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How Important Is Collection Activity in an Orthodontic Office?

by **Paul Zuelke**

That may seem like a strange question coming from a person who has historically been identified as being a “Collection Consultant.” Those of you who know me and know of the services we provide know that we are not, in fact, “Collection Consultants.” Rather, we teach a method of credit management and accounts receivable control that is designed to nurture and support the quality patients of the practice and to identify and control the patients who are not of quality.

Our position on collection activity is that its purpose is to eliminate future collection problems and, therefore, maintain a positive relationship between the practice and the patient. It is no coincidence that whenever we visit a practice that has a higher than acceptable delinquency rate, the no-show/cancellation rate is also unacceptably high. In addition, these offices typically have fewer referrals from existing patients than they would like and a greater percentage of patients still in treatment beyond the estimated treatment time.

In an orthodontic office, if more than 5% of total accounts (not dollars) are 30 days or more past due, delinquency is unacceptable and there are far too many patients in a negative relationship with the practice. Although these patients may not choose to leave your practice, they invariably will refer to you less, will fail appointments, and in general will not contribute in a positive sense to the well being of your practice or to the quality of life in your practice.

So, from the point of view of maintaining a positive relationship between the practice and the patient, collection activity can become extremely important; in fact it is critical. If you can keep your patients’ accounts current, they will feel more comfortable with the practice and therefore will refer friends and relatives to you more frequently, they will keep their appointments, and they will contribute to your practice in a positive manner in a number of additional ways.

Once you truly understand and accept that maintaining that positive relationship with your patients is the only real reason for conducting collection activity, then collection activity to merely collect a payment or to collect your balance becomes unimportant. If you think about it, what difference does it really make to the overall well being of your practice and to the quality of life in your practice if you are able to collect \$100, or even \$500, from an old “deadbeat” patient who has long since left your practice or who you are unwilling to have back into your practice? What difference does it make if you send the account to a collection agency and they are able to collect \$50 or \$100 periodically from that patient? What difference does it really make to your overall well being if you were to send this \$700 account to an attorney or to small claims court? Does collecting that money really contribute to the overall quality of life in the practice? If you were to take a very pragmatic view of the situation, you would recognize that there is very little real gain to be made by this type of hardcore, serious collection activity.

In summary, collection activity and delinquency control is imperative to the well being of your practice, not to collect a payment, but rather to redevelop and maintain a positive relationship between the practice and the patient. ☺

About the Author



Paul Zuelke is president and founder of Zuelke & Associates, Inc., a management consulting firm specializing in teaching your staff how to identify the credit worthiness of your patients, negotiate sound financial arrangements, and manage patients and their accounts effectively.