



Can Your Practice Achieve Zero Accounts Receivable?

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PRACTICE MANAGEMENT

BILLING/COLLECTIONS

General dental practices should average an accounts receivable balance of no more than 1.5 months of net production (after managed care write-offs). And no more than 10% of those receivables should be over 90 days old.

Unfortunately, many practices have outstanding receivables balances well in excess of these levels (often 2-3 months) which can have a devastating impact on practice cash flow. You see, outstanding receivables are a lot like taking an ice cream cone out into the July heat – the longer it's out, the more value that melts away! Excessive receivable balances result in cash flow that's not only delayed, but also diminished!

But it doesn't have to be that way. Recently, Kimberly Radke, a consultant with the practice management firm Advanced Practice Management*, discussed how one of her clients has achieved something that most would consider impossible– ZERO accounts receivable!

Key members of the Norwood Dental Team (Jan, Deb, and Sara) discussed the secrets behind how their practice achieved this impressive feat. They also shared the following six actionable tips to streamline your billing and collections processes and dramatically improve cash flow.

1. **Set clear expectations** – Beginning with the first phone call with new patients, we make sure they understand what their insurance covers and the remaining portion they will be expected to pay out of pocket. This clear communication and transparency builds trust and helps avoid confusion when they arrive for their appointment.
2. **Embrace real-time insurance verification** – Their team uses insurance websites to submit treatment plan estimates and claims in real-time. This provides immediate feedback on the patient's coverage, as well as an accurate breakdown of what the patient will owe. Since there's no delay in the process, future billing issues are avoided.
3. **Carefully review claims and codes** – We make sure every claim is thoroughly reviewed for proper dental coding and correct fees. This reduces the chances of claims being rejected or underpaid which can create unnecessary delays, confusion, and higher receivable balances. Make sure that proper coding along with the posted treatment plan occurs before the patient leaves the office.

4. **Payment requested at time of service** – We establish a culture where patients are trained to be prepared to pay for their treatment when rendered. We take time to explain the fees up front and have established a culture where patients understand that payment is due at the time of service, eliminating the need for follow-up collection activities.
5. **Treatment plan education** – Once dismissed to the front office team, the patient receives a full explanation of their treatment plan, including the clinical treatment needed as well as the associated fees. If necessary, we go into the operatories with the patient before treatment begins to ensure communication is clear, and there are no surprises when it comes to the expected payment.
6. **Provide a discount for payment in full** – This is a win-win for both the practice and the patient. The patient receives a discount for payment in full at the time of service, while the practice avoids costly time-consuming billing and collection activities associated with accounts receivable.

Norwood Dental's system of managing receivables is a testament to the power of clear communication, proactive claims submission, and a strong focus on patient education. Through setting expectations early, verifying insurance in real-time, requiring payment at the time of service, and offering a discount in payment in full, they've developed a system that eliminates accounts receivables entirely.

**For more information on their practice management services, contact them at 952.921.3360 or visit [AdvancedPracticeManagement.com](https://www.advancedpracticemanagement.com).*

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