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Payment collection controls

by Darryl Rhames

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Payment collections are the beginning of the revenue cycle. Some may view this as a no brainer or immaterial subject matter. However, have you ever taken a look at your total cash, credit card, and check collections? Have you compared that monetary value versus how much you bill out, due to not collecting co-pays or not being set up to collect payments when patients can pay right now?

What if you went to a grocery store and they told you, “Don’t worry about paying for the groceries at this time; we’ll bill you for them.” What percentage of people would take the goods and make sure they settle the bill later? No way are grocery stores doing that! They want their money as soon as you are ready to check out. They ensure they collect money on every transaction. Why shouldn’t you do the same at your facility or at least be set up to do the same? Could you imagine what collecting on every transaction would mean for your company? Think of what processes you could improve, the investments you could make, the repair or renovations you could complete, the impact to patient care, etc.

Now are payment collections starting to become more important to you? Well, in healthcare, cash is still very relevant as a payment method. Yeah, I know. Cash...really...that is a dying tender. Is that a true statement? Not at all. It depends on where you are that determines how widely cash is used as a major form of tender. Credit or debit card usage normally surpasses cash, but does that mean you shouldn’t accept cash? Of course not. I have never heard of a service fee for accepting cash. MasterCard, Visa, American Express, and Discover don’t get a cut of a cash payment. Ironically, it costs less to accept cash. So, it was decided to accommodate all forms of payment at every hospital campus and clinic.

Reflecting back on payment collection

More than 100 years ago, services were being provided to patients in hospitals, and patients were paying for their care. Over the course of history, hospitals developed:

- Cashier offices to accept multi-tender payments
- Patient service cashiers to register patients and collect copays
- Retail service cashiers to handle food or gift purchases for patients and their visitors

Outside of cash, credit card, and checks, hospitals set up payroll deduction options for employees to ensure funds were collected immediately for cafeteria food or hospital services.

It sounds like all areas can collect; however, where there are collections, there are also chances of loss.

What do I mean? Fraud, theft, abuse, and waste

There is a saying: If you can't protect it, don't collect it!

Once it was decided to accept multiple forms of payment (e.g., cash, check, credit cards) across all clinics, a need to protect the collections arose. What would be done to regulate payment collections and ensure proper internal controls were in place to reduce loss or fraudulent activity? A committee was formed by the efforts of the departments of Auditing and Compliance. The committee consisted of key personnel, such as vice presidents, directors, and managers, from both the patient services (clinics/hospital) and the retail service areas (cafeteria, patient trays, gift shop) to come up with rules and regulations for payment collections. During these committee meetings, basic competencies were developed, outlining what cashiers needed to know and what procedures should be in place to ensure all collection operations ran appropriately. A payment collections handbook was developed for all cashiers to abide by. A discipline grid was also developed to guide managers on what consequences were warranted for procedural errors, incomplete reconciliations documentation, and overages and shortages.

As time passed, this handbook was updated to remain relevant as the collection avenues increased. As a part of the compliance program, mandatory training was developed to certify all employees whose jobs included payment collection. Surprise cash audits were being conducted to review cashier activity, and surveillance cameras were installed to capture payment activities. Additionally, incentive pay was established for people collecting payments on the patient side.

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