressing these common coding errors, practices can maximize their collections rates and maintain financial viability.

## Services Were Not Authorized

If a service is not authorized by insurance providers, you may receive a denied claim. First and foremost, it is crucial for medical practices to verify insurance coverage and obtain preauthorization for services whenever possible, especially if your services may not be considered medically necessary.

When it comes to obtaining authorization from insurance companies, effective communication is key. It is important to clearly and accurately document all patient information and the medical necessity of the services being requested. This information should then be submitted to the insurance company in a timely manner, following their specific guidelines and requirements.

In the event that authorization is denied, take action immediately. This may involve appealing the denial and providing additional supporting documentation to justify the medical necessity of the services. It may also be necessary to communicate directly with the insurance company to understand their reasoning and explore potential alternatives or resolutions.

By being proactive in verifying insurance coverage, obtaining preauthorization, and maintaining clear communication with insurance companies, medical practices can greatly reduce the risk of services not being authorized. This, in turn, can lead to improved collections rates and financial viability for the practice.



### Did You Know?

You can appeal claims denials.

## Patients May Not Understand What They Have to Pay

Another reason you may struggle with collecting payments stems from the complexity of navigating medical bills. Many patients do not fully understand their financial obligations for receiving services. This lack of understanding can lead to confusion, delays in payments, and even broken trust between patients and providers.

Receiving medical care is already stressful for many patients, and it's imperative that you approach the topic of payment with empathy and compassion. By maintaining transparency with patients about what payments will be owed out of pocket, your practice is more likely to receive compensation for the services you provide. Your staff members must be willing to address patient questions and concerns regarding financial obligations.

## Bills Are Not Sent Quickly Enough

When too much time passes between a visit and receiving a bill, it can negatively impact the collections rates of your practice. Implementing a streamlined billing process, where the billing department generates invoices soon after services are provided, can ensure patients receive notification of what they need to pay when their visit is still fresh in their minds.



# Best Practices for Collecting Patient Payments

Navigating the intricate landscape of healthcare billing and financial transactions can be a challenging endeavor, but there are best practices you can follow to improve your collections rate. From establishing transparent communication about healthcare costs to optimizing billing processes and leveraging technology for secure payment reminders and transactions, you can increase profitability without compromising on quality of care.

## Prioritize Patient Engagement

By engaging patients throughout the care cycle and providing timely, efficient, and high-quality care, practices can improve patient outcomes and optimize collections rates. Engaging patients throughout the care cycle is crucial because it fosters a sense of partnership and responsibility. When patients feel empowered and involved in their own care, they are more likely to take ownership of their healthcare journey.

### 1. Provide High-Quality Healthcare

When patients receive exceptional care, they have a higher level of trust and satisfaction with the practice, which increases the likelihood of paying their bills in a timely manner. Additionally, patients who experience positive outcomes and a higher quality of care are more likely to continue seeking care from the same practice, leading to long-term patient loyalty and consistent revenue streams.

## 2. Capture Payment Information Upfront

Capturing payment information upfront is crucial for improving collections rates at small medical practices. By obtaining payment information prior to providing services, practices can verify insurance coverage, estimate patient responsibility, and collect copayments or deposits. This proactive approach not only ensures that patients are aware of their financial responsibilities, but also allows practices to proactively address payment concerns, reducing the likelihood of unpaid bills or overdue accounts.

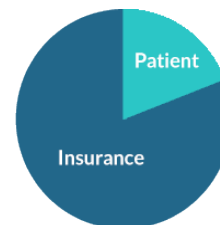
## 3. Explain What Payment is Expected from Patients Before Rendering Services

At small medical practices, it is essential for patients to understand the various payment expectations they may encounter. This includes deductibles, coinsurance, and copayments. Patients may not fully understand their insurance. Here are some quick definitions of key insurance terms to help educate your patients on what they will be responsible for:

**Deductibles** refer to the amount patients must pay before their insurance coverage begins. For example, if a patient has a \$500 deductible, they will need to pay the first \$500 of their medical expenses out of pocket before their insurance coverage kicks in.



**Coinsurance** involves sharing the cost of healthcare services between the patient and the insurance provider. It is typically represented as a percentage. For instance, if a patient has a 20% coinsurance, they will be responsible for paying 20% of the total cost of the medical service, while the insurance provider covers the remaining 80%.



**Copayments** are fixed amounts that patients must pay for specific services. These are often seen for routine visits, such as \$20 for a doctor's appointment or \$10 for a prescription medication.





To avoid any confusion or surprises, small medical practices must communicate these payment obligations clearly to patients before they receive services. Helping your patients understand their insurance and out-of-pocket expenses can ensure they're prepared to pay, either at the time of their visit or shortly thereafter. This can be done through pre-visit communication, patient portals, or even in-person discussions. Providing examples and scenarios can help patients understand their financial responsibilities and plan accordingly.

