

Offer your patients a discount—before they ask

By giving every patient the option of paying less than standard fees, this physician avoids bill disputes—and boosts his collection rate, too.

By Richard R. Grayson, M.D.
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My wife, June, who occasionally helps out in the office, recently fielded a phone call from an elderly patient of mine who was, to put it mildly, unhappy over her bill. I'd tacked an extra \$2 charge onto my usual fee for an office visit when the visit took about twice as long as it should have, partly because the patient had brought up half a dozen new complaints once I'd taken care of the condition for which she'd come to the office in the first place.

Just as the woman began to say things she might later regret, June asked, "Wasn't there a pink slip with the statement?"

"Oh, yes," the lady replied. "I suppose it's here somewhere. But I never got past this outrageous bill, why..."

"Well, please read it," June cut in. "It says you can set your own fee. I'm sure anything you decide to send will be perfectly satisfactory." The patient hung up muttering to herself, and a couple of days later in came her check—for the full amount of the bill.

That pink slip June mentioned is a form about the size of a postcard (see page 222) that invites any patient to reduce the standard fee if he's financially hard-pressed. The form suggests a 25 per cent reduction, but explains that a larger or smaller reduction, or regular partial payments, also would be acceptable.

It's not an original idea. I pirated it from two ophthalmologists whose experiences were reported in *MEDICAL ECONOMICS*.^{*} My contribution, if you can call it that, was to apply their idea to internal medicine as quickly as I could get the slips printed. I've never liked to discuss money with my patients. Nor do I relish the occasional dispute about fees that crops up in any practice. When a patient complained about a charge, I'd be upset all day. Now if a patient questions me about a fee, I pull out the pink slip and explain, "This is your do-it-yourself discount kit. You simply decide how much you can pay, write that amount on your statement, and the matter is closed."

Sometimes a patient will ask, "But how much should I discount?" I fend off further discussion by simply saying, "If we have to discuss it, I won't be able to give you the discount."

Patient reaction has ranged from incredulity—"Do you really mean it?"—to gratitude and praise. Even my more affluent patients are impressed. My experience convinces me that we could stop worrying about our image or socialized medicine if more doctors adopted this do-it-yourself discount policy.

Yet other physicians I've

^{*}See "They Offer Fee Reductions to Everyone," July 7, 1969, issue.

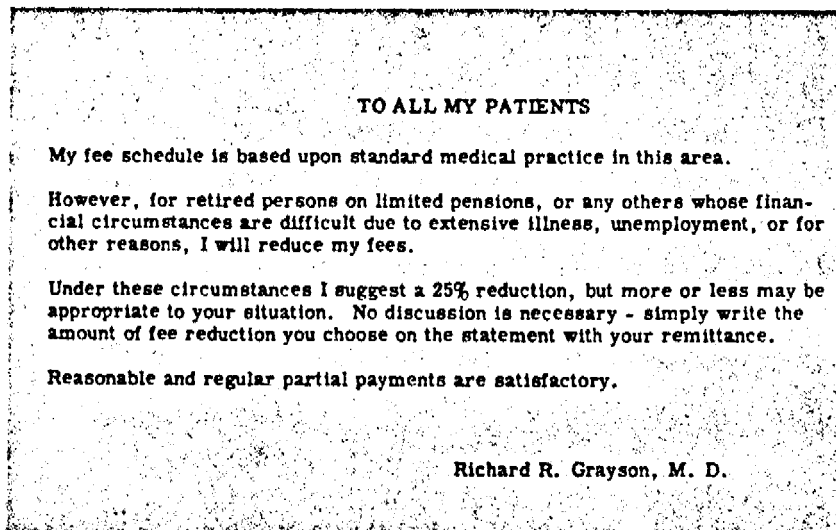
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talked with say, in effect, "It's a great idea for you, but it wouldn't work for me." One orthopedist expressed the common apprehension of surgical specialists that patients would take unfair advantage of discounts when faced with a large surgical bill. "By the time I've released a patient," he argues, "his bill is so sizable that the temptation to cut it would be great, even if he could afford to pay the full amount."

He could be correct, but I can't recall anyone that I felt was taking advantage of me during the three years I've been sending out my slips. One patient did discount a \$37 charge 100 per cent. But I'm satisfied that he really couldn't afford the \$37.

If anything, too few patients reduce their bills when economic circumstances truly justify it. I recall one hypertensive patient whose large family kept him in perpetually strained circumstances. He'd ignored our monthly notices for six months, so the account was routinely turned over to a collection agency, which ultimately recovered the full amount.

As you might suspect, the man stopped coming for check-ups. Worried that his high blood pressure might get out of hand, I asked June to call him. He brought up the collection problem and was obviously embarrassed about it.



