



3 Reasons Your Patient Payment Plans Aren't Working

As out of pocket costs increase and deductibles rise, healthcare organizations of all sizes and specialties are seeing an increase in high-balance accounts. Without much assistance from insurance patients are looking for new and better payment options. Payment plans can be a valuable option for both the patient and the provider when administered properly. So why aren't they working for you?

There are three primary reasons why your payment plans aren't working, and your patients are still ending up in bad debt.

Set Up

This may seem obvious, but for payment arrangements to be an effective revenue cycle tool your team needs to be establishing them properly.

Every member of your patient accounting and access staff should be familiar with your organization's financial policy so they can have informed conversations about arrangements, and to ensure they are setting up arrangements that not only help the patient, but also benefit your organization. Train them to not only consider the balance, but also the amount of time in which it should be paid to avoid excessively long arrangements that are difficult to maintain.

Consider this: a patient with a \$500 bill who wants to set up a \$10 per month payment plan is asking for more than four years to pay their balance.

If your organization has specific plan requirements outlined in its financial policy be sure that the patient you are working with is able to meet those requirements before attempting to set them up on a plan. Understanding your patients' propensity to pay, or at least their payment history, can provide insight into whether they will be able to meet the minimum monthly payment or if you need to explore other options.

Timing

When is your team attempting to set up a payment plan? After the first statement is sent? After the patient's account becomes delinquent? The older an account becomes the less likely it is to be paid in full, and the more difficult it will be to enforce a payment arrangement.

Plans should be set up early, even before or at the time of service where possible. Your financial team should be trained and empowered to ask patients for the balance in full first, and to get to the cause of any objections or excuses the patient may offer. When a request for payment in full does not work, the next course of action should be to establish a payment plan, not to wait and see what payments the patient sends on their own.

Monitoring & Follow Up

If you are setting up arrangements early and in accordance with your organization's financial policy and you are still not seeing the benefit to your bottom line, then you are likely falling victim to the primary reason payment arrangements do not work: improper monitoring and follow up.

A payment arrangement only works when it is enforced. Patients often need regular reminders on an established schedule to make routine payments. Send statements with payment plan reminders 15 days before the payment is due. Use those statements to also show them how easy it is to pay. Highlight the various options available to them, including easy access to your web portal for online payments. Most importantly, when a patient fails to make a timely payment your staff should be following up immediately by phone. If your financial policy outlines consequences for

failure to maintain an arrangement, then the patient must be notified what those actions are and when they will take place.

Proper plan monitoring allows healthcare facilities to maintain their A/R at a very low cost and prevents accounts from going to bad debt. But this kind of prompt reaction requires putting a system or team in place to ensure payments are posted daily, regular reconciliations are being done, and patients are contacted immediately after a missed payment. Most plans don't work because many organizations lack the infrastructure or the staff to properly monitor and follow up.

Meduit's MedEZPay payment monitoring solution ensures financial arrangements are kept by monitoring long-term payment activity. The program assists healthcare facilities with managing accounts at any age and under any terms. The program also incorporates proven follow up techniques, including the mailing of monthly statements, daily payment posting, and automated calls to any patient with payments 7 days past due. In the event of a default, we will even send a final notice.

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