

How to Automatically Add Finance Charges:

General Discussion Regarding Finance Charges

It is best that your patients know and understand your policy regarding finance charges. You should have and follow a written policy regarding finance charges that should be disclosed in writing to your patients long before they become overdue and therefore subject to finance charges. Consult appropriate legal and financial advice and your local medical society often regarding your policy on finance charges.

Because Finance Charges are billed to those patients only on the statement, it makes sense Finance Charges be run immediately prior to printing statements. If you are running statements only once a month, it seems prudent that you pick a day of the month that you will charge finance charges and statements and try to consistently run them on or as close to that date as practical. If you run statements more than once a month, using the days since last statement date, it then makes sense that you run finance charges every time immediately before you run the statements, but limit the finance charges to only the patients that will be getting a statement that day.

Before Running Finance Charges

Statement Message	Frequency
All Accounts	1
Current	
30-60 days	4
60-90 days	4
90+ days	4

Figure 1. Set up which Acctypes to get Finance Charges

You need to identify which patients will and which patients won't get Finance Charges at the Acctype Level. From the main menu choose {Files} {Data Tables} and then {Acctypes}. See Figure 1. There is a field on each Acctype labeled Interest Charges that should contain a Y in order that Patients with that Acctype get charged Finance Charges. It also makes sense that the Statements: box has a Y in it for these Acctypes also, as a statement is probably the only way a patient or responsible party would be notified of finance charges. Acctypes that don't get a statement should logically also not get Finance Charges.

Also before automatically posting your finance charges you will need to know:

1. Which Account Types get Finance Charges
2. What is the annual percentage rate you wish to charge
3. What is the minimum charge, if any, you wish to charge
4. How many days overdue before finance charges apply
5. Which Provider in the system will be credited with the finance charges
6. Whether you run statements once a month or more often

You should have posted all payments that you have received prior to running Finance Charges in order that you charge everyone who should be charged and you don't charge those who have satisfied their bill.

How the System Calculates Finance Charges:

The MSI system not only stores the amount the patient owes on every claim but also the date that the operator changed the patient owes amount from zero the first time. In other words, if, when you finish adding a claim and you enter an amount the patient owes, then today's date becomes the Date Patient Owes. However, if you finish a claim and say the patient owes nothing right now and then at a later date you post a payment or otherwise do something that changes the Patient Owes amount on a claim to no longer be zero, then that later date becomes the Date Patient Owes. The Claim level Patient Owes amount is shown on the Charge, Claim Info, Payment and Audit Desktops. The claim Date Patient Owes, is viewable and modifiable on the Claim Info form. The claim Date Patient Owes is viewable on the Audit desktop when you ask for more information by pressing the space bar when the cursor is on a claim or by right clicking a claim on the Audit desktop.

When you run the finance charges, the program looks to see that a patient has a Balance and a Patient Owes amount greater than zero at the Patient level, and that the Acctype of that patient is marked Interest Charges Y . If so, it then sums up all the claim Patient Owes amounts where the claim Date Patient Owes is before the number of days overdue you specify when you start the Finance Charges. If the sum of the overdue claims is greater than zero then the sum is multiplied by the monthly equivalent of the annual interest rate specified to determine the amount of the Finance Charge. This Finance Charge is replaced by the Minimum Finance Charge if it is less than the Minimum Finance Charge specified.

Step By Step Instructions for Running Finance Charges

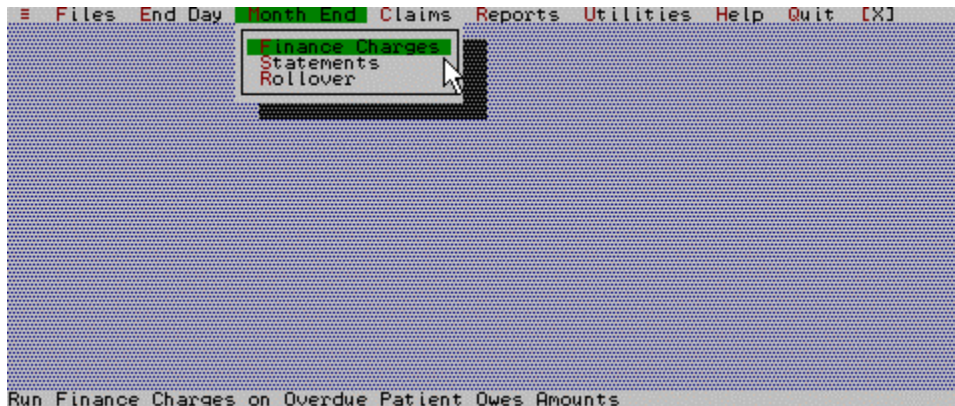


Figure 2. Starting Finance Charges

Start the Finance Charges Program from the end of the month menu, see Figure 2.

