

## Utilizing New Patient Forms and Credit Applications

No matter the size of the business, a successful business must be paid promptly and in full. However, often a business, including a medical practice, is dealing with numerous overdue accounts receivables. Such a financial position can be commonplace in today's business environment. Although this financial condition is often perceived as "normal" or "accepted" business practice", savvy business owners should collect promptly and protect their rights in resolving overdue receivables with the proper policy and procedures in place. Effective policy and procedures generally begin with utilizing a new patient form and/or the credit application.

In order to maximize collection efforts while minimizing costs, the credit function is a business's first line of defense. A carefully written credit and collection policy can improve collection efforts. Prior to the first transaction or performed service with a new customer, a business needs to follow its credit and collection policies. These policies and procedures should cover protocol for requiring credit applications, billing issues, collection letters; which includes effectively and efficiently collecting on overdue accounts receivables.

First, businesses need to develop a credit application to be used in conjunction with new patient forms. The information gathered at this stage is crucial to prevent the account receivables from becoming uncollectible.

Within a credit application, a well drafted document should provide you with critical customer information including but not limited to; name, address, phone number of the applicants, place of employment, bank account information, social security number, credit report and bank references. In general, business should never give credit to anyone who is not willing to supply complete and accurate information. In addition, businesses should look to utilize its position of leverage in drafting a credit application with provisions that provide for interest and reasonable attorney's fees should the customer become delinquent. Businesses may also consider utilizing a Personal Guaranty.

In closing, it is imperative businesses and medical practices understand the importance of utilizing a well drafted credit application and using this information to conduct due diligence before extending credit. Do not allow this opportunity to gather information about a particular customer pass. By gathering this information on the front end, businesses are armed with all necessary information to collect the debt should the patient not pay for the transaction or services provided voluntarily. In addition, if legal assistance is needed to collect the money owed, by gathering the important information from the credit application, your attorney can take appropriate legal action more quickly, more efficiently, and less expensively than if the information and documentation in the customer's files are not complete. Moreover, such due diligence initially in gathering the crucial customer information will allow the business owner to reduce one's accounts receivables and if needed, allow legal actions to yield results. For these reasons, one should look to utilize the use of a credit application in any business when credit is extended, including a medical practice.

*This article is intended to provide the reader with an unique overview of and practical guidance of the use of a credit application in your business and should not be construed upon and relied upon as legal advice. If you have any questions concerning particular situations or specific legal issues, or have any ideas for future articles, please do not hesitate to contact us at: [bcloud@cloudwillis.com](mailto:bcloud@cloudwillis.com) You can also learn more about our firm by visiting our website at [www.cloudwillis.com](http://www.cloudwillis.com).*