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The Top Cash Flow Tips That Medical Practices Need to Follow

By far, one of the biggest issues that most organizations face is and will always be cash flow. This is especially true when it comes to medical practices, which rely more heavily on customer invoicing than most.

Getting a hold of your practice's cash flow situation may be difficult, but it certainly isn't impossible – provided that you're able to keep a few key tips and tricks in mind.

Cash Flow Best Practices for Medical Organizations: Breaking Things Down

Obviously, there are a lot of factors that stand to impact the cash flow capabilities of a medical practice – which is why it's always so important to address the situation from as many angles as possible.

Case in point: a medical provider should always be verifying the insurance status of a patient before offering services of any kind. If an emergency situation were to come up, you definitely have a duty to do whatever is in your power to help someone out. But at the same time, that doesn't mean that you can't verify the insurance status for every patient that walks through the door for some type of routine procedure.

Thanks to automation, this process is far easier than it has been in the past. You can have someone provide their insurance information in a matter of moments, allow the computer to verify it against what you already have on file just as quickly, and proceed with the task at hand. That way, you know immediately whether or not you're going to get paid for what you're doing – and how much that payment will be.

Along the same lines, you'll also want to train your staff to request payment at the time of service whenever possible. Remember that cash flow issues don't necessarily come about because patients won't pay – it's because they haven't yet paid and that money is suddenly in flux. Therefore, if people are able to pay their bills on the date of their appointment, they should absolutely be encouraged to do so. Not only that, but you could offer some type of incentive program to help move things along – like some type of savings plan where people will be charged less if they pay up-front and in cash.

Of course, the burden for these types of payment-related issues doesn't fall exclusively on the patients themselves. Sometimes practices will fall into the trap of failing to send out invoices until the last possible minute. You'll have X number of patients with outstanding balances who collectively owe Y amount of money, funds that you now need as soon as possible. You can't reasonably expect to send out an invoice on a Monday and have all of those funds by Friday, even if patients are more than willing to settle what they owe.

Therefore, you need to be sending out patient invoices as soon after the initial appointment as possible. That way, people have ample time to make preparations on their end and you have enough time to properly budget the amount of money coming into the practice.

There are other ways to address cash flow issues with medical practices that don't have anything to do with patients at all. One of the main ways involves taking a closer look at how you're handling your relationship with your suppliers.

Rather than paying a supplier at the exact moment you get an invoice, consider waiting to pay them on the actual due date. Remember that it's called a "due date" for a reason. That way, those funds are still available should they be necessary elsewhere.

You could also take steps to reduce your supply inventory as much as possible. Especially as your

practice continues to age, there will come a time when you know what you need and what you don't. This will likely coincide with a period where you're gathering more information about your patients themselves. Therefore, strategically reduce your inventory so that you're not paying for anything more than you actually need.

In the end, cash flow is often an issue for many businesses – not just medical practices. But by following the tips outlined above, you can mitigate as much risk from this issue as possible.

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