



# The Collector Beat

August 2009



## FTC Again Delays Enforcement of Red Flag Rules - This Time Until Nov. 1

The Federal Trade Commission, or FTC, announced in a July 29 news release that it has once again delayed enforcement of a regulation known as the Identity Theft "Red Flags" Rule, pushing the deadline back to Nov. 1.

The rule is an antifraud regulation administered by the FTC that requires financial institutions and creditors -- including physician practices -- to develop and implement written identity theft prevention programs as part of the Fair and Accurate Credit Transactions Act of 2003.

Originally, physician practices and other entities covered under the rule were to come into compliance on Nov. 1, 2008; the FTC subsequently extended that deadline to May 1, 2009, and then to Aug. 1.

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### In This Edition:

Healthcare News

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Tip of the Month

Collector U. Updates

## Pennsylvania Pushing for Nurse-to-Patient Ratio Laws

By Patty Enrado

HARRISBURG, PA – Because Pennsylvania has not yet passed a state budget, legislative leaders are pushing many bills to the side. But advocates of SB 742, the Pennsylvania Hospital Patient Protection Act of 2009, are still pressing for hearings before September.

SB 742 would guarantee a minimum safe-staffing ratio of RNs per patient in the Pennsylvania's hospitals, similar to a law currently in place in California since January 1, 2004, said Patricia Eakin, RN, president of the Pennsylvania Association of Staff Nurses and Allied Professionals, which is one of the bill's sponsors.

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## Survey: Front-Line Healthcare Managers are Set Up to Fail

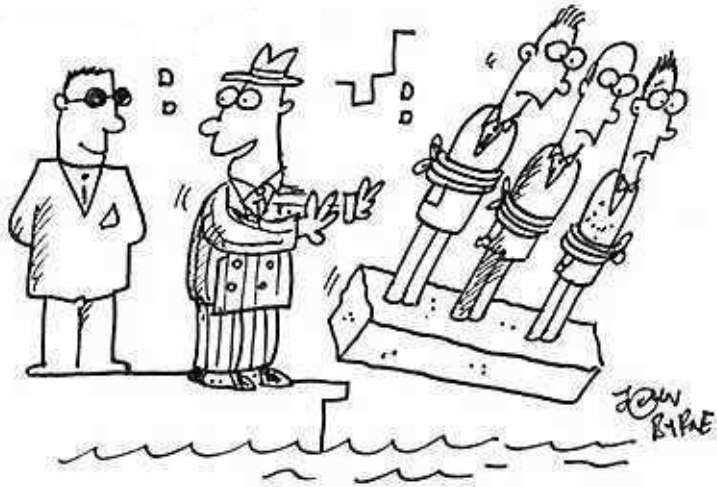
By Richard Pizzi

BOZEMAN, MT – Approximately 12 percent of all front-line managers in healthcare are seriously overleveraged, according to a recent white paper.

Healthcare Performance Solutions, a Bozeman, Mont.-based healthcare consulting firm, says this could be considered gross negligence or even an act of malpractice.

The firm's white paper, "What Does 'Being in Over Your Head' Look Like," tries to determine how often the average healthcare organization creates leadership alignment. According to HPS research, the answer is approximately 55 percent of the time.

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" I CONSOLIDATED ALL MY EXISTING DEBTS INTO ONE EASY REPAYMENT. "

## SEC Charges Healthcare Finance Company with Fraud

By Melanie Evans

The Securities and Exchange Commission has charged Medical Capital Holdings, Tustin, CA, with fraud and asked a federal judge to freeze the healthcare financing company's assets.

Regulators allege that Medical Capital Holdings, a subsidiary of Medical Capital Corp., and its special holding company Medical Provider Funding Corporation VI misappropriated \$18.5 million of \$77 million raised from roughly 700 investors for administrative fees—despite offering documents that said money would not be spent on such fees, according to a complaint filed in federal court in Santa Ana, CA.

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## New Opportunities Emerging for Non-Profit Hospitals to Issue Bonds

By Anne Zieger

For quite some time now, non-profit hospitals have all but had their hands tied when it came to issuing bonds, hamstrung by turmoil in the financial markets and falling credit ratings. Now, such hospitals have some new options to consider that could greatly improve their borrowing power.

