

## 8. Collection Strategies

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## 8.1 Overview of Collection Strategies

It is difficult for the Indian population to understand that there is an obligation to pay the balances on bills. Many have been under the impression that health care services are free and are owed by the Government to a member of the Indian or Tribal community.

However, the government only reimburses or allocates a certain sum of money to support the facilities. The remainder must come either from the third party insurers or the legal balances owed by the patient.

As important as it is to know how to handle opposition when it is encountered, it is equally important to know how to avoid it.

**Pay attention to what you say** – Don't use terms that sound like orders. Instead, ask for the patient's cooperation and agreement. Focus on the word you and on the benefits of paying the debt. Use phrases that promote agreement and cooperation, such as:

- Don't you agree?
- Let's look at it this way
- You'd benefit more from....
- Think of how good you will feel when.....

**Be pleasant** - It is hard to resist someone you like. Make your voice sound pleasant and project a feeling of concern for the patient's situation. Positive persuasion always works best, and it makes any encounter you have with the patient more pleasant for both of you.

**Acknowledge resistance** - Some people like being difficult. The best way to handle this situation is to say, "I respect what you are saying", while not patronizing the patient. This tactic will halt the progression of the patient's argument without ending the discussion.

**Move the conversation along** - Resistance is often a defensive measure, and as long as the patient is in a defensive mode, the resistance will remain. Keep in mind opposition is rooted in a method of thinking. You need to make the patient stop thinking defensively and start thinking cooperatively. If you acknowledge the patient's position and move the conversation along, you can bypass the resistance and work toward payment.

**Don't be hostile** - Becoming hostile and aggressive may help you win an argument with a patient, but you may still lose the greater battle. Even if you make a patient agree to send you payment, the patient may not mail the check simply to spite you.

**Don't make it an issue of right versus wrong** - No one likes to be told he is wrong. This will incite opposition in any normal situation and can send a touchy situation into a tailspin. Avoid telling a patient, "You are mistaken" or "That's wrong". Instead, refer to the problem as a separate entity you and the patient should work on together.

**Don't stifle the patient** - A great deal of conflict is rooted in emotion. By letting the patient express that emotion you can move onto more logical, cooperative conversation. Resistance isn't a case of saying "no" instead of "yes". It is a mix of anger, hesitation, embarrassment, and fear lying between the patient and payment.

## 8.2 Negotiation Guidelines

Depending on the circumstances, there are three stages in every negotiation in the collection process:

### Stage I - Clarify the objections

Find out what the debtor wants and know what you want to attain. Negotiate with a strong sense of purpose. Look at it as a way to get what you want, not as an activity to see what you can get. If you want payment in full, negotiate for it. Do not enter the discussion with a "wishy-washy" attitude that says you will take whatever you can get.

### Stage II - Gather Information about the Debtor

The information you need includes sources of income and other assets. Some of the information may not have anything to do with the demands or needs of that person, but it will help you decide what strategy or method you will use. You cannot negotiate with incomplete information.

### **Stage III - Reach an Agreement or Compromise**

This is the stage toward which many people rush without setting the groundwork by going through stages I and II. Completing the objectives of Stages I and II allows you to plan your strategy, thus giving you an advantage over the person who is poorly prepared or not prepared at all. Obtain a written agreement between the patient and the facility.

## **8.3 The Art of Listening**

There are three levels of listening:

- 1) Listening to remember,
- 2) Listening to evaluate, and
- 3) Listening to understand and recognize the needs of the patient or the interest of the insurer.

We are capable of hearing almost four times faster than we can speak.

### **Listening Guidelines**

- Show a genuine interest in what is being said.
- Pay close attention to the statements being made. As they speak, you should construct a mental word map and counter-strategy of how you are going to respond.
- Learn to recognize and correctly analyze hidden meanings in the conversation.
- Acknowledge your understanding with a series of encouraging comments such as, “Oh, I see.”
- Do not evaluate what is being said to you. Keep an open mind during the conversation.
- Do not become emotionally involved.
- Do not give advice, even if prompted.
- Display professional courtesy.
- Build bridges during the conversation.

## 8.4 Payment Motivators

There are three categories of motivators for encouraging people to pay their bills:

- Pride
- Honesty
- Fear

### 8.4.1 Pride Motivators

Pride Motivators deal with the self-respect or reputation of the other person. People are usually proud that they can earn a living for themselves and their family and pay bills on time. A good credit rating and payment reputation are things they are proud of.

