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# PRACTICAL RISK MANAGEMENT POINTERS FOR USING COLLECTION AGENCIES

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The decision to send a patient's delinquent account to a collection agency is a difficult one. Ideally, billing problems should be addressed as they arise to avoid accrual of a large balance and to minimize conflicts. Sending an account to a collection agency could give rise to a legal or administrative action against you - not because of inappropriate action on your part, but because it could feed into a patient's pre-existing anger or resentment. Following these tips may minimize the risk of having an action filed against you should you decide to use a collection agency at some point in your practice.

- Provide patients with written information about fees, billing, payment responsibilities, and collection procedures at their first visit, as well as an opportunity to discuss this information with appropriate office staff and/or you. A copy with the patient's signature should be kept in the medical record.
- Tactfully address billing and payment problems with patients as they arise in order to minimize potential conflicts.
- Personally review a patient's chart to determine if it should be sent to a collection agency.
- Do not send an account to collections until the patient has been informed in writing that the bill will be turned over to a collection agency if the balance is not paid within a specified period of time.
- Ensure compliance with your state and federal law related to debt collection.
- Hire an attorney to draft an agreement between you and the collection agency to protect the confidentiality of your patients' information.
  - ✓ If you are a "covered provider" under the Health Insurance Portability and Accountability Act (HIPAA), you will need a "Business Associate Contract" whereby the collection agency agrees to abide by the federal privacy regulations regarding confidentiality of health information.
- Do not send clinical information to a collection agency. Provide the minimum amount of information necessary to carry out the collections – demographic information, dates of service, and amount owed. Ensure that the diagnoses, diagnostic codes, procedures, and procedure codes have been redacted prior to turning over the record.
- If you are considering writing off an outstanding balance rather than using an agency to collect it, determine and comply with the requirements of all involved third-party payors.

Compliments of:



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