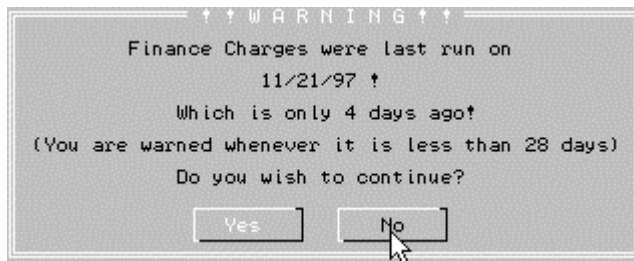


Figure 3. Warning regarding last time Finance Charges were run.

If it has been less than 28 days since Finance Charges were run you will receive a warning similar to the one in Figure 3. You can continue by picking Yes or quit by Picking No. If it shows they were run today, you or someone else has already run them!! Don't do them again!

```
FINANCE CHARGE SETUP

The Date Interest was last Charged is: 11/25/97
  Provider: 6 Frank Baudino M.D.
    Annual Percentage is: 18%
    Monthly Percentage rate is: 1.5%
    Minimum Finance Charge is: $5.00
  Charge interest on amounts 30 days overdue
  Only patients who are getting a statement today
  because it has been 25 since last statement

          Select
Change   to Change the above Setup
Next     for next step in Finance Charges
Quit     to quit Finance Charges program

Next      Change      Quit
```

Figure 4. Finance Charge Setup Dialog

Then you will be shown a dialog box (See Figure 4) that has the way the Finance Charges have been setup in the past. If everything is the way you like it, you can select **Next** to go to the next step in charging finance charges and continue with these instructions below starting with Figure 6, or select **Change** if you want to change the setup which is what these instructions will show you how to do, or pick **Quit** if you want out of Finance Charges at this point.

Changing the Finance Charge Setup

```
Input Finance Charge Info

Finance Charge Information

Date Last Charged: 11/25/97
Provider: 6
Annual Percentage Rate: 18 %
Minimum Finance Charge: 5.00
Minimum Days Overdue: 30
Only Patients Getting Statements Today: Y
Days Since Last Stmt : 25

Press F1 for Lookup Help
Monthly 1.5 %
0 = no minimum charge
30+ recommended
Y = Yes N = All patients

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Next Step
```

Figure 5. Changing the Finance Charge Information (Setup)

On this form (See Figure 5) you can change the way you charge finance charges.

The *Date Last Charged* is informational only, you can not change it here, it is updated when you actually post the Finance Charges.

Provider is the provider who will be on the claim for the finance charges. You can land on this field and press F1 and you will be presented with a Browse box to pick a provider. If there is only one provider in your system, you may leave it blank.

In the *Annual Percentage Rate* field, key in the number of the percent of annual interest you wish to charge, and when you leave this field the *Monthly* percentage rate is calculated and displayed for you to cross check. The example in Figure 5 shows 18% per year, which is 1.5% per month.

Minimum Finance Charge is a dollar amount to be charged in the event the calculated interest is less than this number. In the Figure 5 example, this system will charge a minimum finance charge of \$5. If you leave this field blank or 0 (zero) there will be no minimum, the Finance Charge will be what it is calculated to be, rounded to the nearest penny.

Minimum Days Overdue is subtracted from today and compared to the claim Date Patient Owes to determine if that claim's patient owed amount is subject to Finance Charges. The smaller the number here the quicker a patient must pay to avoid Finance Charges, the larger the longer. Less than 30 would probably be considered very aggressive, 30 about right, more than 60 extremely liberal.

Only Patients Getting Statements Today should be Y if you only want to charge Finance Charges only on the patients who are getting a statement today. *Only Patients Getting Statements Today* should be N if you want all patients who are overdue to get finance charges, i.e. you are running finance charges only once a month.

Days Since Last Statement is used only when *Only Patients Getting Statements Today* is "Y" and then it should be the same number of days that you use to run your statements. That is, if you run statements more often than once a month and you use 25 days since last statement in the statement program, then you should put 25 days here also. Note that if you do use 25 days here and 25 days in the statement program and 30 days above in the Minimum Days Overdue, some patients will not get finance charges on their second statement because it may have only been 26 or 27 days since their last statement and they are not yet 30 days overdue. These patients will get a finance charge on their third statement at 50 plus days overdue (and subsequent statements) should they fail to satisfy the bill. So if you want finance charges to always appear on the second statement that you send any given account that is 30 days overdue then you should use 30 days here on Days Since Last Statement and 30 days since last statement in the statement program as well!