Examples of patient pride motivators include:

- “It took many years to build such a good credit rating. You don’t want to jeopardize it on this bill, do you?”
- “You’ve always had an excellent payment reputation. Don’t you want to clear this up today?”

Examples of insurance pride motivators include:

- “Your company has a great payment record with us. I’m surprised to have this bill outstanding.”
- “Isn’t your reputation as a good payer important to you?”

### 8.4.2 Honesty Motivators

Honesty motivators consider people’s natural reaction to do what’s right. Most people want to be known as someone who pays bills on time and is fair with others. Patients who received good care from you facility generally know its only right to pay you in full. Honesty motivators are built around this sense of fair play.

Examples of patient honesty motivators include:

- “Do you think it’s fair to shortchange the clinic after we gave you our best care?”
- “Won’t you feel a whole lot better when this bill is off your conscience?”

Examples of insurance honesty motivators include:

- “The patient pays your premiums on time. Isn’t it fair to pay this bill on time, too?”
- “We’ve provided you with all necessary information in a timely fashion. Don’t you think it’s only right to pay us now?”

### **8.4.3 Fear Motivators**

Fear motivators can be designed around anything that threatens the other person’s well being. This could be the fear of loss of reputation, loss of future services, loss of future credit, or loss of respect. Many patients fear further collection action or loss of their good credit rating.

Examples of patient fear motivators include:

- “Legal action is expensive, but may be necessary if your promise is not kept. You don’t want that, do you?”
- “Credit is a valuable asset. You don’t want to risk it on an unpaid bill, do you?”

Examples of insurance fear motivators include:

- “If we don’t get payment from you soon, I have no choice but to contact your subscriber for payment.”
- “The insurance commissioner requires payment of a clean claim in 30 days. If you can clear payment today, we won’t notify them of your delinquency.”

### **8.4.4 Words and Phrases to Avoid**

Another part of learning how to motivate others to pay is looking at specific words or phrases that will actually de-motivate others. There are certain words or phrases used in collection with either a patient or an insurer that immediately will trigger a bad response. You will recognize some of these as very common words used in your daily collection conversations. Set goals to eliminate them from your collection vocabulary.

**Phrases to Avoid When Collecting**

These phrases are all demand phrases.

- You need to....
- I need.....
- You must.....
- We require.....
- I want you to....
- You have to.....
- I expect.....
- Our policy states.....

No one likes to be told what to do, so the remainder of the sentence will not be received well by the patient or insurer.

For a better response, try one of the following:

- Here are some options for you.....
- What can you do?
- May I suggest.....
- You might want to try.....
- Did you know you can .....?
- Will it help if.....

Avoid saying . . .	Because . . .
<p><b>“But,” “However,” “Yet”</b></p>	<p>Research has found that using these words cause people to get defensive. You will get a better response using the word “and” instead of “but. For example: “I understand how you feel, <i>and</i> I hope you can see my point of view”.</p>
<p><b>“May I ask . . . ?”</b></p>	<p>Some people may think that prefacing questions with “may I ask” is a courtesy and will get a good response from the patient or insurer; however, it has the opposite effect. It almost conveys to the patient or insurer that you are “nervous” about asking an inappropriate question. Also, this is a yes/no question, so you run the risk of the patient saying “no”. For a better response say “Why can’t you pay this bill?”</p>

Avoid saying . . .	Because . . .
<p><b>“Only”</b></p>	<p>If you ever catch yourself saying, “This is the only thing I can do for you,” remind yourself that this will “only” make your patients and/or the insurer angry. People naturally become defensive or resistant to compromise when you limit their options or force decisions on them. For a better response try, “I think the best option for you is...” or “You could try....”</p>
<p><b>“You are past due.”</b></p>	<p>When collecting, it is best not to use statements that put patients down or point out that they are “bad” in any way or point a finger at them. Use instead the wording “<i>Your account is past due</i>”</p>

## 8.5 Five Ways to Change a Patient’s Mind

“No matter how hard you try, you can not force people to do what you want.”

- 1. Give Choices.** Most people like to make up their own minds without being told what to do. Rather than having patients simply say yes or no, offer them alternatives.
- 2. Offer Reasons.** Give patients reasons to change their minds – reasons that are important to them. Show patients how paying their bills will benefit them.
- 3. Devise a Plan B.** If you can’t get the patient to pay in full, be sure to have a back up plan, such as having the patient pay in two payments.
- 4. Don’t Argue.** If patients have their minds made up about something, arguing won’t help. In fact, it will make the situation worse. Try to find something you can agree on and go from there.
- 5. Ask Questions.** Sometimes it’s helpful to ask what patients would like you to do for them. Most people will be reasonable with their requests; otherwise you can negotiate a common solution.

