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Options and Procedures for Collecting Bad Debts

Any healthcare organization's ultimate goal is to provide the best patient care, and resources make this easier to achieve. The primary source of income is plowed back profit from operations. Most hospital finances come from patient payments, either individual payments or personal insurance covers. In most cases, the insurance meets the partial cost of treatment, and the patient bears the remaining costs of treatment. However, not often are the patients able to come up with the funds to meet their bills and are treated on debt. Today, research shows that only 9 out of 100 hospitals can collect 20 percent of pending patient bills (Foohey et al., 2020). Therefore, most of the debts are written off to balance financial books.

To improve the collection of debts and address stagnating accounts receivables, healthcare organizations must improve their debt collection methods. Bad debts, if not addressed may result in bankruptcy or business failure. There are considerable ways to improve the chances of collections practiced by these organizations, such as working with the patients (Link et al., 2021). This mainly involves bonding with the patient and understanding the financial cash flow of the debtor. This way, the financial accountant can come up with a debt repayment plan that suits the customer. The customer is more willing to pay when they are comfortable. Secondly, the financial officer can offer a small settlement of the debtor's bill to motivate the customer to pay back pending bills. In other words, covering just enough portion of the debt to mitigate losses. Lastly, consideration to seek professional collectors. In some cases, the healthcare organization is unable to follow up on the debts. At this point, it is advisable to seek professional collectors who have more time and dedication to collecting an overdue debt.

References

- Foohey, P., Jiménez, D., & Odinet, C. K. (2020). The Debt Collection Pandemic. *California Law Review Online (Forthcoming 2020)*.
- Link, N. W., Powell, K., Hyatt, J. M., & Ruhland, E. L. (2021). Considering the process of debt collection in community corrections: The case of the Monetary Compliance Unit. *Journal of Contemporary Criminal Justice*, 37(1), 128-147.

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