By engaging patients in payment expectations, they can be better prepared to manage their healthcare expenses and avoid any unexpected financial hardships.

## **Utilize Technology to Streamline Billing Processes**

In today's digital age, small medical practices can leverage technology to streamline their billing processes and improve collections rates. By embracing technological solutions, practices can enhance efficiency, reduce errors, and provide a seamless experience for both patients and staff.

### **Automate Data Entry with EHR and PM Integrations**

Automating data entry and payments processing is key to improving collections rates at small medical practices. One of the most effective ways to automate data entry and payments processing is by integrating practice management software with electronic health record (EHR) systems. This integration enables seamless data transfer, with encounters being coded in real-time as providers render services. This eliminates the need for manual input and reduces likelihood of errors. Once an encounter is complete, the EHR can communicate with that practice's PM platform to file claims and submit bills — all without much work from one of your team members.

## Utilize Payment Portals

Payment portals empower patients to make payments conveniently from their home with minimal effort. With a payment portal like Benchmark Pay, practices can configure their system to accept multiple forms of payments, such as credit/debit card payments, mobile app payments, and even Care credits. This allows patients to choose the payment option that is most convenient for them, ultimately increasing the likelihood of timely payments. By providing multiple payment channels, especially ones that are easily accessible, practices can cater to the preferences and needs of their diverse patient base.

Benchmark Systems, Inc.

Good afternoon, John Doe !

Below is your statement summary. Please enter the amount you would like to pay and click **Enter Payment Information**

If you would like to pay on individual service(s) please click **Show Details** to select individual services

Statement Date	Patient Account	Total Balance Due
4/6/2021	11035	\$75.00

[Show Details](#)

**Payment Details**

Amount to Pay Today: \$ 75.00

[Enter Payment Information](#)

**FAQ**

Why is the balance that displays on the portal different than whats on my paper statement ?

What should I do if I have questions about my bill

**Patient Education Resources powered by IMD**

- [Dry eyes](#)
- [Dry mouth](#)
- [Mixed connective tissue disease](#)
- [Polymyositis](#)
- [Sjogren's syndrome](#)

## **Improve Post-Visit Collections Processes**

Once a patient leaves your practice, the post-visit collections process begins. In order to receive maximum reimbursement for your services, it's vital that you have stringent protocols in place that gently remind patients of outstanding bills. The strategies we'll explore below can enhance the financial viability of the practice while also promoting more transparency with patients.

### **Send Reminders Through Multiple Communication Channels**

By utilizing various methods such as phone calls, text messages, and emails, practices can ensure that patients receive timely and accurate billing information. Using multiple communication channels helps to increase the likelihood of patients receiving reminders. Not everyone checks their emails regularly or keeps their phone on them at all times. By sending reminders through different channels, practices can reach patients in a way that suits their preferences and habits, increasing the chances of the message being seen and acted upon promptly.

### **Consider Offering Payment Plans**

One effective strategy for small medical practices to improve collections rates is to consider offering payment plans to patients. With the rising cost of medical bills, many patients may struggle to pay their bills in full upfront. Payment plans allow patients to divide the cost of their medical bills into more manageable installments. This can alleviate the financial strain on patients, making it easier for them to fulfill their payment obligations. Additionally, patients may be more inclined to seek necessary medical care if they know that they have the option of paying their bills over time. By providing no or low-interest payment plans, practices can help patients manage the high cost of medical bills and ensure more prompt payment.

# Outsource RCM with Benchmark Solutions to Maximize Collections and Reimbursements

Capturing payments isn't always easy — but it's necessary. In order for your practice to stay open and serve patients well, maintaining stable cash flow is a top priority. But if you'd rather focus on spending more time with your patients and less time tracking down payments, we're here to help. At Benchmark Solutions, we partner with small medical practices to improve their processes, including financial operations. By entrusting your RCM processes to a specialized third-party provider like Benchmark Solutions, you can streamline your billing processes, optimize revenue, and save time.

## Why clients recommend Benchmark RCM:

- ☑ Increased collections by an average of 10 – 15% within the first year.
- ☑ Reduce AR from a national average of 56 days to under 30 days.
- ☑ Five-star rated RCM support team, reducing overhead costs for hiring and training billing specialists.
- ☑ Maximized reimbursements, with a 98% first-pass claims submission payment.
- ☑ Benchmark RCM fees are based on successful transactions, which lets practices control their cash flow.

Benchmark RCM can supplement your existing billing processes, providing an extra set of hands, or we can serve as your in-house billing team. Our highly sought-after team brings decades of

Watch our video to learn more:

**Benchmark Systems RCM Services**

If you'd like to learn more about how our system can address your current pain points, please contact us for a free consultation.

Contact Us!



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