

# The Collector Chronicle

NORTH AMERICAN RECOVERY

October 2013

Utah's Collection Authority

## LAST MONTH'S LUCKY WINNER

The lucky winner of our client drawing for October is Ogden Audiology Services in Ogden, Utah. They have been using our agency since 1992! We will be sending them a \$100 gift card to Walmart. Enjoy!



## THIS MONTH'S PRIZE

This month we will be giving away two tickets to a Utah Jazz or Denver Nuggets basketball game. Yes, it's that time of year again.

Each client who sends new accounts during the month of October will have their name entered into a drawing. At the end of the month we will draw a name, and if it's yours, you'll win the prize.

**Don't miss out on your chance to win;  
Send new accounts in October!**

**Good luck!!**



## "HEALTH CARE PROVIDER LIENS"

BY DAVID J. SAXTON

President, NORTH AMERICAN RECOVERY

*Disclaimer: The author of this article is not an attorney. He is not rendering legal advice or interpreting the law. This article is for general information purposes only, and the content of the article is the author's opinion based on his 25 years' experience in the accounts receivable industry. You should consult your attorney if you have specific questions regarding health care provider liens or any other legal matter.*

What is a Health Care Provider Lien? What does it do? Should I sign it? Will it help me collect an account? These are all good questions, and our client service representatives hear these from time to time. So, I thought this would be a good topic to discuss in this month's newsletter.

The simplest definition of a health care provider lien is this: *A health care provider lien gives a health care provider certain legal rights to the proceeds a patient may receive from a potential settlement or judgment resulting from a pending case to recover money from a third party who may be liable to the patient.* I know what you're thinking, that's the simple definition??? Maybe there isn't a simple definition after all. :)

Let me put it another way. We usually see liens offered by personal injury attorneys. Here's what happens: A patient will be in an accident which was caused by someone else. They hire a personal injury attorney to represent them and go after the other person's insurance company. After analyzing the case, if the attorney believes the insurance company will eventually pay a settlement, he will send an offer to the healthcare providers who provided medical care after the accident, to give them a lien on any potential settlement or judgment—after his fees have been paid, of course.

If the health care provider agrees and signs the lien, they will have a legal claim to any money the insurance company may pay out in a settlement or judgment (after attorney fees have been paid).

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The lien gives the health care provider the right to collect money from that insurance company before they pay the patient.

That's the most common scenario we see with health care liens and the definition answers the first two questions I posed earlier: *What is a health care lien? What does it do?* Now let's answer the other two questions: *Should I sign a health care lien? Will it help me collect the account?* Here's the answer: It depends. Since a health care lien doesn't *guarantee* anything, you must consider several factors first. Remember, it only gives you the right to be paid **IF** a settlement is reached or **IF** a judgment is entered. If neither happens, your lien is worthless. However, if the debtor is indigent, or working but makes so little money they will never be able to pay the bill, a lien may be your only hope. The trick is making sure you don't consider a lien as a guarantee because you will certainly be disappointed sometimes.

Also, some liens have wording that prevents you from taking any other collection action until the case has been resolved. A lien like this could be a bad thing. It makes you wait and ties your hands when it comes to collecting the account. If the debtor is in a good financial situation, I wouldn't sign a lien that limited my ability to collect. However, if the lien allows you to still ask for payment—and doesn't make you wait until the case is resolved—I would sign it. Then I would turn the account over to NAR and have them see if they can collect anything in the meantime. You will, of course, need to have your attorney review each lien before you sign it and make sure you understand the limitations for each one.

When a client asks us about a lien we go

through this process with them. We make sure the lien has been analyzed by their attorney, and once we all understand what can and can't be done, the client then decides. Sometimes they sign the lien and wait. Other times they don't sign the lien but instead turn the account over to us and have us collect it. Still other times they sign a lien (when it doesn't restrict their collection attempts) and still send the account to us. We've had many successes collecting accounts where a client didn't sign a lien AND where they did. The key is to contact us so we can help you analyze all aspects of the account: from the specific details of the lien, to the patient's ability to pay. Once we do this, I'm certain we will find the best solution to each individual scenario.

There you have it. Now you're an expert on health care liens, and you'll know exactly what to do the next time you encounter one. Give us a call if you have any questions or email us at: [ClientService@North-American-Recovery.com](mailto:ClientService@North-American-Recovery.com).

I'd also be happy to receive an email if you have questions on this topic or any others I may have covered in the past. You can also search our newsletter archive here: <http://www.north-american-recovery.com/newsletters.html>.

We have three years' worth of newsletters on our website, but I've been writing them since 1994, so I have a lot of older ones I'd be happy to send you. Email me if you're interested or if you have another topic you'd like to see covered. [DaveSaxton@North-American-Recovery.com](mailto:DaveSaxton@North-American-Recovery.com).

Thanks for reading and have a great month! Dave.



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