How to Fix “MIA” Charges

James E. Guenther, DVM, MBA, MHA, CVPM, AVA

Author’s address: PO Box 19720, Asheville, North Carolina 28815; e-mail: reachdoc@bellsouth.net. © 2010 AAEP.

1. Introduction

In every practice, clinicians and other staff members miss charges, whether intentionally or by carelessness. It is amazing how much money this can add up to on an annual basis. At the same time, one must remember these missed charges are pure profit. During these tough economic times where practices are seeing both reduced revenue and profit, doesn’t it make sense to find and fix all of the missed charges in your practice?

In most equine practices, there are four ways to increase profit in a practice. The one most practices look at the most is the expense side of the equation. Practice owners believe this one will resolve all issues related to lower profits. What most owners do not realize is that there are only four costs of goods sold, rent, professional staff, and non-professional staff. By managing these expenses, you can improve the profit, but sometimes the change is minor to working on the revenue side.

The second way is to increase fees first to where they need to be and then increase as needed. This will in most cases increase revenue and profit for a practice. It is necessary to raise fees, but they need to be fair for the practice and the client. In other words, all services, equipment, products, and people need to cover their costs and produce a profit.

The third way is to increase the number of invoices produced in a practice. This will take a strategy to determine how to accomplish this task, remembering it may increase expenses. Increasing the number of invoices will work, but during these economic times, it will be difficult to market, and the improved profitability may be limited.

The fourth way is to identify as many of the causes of missed charges as possible and develop a strategy to reduce and/or eliminate as many of these missed charges as possible. It is not unusual for a practice to miss as much as 10–15% of all charges. This can be for many different reasons. As an example, in a recent study, one of the national laboratories found veterinarians miss 15–20% of all laboratory charges. These missed charges were caused by not having the current charge in place, failure to invoice, or discounting. Now, with the tough economic times, merely raising fees can lead to increased client resistance. Doesn’t it make more sense to capture more of your current fees than to continually raise prices and have more clients complain?

The take away will be to show simple and easy methods for identifying where the missing charges are located and correcting them. It might be finding an issue with entering the most current costs for products or diagnostic tests to identifying a staff member who is overzealous in discounts. Once the cause is identified, a few simple steps will be shown on “how to” fix the issue.
When fees are fair for the client and practice, it should be a win-win for everyone. With fair fees, it is imperative that they be collected and not lost in the actions of the day. Instead of constantly raising fees as the only solution for improving profitability, look at plugging the holes of dollars leaving the practice without being accounted for. It is simple and easy to discover causes for MIA charges and just as easy to find and fix.