## 8.6 Collection Calls

This is an important but sometimes difficult process, as it involves confronting a person about payment. When making any collection call, always remember that time is of the essence, and timeliness is what you want to base a payment structure on.

Many facilities and even many collection agencies go about collection calls the wrong way by asking the patient what he or she can afford to pay each month, or asking for a specific dollar amount payment every month. This is a mistake. By asking for a set dollar amount, you restrict yourself to the amount you can collect. Instead, you should ask for the full payment.

If the patient says. . .	Then say,
“I can’t pay today.”	“Would you be able to drop a check in the mail for the balance in full today?”
“I don’t have enough money to pay the bill in full today.”	“The balance is due today. However, we would be willing to extend some time to you to pay this bill. Since today is Friday, how long will you need to pay of this bill?”

By your saying a particular day of the week and asking for a length of time to pay, the patient is now in the context of days rather than months or years. The patient might respond with, “I will need at least two days or I will need at least two or three months.” Even if it is two or three months, your account will be settled in full.

If you deal with the patient on the terms of what they can afford to pay you, it is more likely that the patient may only pay a portion of the bill or drag the payment cycle out over many months. However, when asking a patient how long it will take to pay off a bill, it is very unlikely that he or she will respond with “I think it will take me about a year and a half to pay you”. The main idea here is to get the debtor thinking on your terms and not on theirs.

### 8.6.1 Handling Objections to Payment from Patients

When collecting, you hear many of the same excuses for not paying from patients and insurance companies. Becoming an expert at handling these payment objections will lead to improved collection totals. Follow these principles when collecting payment:

- **Don't Argue** – You could easily win an argument with a patient but would you get paid in full? The goal is not to win an argument and make a patient feel bad. The goal is to get paid in full while protecting patient relations.
- **Use Intelligence, not Emotion** – Patients may become emotional when they are talking with you. You need to express sympathy, but remain calm and logical.
- **Use a Professional and Businesslike Manner** – Treat matters seriously. State facts with authority and assurance. Be friendly, but not too familiar. Stick to business-related matters without alienating patients.
- **Be Courteous** – Always consider the other person's feelings. Be polite and practice good telephone manners.
- **Be Flexible** – Your collection approach should change if the situation warrants it. Remember, every patient will respond differently to your requests for payment. You need to use a variety of motivators.
- **Be Natural** – Use simple, uncomplicated words and phrases. Avoid technical jargon that will confuse others. Your delivery should be unhurried and deliberate.

## 8.6.2 Handling Objections to Payment from Insurers

Billing accounts manually does not assure that an insurer will pay in a timely manner. Many insurers purposely delay payments on manually submitted claims to encourage clinics, hospitals, and facilities to convert to electronic billing. Many pharmaceutical insurers will ignore paying manually submitted claims or continually return these claims, asking for other justification or documentation.

If ...	Do this:
<b>No record of claim:</b>	<ul style="list-style-type: none"> <li>• Verify billing address</li> <li>• Verify eligibility on date of service</li> <li>• Ask if any additional information such as itemized charges or medical records are needed to process the claim</li> <li>• Attach all requested information and resubmit claim</li> </ul>
<b>Claim is pending:</b>	<ul style="list-style-type: none"> <li>• Verify the billing date and determine when claim was sent to insurer</li> <li>• Ask what information is needed from the provider in order to process the claim</li> <li>• Once information is provided ask the insurer when payment can be expected</li> <li>• Stress that the account is past due.</li> <li>• If the insurer representative does not cooperate, request a supervisor</li> </ul>
<b>Coordination of benefits or Medical Record documentation is needed:</b>	<ul style="list-style-type: none"> <li>• Ask what specific information is needed to process the claim</li> <li>• Determine the time to process the claim once the information has been provided</li> <li>• Obtain medical records, copy relevant information, and send to insurer</li> <li>• Contact patient to determine if patient or spouse has other insurance</li> </ul>
<b>Behind in processing claims:</b>	<ul style="list-style-type: none"> <li>• Verify the date your claim(s) was received</li> <li>• Find out how far behind the insurer is in processing claims</li> <li>• Stress that payment is overdue</li> <li>• Document</li> </ul>