Managing Accounts Receivables

Elise M. Lacher, CPA

Waiting until the crops are harvested is no longer a requirement for equine practitioners. Paying attention to them, recording them on your balance sheet so you can see them, and expecting timely payment from clients can help bring accounts receivables down to a more manageable level. Author’s address: Strategic Veterinary Consulting, Inc., 8313 Monarch Circle, Seminole, Florida 33772; e-mail: eliselacherca@yahoo.com. © 2010 AAEP.

1. Introduction

Walk into any small animal veterinary practice, and odds are you will see a sign somewhere near the front desk saying “Payment Expected At Time of Service” or some variation thereof. Now I know that this doesn’t happen 100% of the time, but the acceptable norm for accounts receivable balances in a small animal practice is considerably less than that for an equine practice. I know, I know, equine practices are different! And they are. Many times we are dealing with horse owners who live in a different state, barn managers, owners who are not present when you are treating the horse, emergencies that arise and they “forgot their checkbook,” large invoices that they were unprepared for (that is the same story in many businesses), etc.

That said, times have changed. For many practitioners, their clients no longer are farmers. They don’t have to rely on the crops to come in before they get their money so they can pay you. Many horse owners have credit cards. Many, if not all of them, have steady jobs and they get paid on a regular schedule. For some reason, however, the mindset of many equine practitioners is that “we have always sent out invoices at the end of the month.” Although many have computers now, the ability to complete an invoice in the field, print it off, and hand it to a client with the expectation of being paid is not the norm.

We need to correct that. The expectation of being paid at the time of service needs to be set up front with clients. This can be accomplished by preparing a “New Client Brochure” that is sent out to all new clients. Having discussions and training sessions with your entire staff on dealing with money issues goes a long way in helping your team deal with the many excuses with which they are confronted. If they know what to say and how to say it, they can more effectively deal with clients who will push the envelope when it comes to reaching for their checkbook. Many of us are uncomfortable when it comes to talking money—give your team the help they need.

Technology is wonderful. With inverters in your truck, you can now hook your computers up to a printer. Using your practice management software, you can prepare an invoice in the field and hand it to a client when you finish up your visit. Many times if handed a bill, people will pay. If for some reason this can’t be accomplished, what is sacred about billing at the first of the month? When you get back to the office, nothing says you can’t mail out the invoice that night. Or, with modern tech-
ology, and having captured the email addresses of your clients, you can email your invoice to them.

One of the big issues equine practitioners face is absentee owners. I strongly recommend that you have your clients complete an “Authorization for Treatment” form for you. There are many variations of such a form, but essentially, the form communicates the following: who is authorized to secure treatment for the animal; what the dollar limit is for that treatment; if transportation to a referral center is necessary, where their preference is; and acknowledgment that they are responsible for payment of the invoice. Even with the Red Flag Rules, if they are implemented, having a credit card on file is always a good idea. (If you have them on file, don’t forget to secure access to them and to periodically confirm that this is a valid card and that it has enough of an available balance to cover potential charges.)

In addition, don’t forget third party payment options such as Care Credit, Chase Bank offerings, etc. One other key component of accounts receivable monitoring: keep your team aware of who owes you money. Be very careful about continuing to run up charges for individuals who owe you money, thinking that things will get better. It rarely does.