



Final Notice: Sending an Account to Collections

By TDIC Risk Management Staff

Most dentists enter the profession with one focus in mind: patient care. In theory, the concept of providing care is pretty simple: dentists perform a service, and patients pay for that service. But what happens when patients fail to hold up their end of the bargain?

Collections is one of the most crucial, yet challenging, aspects of practice management. Using a collections protocol is a basic first step in addressing unpaid balances, but if phone calls and letters go unanswered, a dentist is faced with the dilemma of whether to turn the account over to a collection agency. The Dentists Insurance Company advises dentists to carefully consider the pros and cons of such an action. Depending on the dollar amount of the outstanding balance, the length of time that has passed and the patient's payment history, the negatives may outweigh the positives. Angry patients can and have attempted to retaliate against dentists for sending their bills to collections.

In one case reported to TDIC, a patient presented for an exam, requesting veneers on her upper front teeth. The dentist wanted to address the patient's periodontal issues and improve her oral hygiene prior to placing the veneers. The patient underwent scaling and root planing on four quadrants, and a few months later, the dentist began preparations for veneers. The patient returned for an occlusal adjustment, and the dentist delivered her permanent veneers two weeks later.

The patient returned several times for occlusal adjustments over the next few months, and at the last visit, the dentist noted that one tooth was tender and another had slight mobility. The dentist recommended a nightguard and took impressions for its fabrication. But the patient did not return for the delivery of the nightguard, leaving a \$3,800 balance. The dentist hired a collection agency in an attempt to recover the unpaid balance, but the patient filed a lawsuit alleging negligent treatment, demanding \$15,000 to correct the treatment in addition to compensation for pain and suffering.

"All too often, as soon as a dentist starts pursuing an unpaid balance, a patient claims that the treatment was unsatisfactory," said Taiba Solaiman, risk management analyst, TDIC. "Unfortunately, this triggers them to pursue actions against the dentist to avoid paying the bill."

Professional liability claims aren't the only retaliatory threats dentists face. Patients have filed complaints with their respective dental

boards, insurance companies and the Better Business Bureau. They have also resorted to posting negative reviews on social media and other user-generated review sites.

In another case reported to TDIC, a patient presented to a prosthodontist to get replacement crowns on his upper front teeth. The original crowns were made by a general dentist several months prior and were of marginal quality and aesthetic integrity.

The prosthodontist completed treatment, but it took the patient two years to pay \$1,500 of his \$9,000 balance, so the doctor decided to turn the account over to collections. In response, the patient posted a negative review online, stating it was the worst experience of his life and advising others not to waste their time or money on the doctor's services. In the review, the patient also stated that he attempted to contact the dentist on multiple occasions and left several voicemails, but the dentist failed to return his calls. However, the dentist's records did not reflect this assertion.

TDIC reports several issues with this case. First, the dentist did not have the documentation to prove patient acceptance of treatment at the delivery of the restorations. Second, there was no record of follow-up in terms of post-operative checks. Third, the practice did not hear from the patient for two years and assumed he wasn't coming back, but failed to send a dismissal letter. TDIC advised the dentist to reach out to the patient directly to resolve the matter or not to pursue it.

"While dentists certainly have a right and an obligation to pursue money that is owed them, it is important to consider the pros and cons of doing so. Sometimes, the long-term costs can outweigh the short-term benefits," Solaiman explained.

To mitigate any potential risk, TDIC recommends implementing a sound, clear financial policy. The policy should explain the patient's financial obligations and clearly state that delinquent accounts (for example, those that are 120 days overdue) are turned over to collection agencies. It should also detail any fees, if applicable. All patients should sign the financial agreement and consent form, as well as authorization to release patient information to a third party, should a collection agency be used. If so, it is also important to have a business associate agreement on file and to limit the information shared to avoid potential HIPAA violations.

It should also be noted that in the end, dentists usually only see a small fraction of the amount owed once a collection agency is involved. Most agencies charge a percentage of the money collected, as much as 50 percent, depending on the amount and age of debt. But the amount collected is not necessarily the amount

owed; agencies usually negotiate a smaller settlement. For example, if a patient owes a dentist \$500, and the collection agency negotiates to \$300 and charges 30 percent, the dentist will only receive \$210.

In addition, collection agencies are required by law to cease collection efforts should the amount in question be in dispute. Consumers have 30 days to notify collection agencies that the debt is disputed, and agencies must then obtain verification of the debt or a copy of a judgment in order to pursue it. Dentists are, however, allowed to pursue disputed debt on their own.

Not all circumstances necessitate the involvement of a collection agency. In some cases, dentists would have more luck talking to patients directly to determine why they are unable to fulfill their financial obligations. Offering options such as a payment plan to a patient who has become unemployed or is going through a divorce may be a much more appropriate avenue.

Generally speaking, patients whose accounts have been sent to collections should be dismissed from the practice. It is crucial to follow the proper dismissal protocol, ensuring the patient is not mid-treatment.

Even the most well-managed practices occasionally find themselves with patients who, for whatever reason, fail to meet their financial obligations. Choosing to send an unpaid balance to a collection agency is a personal decision each practice owner should make on a case-by-case basis. By being aware of both the benefits and drawbacks of such actions, dentists can make informed decisions.

Questions? Call TDIC's Risk Management Advice Line at 800.733.0633.

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