When you have the Finance Charge Information the way you want it, you will want to go to the next step by picking Next or Quit or even pressing escape. When you do so you will be returned to the Finance Charge Setup Dialog, See Figure 4 above, where you can confirm that you set it up properly before proceeding to the next step, or changing it again, or quitting if need be.

When you pick Next on Figure 4, the program figures out which patients are going to get a Finance Charge and how much that is going to be. It then shows you the following dialog box.

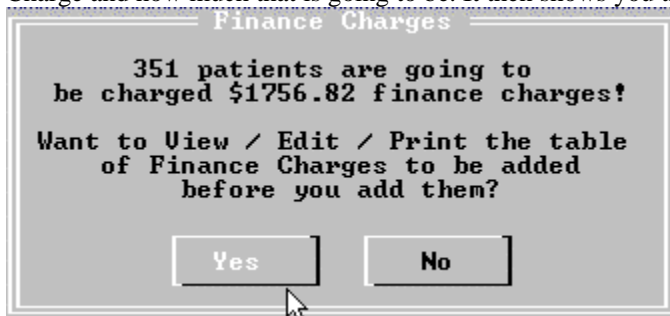


Figure 6. After calculating what the Finance Charges should be.

This dialog box (See Figure 6) shows you the totals of the finance charges that were calculated and asks you if you want to view and/or edit and/or print them BEFORE they are actually charged to the patients. If you do wish to View / Edit / Print them you pick Yes and continue to follow these instructions. If you don't care to see them, then pick no and jump down in these instructions to Figure 8 and continue from there.

Edit Image Search Options Help Quit					
Patients who will get Finance Charges					
FINCHG	LastName	FirstName	Patient No	Interest	Overdue
1	ADAMS	KATY	11297	5.00	5.00
2	AGUIAR	BERNICE	7996	5.00	5.00
3	ALARCON	LOLA	6941	5.00	10.00
4	ALCANTAR	HILDEGARD	10413	5.00	5.00
5	ALEXANDER	JOE	11188	5.00	25.00
6	ALI	GOWHRAH	11397	5.00	51.00
7	ALI	SALEH	11447	5.00	50.00
8	ALONZO	MISTY	10833	5.00	45.00
9	AMEZCUA	ERNEST	11413	5.00	75.00
10	ANDERSON	DONALD	11568	5.00	5.00
11	ANDERSON	MARY	11784	5.00	50.00
12	ANDREWS	EMILY	10774	5.00	55.00
13	ASCENCIO	AURORA	10824	5.00	35.00
14	AUSTIN	CEARRA	10539	5.00	5.00
15	Abbott	Jimmy	8228	5.00	10.00
16	Amezcu	Rhonda	9890	5.00	30.36
17	Andrade	Heather	8405	5.00	10.00
18	Arias	Gilbert	8985	5.00	25.00
19	Asai	Nicole	9886	5.00	103.00
20	Austin				10.00

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◀ ▶ Ins Del Print Next Step

Figure 7

At this point (See Figure 7) you can View / Edit / Print the patients who will be charged finance charges. You can use the arrow, Page Up, PageDown, Home, End, keys or the scroll bars or the arrow buttons on the button to move up and down in this table view. You can see more information about a patient by landing the cursor on that row, moving to the Patient No column, and Pressing F1. You get a browse window to the Patient Table (be careful not to inadvertently change Patients!). If you see Doctor's mother or some other patient you don't want to charge, they can be deleted by landing the cursor on that row and pressing Delete or pressing the Del button on the button bar. You will be asked to confirm the deletion. You can add a patient here if you like, or change the amount the patient will be charged. The names and amount overdue are informational only.

The Print function here, which is available from the Button Bar or from the Options Menu (Press F10 then O) allows you to print this table of who is going to be charged in either name or descending amount overdue order. The amount overdue order is an interesting report. After you leave this screen and after the charges are actually posted, see Figures 12 & 13 below, you will be offered another chance to print this list.

When you are done Viewing / Editing / Printing select Next Step, Press Escape or Quit this desktop.

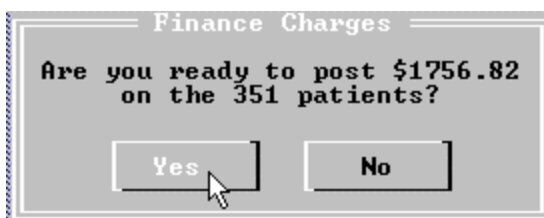


Figure 8. Are you ready to Post?

