

REPORT

NEGOTIATING SERVICE CONTRACTS: REVENUE CYCLE MANAGEMENT EDITION

COMPLIANCE
PROFESSIONALS FORUM

iA insideARM



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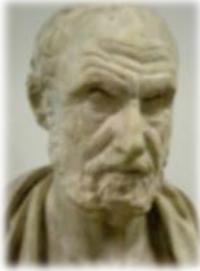
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Introduction



“In purity and according to divine law will I carry out my life and art.”

-- From the Hippocratic Oath

Chasing patients to collect medical debts probably wasn't the “purity” the ancient Greek physician Hippocrates had in mind when he penned his famous oath back in the late 5th century BCE. But while Hippocrates didn't mention debt collectors explicitly in his oath, he likely didn't begrudge them the right to be paid either.

2,400 years later, getting patients to pay their medical bills hasn't gotten any easier. So it's hardly surprising that so many doctors, hospitals, and other healthcare providers have turned to medical debt collection agencies. These agencies didn't exist in Hippocrates' time; but to the extent they liberate doctors from money problems so they can concentrate on their “art,” Hippocrates would have probably welcomed the third-party revenue cycle management firm.

The Keys to Successful Outsourcing of Medical Debt Collection

Of course, one of the driving forces behind outsourcing of medical debt collection is cash flow. Stated simply, outsourcing medical debt collection improves collections and enhances efficiency.

At least it has the *potential* to.

While it has proven effective for many healthcare providers, there's no guarantee outsourcing will work for *your* organization. For the strategy to work, you must:

1. Select the right medical revenue cycle management firm; and
2. Negotiate a mutually fair collection services agreement with the firm to ensure you are able to form a partnership with the firm as opposed to a vendor/client relationship.

The first installment in this series talked about the first challenge. (See [A Guide to Selecting a Debt Collector, Healthcare Ed., How to find collection agencies and the top 10 criteria for evaluating debt collectors.](#)) This Information Briefing tackles the contract issues.

The Importance of Negotiating the Right Medical Collection Agreement

Services contracts with your vendors *are* important no matter what function you're outsourcing or what industry you're in. The terms of the services contract go a long way in determining whether you get the fair and expected return from your arrangement. Many a creditor has seen the advantages of low collection fees go up in smoke because the contract was bad.

The right contract is even more important when the debts collected are *medical* debts.