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Your Money: Hospitals now patient with strapped patients

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Dallas — In 2003, a national outcry arose against hospitals that used overly aggressive billing and debt collection practices against patients.

Those practices included slapping liens on patients' homes, seizing their bank accounts and arresting debtors who failed to appear for court hearings.

The complaints caught the attention of lawmakers and justice officials. Today, hospitals say they've changed some policies and are making a good-faith effort to work with patients having trouble paying their medical bills.

A recent report by a consulting firm to the collections industry explains why those efforts make good business sense.

"Companies that emphasize more empathetic and patient-friendly collections processes, invest in collector-training programs and integrate legal compliance efforts thoroughly with collection operations turn regulatory compliance into a competitive advantage and are most likely to succeed in this market over time," said the report by the Kaulkin Ginsberg firm of Bethesda, Md.

The challenge for health care companies is to balance the need to collect unpaid bills against maintaining "positive community reputations," the report said.

"Aggressive collection tactics can place a health care provider in jeopardy of alienating both existing patients and prospective customers. Moreover, a negative reputation can severely impact a health care company's financial performance."

Unpaid health care bills are an important issue for consumers, because if others can't pay, we all eventually end up paying in the form of rising health care costs.

That's probably one reason that some in the health care industry went over the line in their debt collection efforts.

In addition to stamping out overly aggressive collections, the industry is paying attention to the root causes of unpaid bills.

"There's a huge commitment to this," said Alicia Mitchell, spokeswoman for the American Hospital Association.

"In the last 10 years, there have been 10 million Americans added to the rolls of the uninsured, and hospitals are taking a look at, are there ways that we can further help folks in our community? Are there ways we can do things better to reach more people?"

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