Well, believe it or not we are finally to the do or die question! If you want to quit now, you can by picking NO or pressing escape here. If you do quit here, it is though you never did anything, no charges or updates have been done, no harm, no foul! BUT that wouldn't be any fun, would it! So pick YES !

Search Print Options Close

C:\pdocx45\msit2.txt

11/25/97 16:07:13 Baudino-Nelson Family Practice Page 1

Automatic Interest Posting

Annual Rate 18% Minimum Charge \$5.00 Provider# 6

PatNo	Patient Name	Over 120 Days	Claim#	Finance Charge
8405	Andrade, Heather	\$10.00	33489	\$5.00
6553	BORBA, BETH	\$85.00	33490	\$5.00
9676	Blakeman, Duane	\$40.00	33491	\$5.00
8389	Bugarin, Adrian	\$70.00	33492	\$5.00
7583	CHOP GROUP ACCOUNT,	\$433.00	33493	\$6.50
8194	Castler, Sandra	\$19.82	33494	\$5.00
8189	Churan, Danielle	\$20.00	33495	\$5.00
9939	Cole, Ken	\$90.00	33496	\$5.00
8177	Conas, Tim	\$15.00	33497	\$5.00
9626	Conas, Timothy	\$25.00	33498	\$5.00
8117	Crist, Kathleen	\$5.00	33499	\$5.00
9646	Deatherage, Ralph	\$50.00	33500	\$5.00
7430	GARCIA, BARBARA	\$15.00	33501	\$5.00
7139	GERBER, ANNE	\$40.00	33502	\$5.00
8987	Garcia, Nicholas	\$40.00	33503	\$5.00
9921	Gibson, Krystal	\$100.00	33504	\$5.00

F1 Help Alt-Z Next Alt-A ReplaceNext Ctrl-A Replace File Editor

Figure 11. Report Created during posting.

Figure 11 shows the report that is created while the Finance Charges are being posted that comes up like this when the program finishes. There are totals at the bottom of the report and you can print it out by picking print from the menu (F10) see Figure 12.

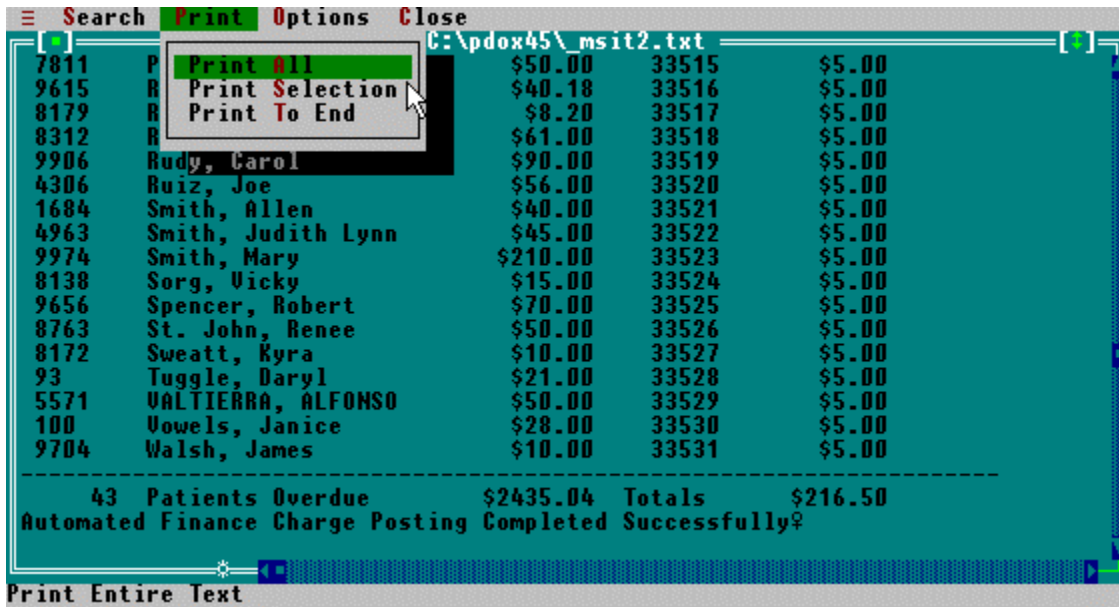


Figure 12. Printing the report

Close this window by picking Close or pressing Escape and.....

That's it! Finance Charges are done! Until next time anyway.....