Dr. Grayson's do-it-yourself discount kit goes out with all bills, but he doesn't think enough of his patients take advantage of the offer.

"Didn't you get one of these pink slips with your statement?" she asked, when he finally did come in.

"I was so short on cash I didn't even open your statements," he confessed.

"You could have paid part of your bill," she pointed out, "instead of waiting until we turned it over to a collection agency. You know, if we don't hear from you, we don't know but what you've left town."

This, combined with an admonition about the importance of having that blood pressure checked regularly, has brought him back into the fold. He no longer seems embarrassed when he comes in. He still tries to pay the whole bill. But if he's financially pressed, he'll make small regular payments.

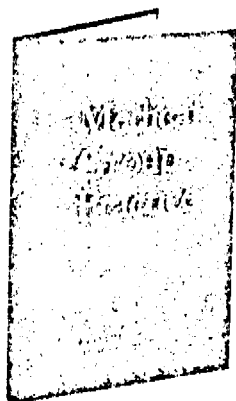
I'm convinced that patients pay their bills faster, although I couldn't really prove it without a research effort that just wouldn't be worth the cost. My collection ratio is approximately 98 per cent, about the same as it was in 1968, the last full year before I introduced the discount kit. Less than 1 per cent of my patients reduce their fees, usually by the suggested 25 per cent.

I haven't been able to detect any adverse effect on my practice gross. It's increased each year at about the same rate as the gross national product. I suspect that any loss from discounted fees is more than offset by payments that we otherwise wouldn't receive.

One of the discount system's most unexpected rewards didn't

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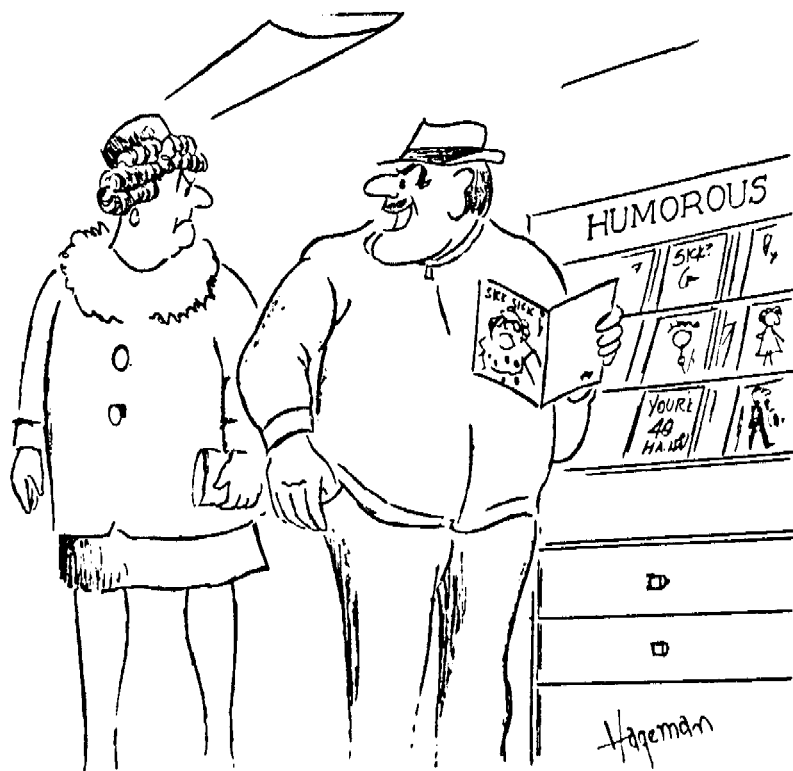
come from a patient at all. My girl announced one day that an I.R.S. agent was in my outer office "with a look on his face like he's really out to get you." I had to keep him waiting for half an hour, and when she finally ushered him in I braced myself for an unpleasant ordeal intensified by the time he'd had to spend in my waiting room. Instead he shook my limp hand and smiled warmly.

"Doctor," he said, "I can't tell you what a pleasure it is to meet a real humanitarian." The interview, after that friendly start, was short and pleasant—no scars

on either side. Afterward I buttonholed the girl. "What turned your tiger into a pussycat?" I asked her.

"The discount bit," she chuckled. While the agent was stalking around the waiting room, it seems, he'd spotted one of the pink slips and was so impressed that he'd mellowed perceptibly.

But why try to build an economic case for my system? The biggest benefit I derive from the do-it-yourself discount kit is the bliss of practicing medicine without any discord over fees. □



"Too bad your mother's not sick. This would have been perfect for her!"