Because fear of cost is one of the top three reasons why patients don’t go to the dentist, effective communication in the discussion of fees with your patients in advance of and throughout the treatment process is important. Remember, most treatment is not anticipated and so most patients have not planned for what may be costly and prolonged professional care. Your patient’s care will be enhanced when you arrange financial matters with businesslike efficiency, kindness and consideration.

Many offices procrastinate when it comes to discussing fees and collection policies with patients. To obtain good collection ratios, one must come to terms with fee discussion. Patients are rarely embarrassed by such discussions if they are handled tactfully. The time to discuss fees and payment arrangements is before extensive treatment begins. Provide an opportunity for the patient to ask questions. Your staff should explain the investment of treatment in detail and discuss the subject in a straightforward manner. These discussions should be conducted in a private area where payment plan options, insurance and payment can be explained without other patients overhearing the conversation.

The patient should be apprised of your office’s financial policy including credit and collection procedures at the first visit or when the treatment plan is presented. A good lead-in question to ask is, “Is there any dental insurance we need to be aware of?” Depending on the response, this is an excellent time to tell the patient about your office policy regarding insurance, and to present flexible financial options so the patient says yes to your treatment recommendations.

**Billing and Collections**

A successful financial system is based on a clearly defined office policy and procedures concerning fees, billing and payment; complete understanding of those policies and procedures by each staff member; effective and consistent communication of those policies and procedures to each patient, both verbally and in writing, before, during and after treatment; and the appropriate systems to record and monitor the necessary information accurately, timely and consistently by one specific staff member.

The extension of credit by the practice to the patient is an unattractive option due to the possibility of non-payment and the expense of collections. A popular patient payment option is No Interest patient financing offered by an outside patient financing company. The three major benefits of using an outside patient financing program are:

- Payment at time of treatment, with no recourse
- Increased treatment acceptance
- Revolving line of credit that can be used for the whole family for ongoing treatment

ADA Member Advantage endorses CareCredit for patient financing, the nation’s largest program with over 20 years of healthcare experience. Members receive discounted rates and patients can choose from a variety of no interest and low interest payment plans.

There are numerous variations that can either help or hinder the collection process, including third-party payment/assignment and special financial arrangements with a “truth in lending statement.”

**Time-of-service payments**

For patients requiring routine care or minimal treatment, you should adopt — and enforce — a formal office policy. Time-of-service collection will help you both avoid the high cost of sending bills and will increase your cash flow.

Many dental offices post the following notice to publicize their policy:

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**Sample notice**

Due to the increased cost of billing and bookkeeping services, payment is expected the day of service.

Thank You
Such a statement does not generally offend patients. For maximum effectiveness, include copies with billing notices, post the policy in your reception room and be sure that your staff conscientiously implements the policy.

The policy should be mentioned to the patient in phone conversations and printed on the reminder card sent before the dental visit. This way patients will be more likely to bring the cash payment with them. Your office assistant should discuss the fee for the day’s services with the patient before treatment is started.

**Presenting Payment Alternatives**

Fees for extensive dental care should be outlined at the case consultation and the treatment plan should contain a formal statement of the acceptable methods of payment. This statement is best typed on a sheet separate from that of the treatment plan. Give the patient a choice of three or four methods of payment.

The choice given the patient should be whether he/she will pay by cash, check, credit card, or an outside payment plan, not whether he/she will pay immediately or be billed. The assistant might say, “Mr. Brown, today’s fee is $_________. Will that be cash, check, credit card or our No Interest payment option?” If the patient says, “Bill me,” the assistant should remind the patient politely of the office’s financial policy, and remind the patient that, as a service to patients, the practice offers a patient financing program that offers No Interest plans.

Send a letter confirming both the treatment plan and the agreed method of payment after the case discussion.

**In-House Billing**

The success of your billing system depends on follow up. You or your assistant should routinely monitor the financial status of each account and send bills, even though payment plans have been approved and truth-in-lending statements signed. Problems should be brought to the attention of the patient immediately, both to avoid additional charges and to determine problem areas.

All accounts should be monitored by utilizing your accounts receivable aging reports in your practice management software. This tool will allow the status of the account to be assessed along with an immediate determination of those patients who are not complying with the terms of payment.

The accounts receivable aging report is analyzed ten days after each billing period. Current bills (treatment performed within the past 30 days) are sent to the patient devoid of any special memos or notations. A second billing (31-60 days) should include a reminder that payment is due, such as “Your payment is beyond the time established by you to pay your account. Your immediate payment is appreciated.” This note should be handwritten rather than typewritten or printed on the computer. You could also include a reminder about the practice’s No Interest payment plans. This will create a greater awareness by the patient that this message has been conveyed personally rather than mechanically. In a great number of cases, patients will respond more quickly to the handwritten memo.

Personal calls can be very effective. Be courteous and remind the patient of the account, determine if a problem exists and ask when they plan to pay.

Patients receiving a third billing (61-90 days) should receive a statement with a stronger memo. One possible note might be as follows: “Your account is considerably overdue. If payment cannot be made in full, please call the office immediately so that your account can be settled.” If payment is not made within ten days, this patient is to receive a telephone call and a firm arrangement should be established.

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**Payment Plan Alternatives**

1. Payment in advance, with 5% cash courtesy discount
2. Patient Financing using No Interest or Low Interest options.
3. One-half in advance, with the remainder to be paid in full at the final visit.
4. One-third at the start of treatment, one-third during treatment and one-third upon completion of treatment.
5. If none of the above are suitable, please contact the office financial manager.
How to handle the patient who still does not respond, even after all of the previous attempts have been made, is a subtle matter. The dental practice in the position of being owed payment is generally perceived by the patient as having very little “collection capability clout.” It is in this case that creating “third party” credibility becomes very effective. A letter from the dental practice introducing the entry of a third party collection source will often solve the problem.

