Tips for Collecting Payment from Clients
By Tamara Suttle

Last year I was hanging out on LinkedIn when I noticed a therapist had started a thread of discussion on using collections agencies to recover money owed by a client. The therapist was asking for other mental health professionals’ experiences and opinions.

My colleague and e-friend, Jay Ostrowski, MA, LPC, LPCS, NCC, DCC (http://behavioralhealthinnovation.com/) wrote such a thoughtful and thorough response that I asked for his permission to share it with others. I also added helpful suggestions put forth by others in the LinkedIn thread. Here are the tips:

If you are going to use an agency, you should put something to that effect in your consent forms (http://www.allthingsprivatepractice.com/professional-disclosure-statements-for-mental-health-professionals/).

Consider asking for payment at the beginning of the session. If there is an issue it can be discussed in treatment and the treatment plan can be adjusted to fit their financial reality.

If they can’t afford you, transfer them to financially appropriate care as soon as possible. This is painful, but it is the right thing.

Never let balances get big. Just like child behavior problems, if you treat them while they are small, they never get big.

For those who already have a big balance with you over 60 days, call them up and offer to reduce the amount by X percent if they can pay off the balance today with a credit card. Another alternative is to put the client on a small monthly payment plan where you charge their credit card until it is paid off. This too, will likely need some discount arrangement. However, collecting less of the bill is better than none.

Consider setting up automatic payments with a credit card (See the attached form developed by Frances Ferguson www.francesferguson.com). Have the client sign this form in the first session. This is a good way to collect payment for ongoing sessions as well as for missed sessions. Several ideas for credit card collection companies were put forth via the thread on LinkedIn including Professional Charges (www.professionalcharges.com); Square (attachment goes onto your smartphone, charges a flat rate of 2.75% for all credit cards); Paypal; and TD Merchant Services.
More important than the money is the relationship with the client and the reputation that this person will share about you with others. Sometimes it is fear of breaking the relationship that keeps us from collecting. However, when a client’s bill grows to a certain point, they are going to cease coming to therapy anyway.

The longer the balance is on your books, the less likely you are to collect the money. The client is most motivated to pay when they are interested in continuing therapy and least likely when the relationship has grown cold and they feel guilty over the debt.

You’ll have to fight off that inner sense of justice that reminds you what you went through to earn that money and thoughts of others who didn’t get a discount. Frankly, business isn’t fair and you are not likely to get any money from these clients if they are not given a discount.

If you approach the client with a few solutions, you may be able to collect the bill. You may also find that they re-engage in therapy or at least say nice things about you.

Training yourself in collections is difficult. But as one of my mentors told me - "No margin, no mission." We have to collect and make a profit in order to keep on helping people in the long run.

Thanks Jay, Frances, and to others who contributed such helpful ideas!

Bio – Tamara G. Suttle, M.Ed., LPC offers information and inspiration to psychotherapists and other allied health professionals who are interested in building a strong and vibrant practice. For more information check out her website at http://www.AllThingsPrivatePractice.com.
Credit Card Authorization

I authorize (Name and Credentials of Therapist), to charge my credit card for counseling services at the rate of $__ per 45-minute session. I have read the cancellation policy, and agree and authorize payment by my credit card of the full session fee for not keeping a scheduled appointment, unless at least 24 hours cancellation notice is provided to (Name of Therapist). This authorization shall continue until termination of counseling, or until notice in writing to cancel this authorization.

Credit Card: Visa Mastercard

Number:________________________

Expiry Date:____________________

Name on Card:__________________

Date:____________ Signature:____________