

## “Can I Pay You Later?”

*In a tricky economy, you need to be cautious about payment plans*

By Wendy S. Myers



A client arrives with three golden retrievers for wellness services. The dogs receive physical exams, heartworm and intestinal parasite tests, vaccines, and three 12 packs of parasite preventatives. The bill totals nearly \$800. “Can I pay half now and the rest next month?” the client asks at checkout.

“My dog has been hit by a car! I need help getting him inside,” shouts a new client as he rushes into the lobby. A receptionist alerts two technicians who follow the pet owner to the parking lot with a stretcher. While a doctor examines the patient in the treatment area, the owner anxiously waits in an exam room. The veterinarian explains that the dog’s left hind leg is broken and will require surgery. “How much will the surgery cost? I lost my job last week. Can you help me?” the worried new client asks.

Both situations put your veterinary team in difficult positions. While you want to provide needed medical care, can your business afford to finance it? Accounts receivable should not run more than 2.5 percent of gross revenue in small animal practices and 11 percent in large animal practices, according to Gary Glassman, CPA of Burzenski & Company in East Haven, Conn. You’re operating as a bank when you loan clients money. Tying up cash can limit funds available for staff wages and benefits, drugs, supplies, equipment, and more.

Here are alternatives to financing the care yourself:

**Accept all credit cards.** While MasterCard and Visa are the most popular credit cards, you’ll find that American Express cards rarely get declined. Yes, you’ll pay higher merchant fees but clients will appreciate that you accept their card of choice. The number of clients who use debit cards with lower merchant fees will likely balance out those who choose American Express.

Also take Discover. Accept multiple credit cards in case clients need to charge several cards in order to pay the bill in full. For example, a client may have you charge \$200 on Visa, \$150 on Discover, and \$175 on American Express. Some practices are going to cash and credit-card only transactions to eliminate bad checks.

**Offer third-party financing.** Rather than arranging payment plans through your practice, establish relationships with companies such as CareCredit ([www.carecredit.com](http://www.carecredit.com)). This lets clients make monthly payments to the financing company while you get paid promptly by the lender.

**Locate check cashing and payday loan offices in your neighborhood.** If a pet owner doesn't qualify for CareCredit or have a credit card, refer them to these lenders who specialize in short-term loans and helping individuals with credit limitations. These businesses lend money to people with higher credit risks—your veterinary hospital shouldn't. Refer to experts who know how to loan and collect money.

**Provide a treatment plan for every hospitalized patient.** The term "estimate" focuses on money, while "treatment plan" explains the needed medical care and fees. Pet owners don't want a surprise bill at checkout, nor do you want to embarrass a long-time client who didn't bring enough money. Treatment plans should list needed services and fees, state when payment is due, and explain deposits and financial policies. Create a treatment plan for every patient admitted to your hospital for surgery, dentistry, illness, or emergency care.

**Collect deposits for emergencies and infectious diseases.** Get a 50 percent deposit on emergencies and 100% on Parvo. Use the term "prepayment" instead of "deposit." This client-friendly term lets owners know that funds are being applied toward the balance, while "deposit" hints at the possibility of a refund.

A financial policy on the bottom of a treatment plan might say, "I agree to this emergency treatment of my pet and will prepay 50 percent upon admission to the hospital. I understand the balance will be due upon discharge. If I have questions at any time during my pet's hospitalization, I understand I can contact the doctor or staff for an update of current charges."

In emergencies when the total cost of care may be unknown, provide a treatment plan to stabilize the pet and provide the first 24 hours of care. Then call the client the next morning with an update on the pet's status as well as what additional care is needed and the cost of those services.

When collecting a 100 percent deposit for Parvo or infectious diseases, create a treatment plan for a typical length of treatment, such as four to five days of hospitalization. Carefully explain the treatments and intensive care the patient will receive and say, "Because of this level of intensive care, we need prepayment of the full amount of the treatment plan upon admission to the hospital." If the pet gets better after three days, you'll gladly refund fees for the unused portion of care. If the pet dies after five days of intensive care, the bill is already paid. A 100 percent prepayment lets you avoid the awkwardness of trying to collect payment for a deceased patient.



**Consider payment plans as the last resort.** Only extend credit to existing clients after you've exhausted all other options. Collect half of the full amount now. The balance must be paid within 90 days, sooner is even better. Have the client and practice manager and/or doctor sign the agreement. The payment plan outlines when payments are due, payment amounts, service fees, and consequences if the balance is not



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paid by a specific date. For a sample payment plan, order *The Veterinary Practice Management Resource Book & CD* (720-344-2347, [www.csvets.com/books.htm](http://www.csvets.com/books.htm)). Your payment plan could include deferred credit-card payments but check local ordinances to see if you can legally hold checks. Most post-dated checks are illegal, and your local district attorney will not be able to prosecute bad debts.

Tread carefully into murky financial waters with clients, especially in this economy. You don't want to drown your business in bad debt, be forced to lay off employees, or lose clients due to collections. Savvy financial policies can help you have confident conversations about money while also providing the care pets need.

### **About the Author:**

Wendy S. Myers owns Communication Solutions for Veterinarians in Denver, Colorado. Her



consulting firm helps practice owners and teams improve compliance, client service and hospital management. Communication Solutions for Veterinarians has provided mystery phone shopper training for more than 1,500 receptionists nationwide. Wendy is the author of three books and five videos. Subscribe to Communication Solutions for Veterinarians' monthly e-newsletter at [www.csvets.com](http://www.csvets.com).