A typical letter might read as follows: “We have been informed by our accounting firm that because your account is considerably overdue, it will be turned over to an attorney for immediate legal action if complete payment of your balance is not made immediately.” This correspondence creates the image of the account now being controlled by an outside, stronger source. It is now strictly an accounting decision and no longer in the hands of the doctor and staff. This will create greater credibility and enhance the collection process.

In summary, it is essential that there be continual communications between the office and the patient throughout the treatment process. Reinforcement of a payment agreement that has been clearly established between the patient and the office will not inhibit the doctor-staff-patient relationship. In actuality, it will prevent misunderstandings that could have a destructive influence on a patient’s relationship with the practice. People are honest, but if they feel the doctor is indifferent about payment for services they will direct their payment priorities to a source perceived as more concerned about prompt remittance.

You may wish to have your assistant handle most of the financial arrangements and check the progress of accounts, discussing the difficulties with patients and adjusting the payment plans as necessary. However, you must be able and prepared to step into negotiations whenever the assistant needs your help.

Special circumstances
Occasionally, a patient will have a legitimate reason for not making payments as scheduled: loss of job, unexpected major expenses, etc. When the patient tells you of a financial hardship that has affected his or her payments, thank the patient for sharing the information with you and try to arrange mutually-agreeable alternatives. You might say, “We’re sorry to hear that you lost your job. It’s good, though, that you have told us. Let’s reduce your payments from $60 a month to $40 each for the next three months and then return to the old schedule.” In any such case, the dentist should never let the patient choose his or her own course of action; give a choice of alternatives, all of which are acceptable to you.

Collecting delinquent accounts
You may choose to handle these in-house or hire an outside collection agency to collect delinquent accounts. An outside party can free up your staff to focus on other tasks in the office while the fee recovering company handles the sometimes unpleasant task of collections. Using an outside party can “de-personalize” the process for the patient and your staff – allowing you to maintain a positive relationship with your patients.

These sample collection letters to be sent at 90, 105 and 120 days are for guidance only. Polite, firm telephone calls may be more effective, however. After four months (120 days) you should consult with your attorney regarding collection versus possible malpractice exposures. If the patient makes a payment during the process, the cycle should begin again, unless the payment is so small that you feel the patient is not genuinely trying to reduce the balance. In this case, notify the patient to increase the frequency or amount of his payments.

Interest:
Charging interest on overdue accounts is subject to federal and state law and regulations and should not be attempted without the advice of an attorney.

How to Begin Accepting Credit Cards
Part of starting your new practice will involve enabling credit and, likely, debit card acceptance. To begin accepting these kinds of payments, you will need to partner with a company that processes
cards and can help you establish card acceptance, with a terminal, software, and other necessities. Card acceptance speeds cash flow, ensure complete payments and simplifies collections.

To locate a processor, you may wish to ask other dentists for recommendations or you can approach your bank for a recommendation. Keep in mind that the bank will recommend the processor with which they are associated, not necessarily the one that provides the best service. You may also want to consider ADA Member Advantage’s endorsed provider, Chase Paymentech. They make it easy and affordable for dental practices to accept credit and debit card payments at the point of service.

**Benefit of Accepting All Forms of Payment**
Consumers demand choice and convenience. That means they are increasingly opting for electronic payment methods, not cash or checks.

Nearly 1 in every 3 consumer purchases in the United States is made with a payment card — including credit, debit, and prepaid products. Cardholders alone conduct more than $1 trillion in annual volume.

Visa, MasterCard, American Express, Discover and pin based debit each have large and loyal followings. While one customer might value the simplicity of the Visa check card, another may prefer the flexibility of pin based debit. People love their convenience and debit cards ensure businesses are paid in full — quickly and at lower transactions costs. In today’s electronic world, the need for acceptance is being demanded more and more by the consumer. Pin-based debit is a less expensive transaction to you the merchant and eliminates your risk to customer disputes.

Make sure that your practice is flexible enough to accommodate all forms of payment. The ADA Member Advantage program for electronic payments offers a total payment solution that includes both credit card and debit card acceptance, including pin-based debit.

**ADA Member Advantage Endorsed Resources:**
CareCredit Patient Financing (800) 800-5110.
Chase Paymentech, Credit Card Processing, (800) 618-1666.

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**Delinquent Payers**

**Date**
**Patient Name**
**Street Address**
**City, State, Zip**

Dear Patient:
Perhaps you overlooked your recent billing statements that were sent on date and date. We offer billing as a special convenience to our patients and would appreciate payment of the balance of the enclosed statement by date. If, for any reason, you are unable to pay the balance or have any questions, please call us as soon as possible at office number.

If you have mailed your payment, please disregard this request.

Sincerely,
Dentist
**Delinquent Payers (31-60 Days)**

*Date*
*Patient*
*Street Address*
*City, State, Zip*

**Dear Patient:**

You recently were sent a third statement regarding the balance due on your account. At this time your account is more than 30 days old and it is imperative that payment be received by date.

If you cannot send a check or use a credit card to clear this balance, please call me at *office number* immediately. We look forward to resolving this matter as soon as possible, without having to involve a collection agency.

Thank you for your cooperation, and we look forward to receiving your payment soon.

Sincerely,

*Dentist*

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**Delinquent Payers (61-90 Days)**

*Date*
*Patient*
*Street Address*
*City, State, Zip*

**Dear Patient:**

Your account with us is seriously overdue. We have contacted you on *date* and *date* by letter and on *date* and *date* by telephone. Each time, you agreed to pay and did not. We will consider turning this account over for collection unless we receive payment in full by *date*. Please contact my office immediately at *office number* to discuss this matter.

Sincerely,

*Dentist*