

The Cheque's in the Post...

Maintaining a consistent cashflow, keeping late payments to a minimum and avoiding bad debt are key to your Practice remaining financially healthy. "The longer a debt remains unpaid, the greater the chance it will remain unpaid" comments Suresh Sivagnanam, Chief Executive of QMS Healthcare. "Acting on the first day of default is a key factor in the credit control process."

A weak credit control system is the main reason why Consultants and GPs find themselves struggling. A good quality credit control system that can identify, monitor, and action overdue accounts is therefore essential. Trying to recover long outstanding debts can result in a waste of time and money. "We have collected payments for some clients which have been over 2 years old" says Mr Sivagnanam.

The key elements to a successful credit control system are:

- A computerised patient management system is recommended as it will enable you to monitor invoices effectively and assess your current financial situation at any time
- Ensure patient records are detailed and maintained regularly
- Clearly state payment terms on all invoices
- Send invoices out promptly (see last months Capital Finance Page: "Invoicing – Getting it right")
- Implement an automatic reminder process – a computerised patient management system will enable you to flag up all outstanding invoices
- Appoint a member of staff responsible for debts – all debts should be followed up and a record of all calls made and letters sent should be kept. QMS advise the following workflow: **1.** Reminder letter 1; **2.** Reminder letter 2; **3.** Phone call; Reminder letter 3; **4.** Refer to a credit control agency
- Implement a 'stop list' for late payers – all Practice staff should be made aware of this to prevent further treatment being provided
- It is becoming increasingly popular for Practices to use invoice-discounting companies, which will pre-authorise and settle invoices immediately in return for a small commission

Unfortunately, debt is inevitable in business and therefore is unavoidable. Credit control should be an integral part of your Practice and should be the

responsibility of a key member of staff. A quality system that is monitored by trained staff will ensure that cash flow is maintained and bad debt is minimised, helping you concentrate on developing your Practice.