One example comes in the form of changes to the Tax Reform Act of 1986, which has been changed by the new stimulus law to allow non-profit hospitals to temporarily issue \$30 million per year in tax-exempt bank-qualified bonds per year. Previously, the limit was \$10 million per year. These deals not only expand a hospital's credit power, they're also fast, taking as few as 60 days to close, compared with regular tax-exempt deals taking a typical 90 days or more. The icing on the cake is that banks typically buy these bonds at lower rates than conventional tax-exempt bond rates, since typical munis aren't exempt from federal taxes.

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## Can't Pay your Doctor? Charge It!

By Parija B. Kavilanz

NEW YORK (CNNMoney.com) -- As medical bills pile up, more Americans are paying their doctors with plastic.

Consumer advocates warn that this is a dangerous trend, but industry watchers see a multi-billion dollar opportunity for lenders to offer specialized "medical" credit cards.

"Out-of-pocket health care spending was already increasing in good times," said Bruce Carlson, publisher with health care market research firm Kalorama Information. "Now with high unemployment, consumers have to reach into their pockets even more to fund their health care."

Americans spend an estimated \$294 billion on annual out-of-pocket medical costs annually, to cover everything from doctor's office co-payments to surgeries and prescription medications.

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## Tip of the Month of August:

In the month of August, we are asking you to take a look at the little things. Things that may seem so obvious, and yet are looked over all too often. Things patients with inaccurate contact information don't even think of, but certainly would not want you to see.

It's bad enough trying to get a hold of a patient to discuss payment on a past-due account, but the biggest mistake is made sometimes AFTER you get payment in your office! I'm talking about the detective work that should be done whenever you receive anything from a patient. If you receive a letter from them, check the envelope for postal information—if the return address is not present on an envelope, which post office round dated the envelope? This is not always the most accurate way to verify a mailing address, but it will give you an approximate idea of where the patient may be living. Also, if you receive a check from the patient, make sure to verify the contact information in the top, right corner of the check as well as the banking information at the bottom of the check. If your office utilizes a *Patient Easy Pay Consent Form*, you can even ask the patient if you can keep their banking information on file for future usage.

These are just a few little tricks used here in our collection office, but make a big difference when trying to locate a patient who owes your practice money for services your facilities rendered. If you are interested in obtaining a copy of our *Patient Easy Pay Consent Form*, please email me at [lmclaine@berkscredit.com](mailto:lmclaine@berkscredit.com).

## Survey: US Consumers Face Rising Medical Debt

WASHINGTON (Reuters) - A growing number of U.S. adults are struggling to pay their medical bills, tapping into savings accounts, home equity and credit cards to cover health care costs, according to a survey released on Wednesday.

An estimated 72 million Americans aged 19 to 64, or 41 percent, said they had trouble paying for medical care in 2007, with some slipping far enough behind to face collection agencies. That compared to nearly 58 million, or 34 percent, in 2005, the Commonwealth Fund survey found.

The report comes as U.S. consumers face rising financial pressures, including higher energy costs, food bills and mortgage payments.

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## New Online Payment Service Aims to Speed Small Balance Collections

By Cynthia Wilson

In the world of health care collections, trying to collect small balance receivables can quickly become more costly than lucrative if recoveries aren't handled efficiently. GlobeFunder Receivable Solution, LLC, a new technology solutions firm targeting the accounts receivable management industry, has developed a web-based service it believes will increase recoveries and drive down costs by incentivizing consumers with delinquent bills to pay up.

The online tool called IOUSOS works on the premise that debtors will get the best discount if they act quickly, allowing health care providers to recover debt they might otherwise have written off against their taxes or sold to a debt buyer.

GlobeFunder Chief Executive Brian Mullally said that IOUSOS' focus is delinquent medical debt balances under \$500.

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## Upcoming Seminars:

September: 15—Columbus, OH  
16—Blue Ash, OH  
17—Louisville, KY

October: 6—Indianapolis, IN  
7—Oak Brook, IL  
8—Chicago, IL

November: 10—New Brunswick, NJ  
11—Voorhees, NJ  
12—Philadelphia, PA

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- 3) Collecting payments at the time of service
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- 5) Collection law updates
- 6) How to overcome objections from patients
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