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## Fear and Loathing in Credit Balance Land

When I think about misunderstood reports, my brain goes straight to this one.

If you're like most offices, you have a Month End wizard setup that closes out the month in your software and generates a series of reports. I have found that many offices leave the Credit Balance report off the list that's typically generated. Why? I have no idea. Is it important?

**It sure is!**

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*What does the report reflect and why do I have credit balances?*

**Fact: A CREDIT BALANCE IS MONEY THAT YOU OWE PATIENTS.**

**What??**

Yes, that's right. You're upside down with a portion of your patients. The important part is WHY you owe them. Instead of being fearful or upset about the data; let's get to the bottom of why you're in a credit state.

### **Legitimate, even Good Reasons**

1. A patient pre-paid for a procedure that has not been done yet. This is the very best reason for a credit.
2. A patient's insurance (either primary or secondary) paid more than expected so the patient portion was overpaid – Hallelujah: We got paid! Time to refund the difference back to the patient.

### **Terrible Reasons**

1. One patient paid their statement, or a claim payment was received, that was then attributed to the wrong patient. This is a common error, most often occurring in family members that are tied together in an account (HOH, minor children, and spouses)
  - To correct this, run an Offsetting Debits and Credits report. This will show all the accounts whose members have a debit balance that exactly matches an existing credit balance. Delete the incorrect payment from the wrong member and apply it to the correct one. Voila; your report just got shorter.
2. A payment dollar amount was miskeyed, in this instance higher than it should have been, and now the patient has a credit.
  - It's very easy to be distracted at the front desk with the phone ringing and patients checking in/out. An extra zero gets added by mistake - you're not alone. This can be corrected by checking individual accounts and looking for glaring payment inconsistencies. This is another reason why it's critical to balance before ending the day. If so, you'll catch these simple errors on the day of creation.
3. The patient paid in cash and a receipt was given. The recipient of the payment pocketed the cash, then the payment is revised into a credit so the patient will not get a statement. It's a tale as old as time, and it happens even when the dentist is financially focused.
  - I can't stress enough to owners to use the audit trail in their software on at least a quarterly basis. Look for deleted or strange altered transactions and question them. Or, ideally,

edit your team's permissions/ability to delete some types of transactions. Protecting yourself from embezzlement is a full-time job, and if you don't have the time, be sure and delegate it to someone who will.

- Every person in your practice should have an individual login to your dental software. This time and date stamps transactions, so you can more effectively determine where errors begin, and pinpoint training issues. It's also a requirement of HIPAA. General logins are the enemy of PHI protection, and I'm encouraging you to correct this immediately if you have one.

If you have a sizable Credit Balance report, does that automatically mean someone is stealing? **No. But it could indicate a lack of training or understanding of how the dental accounting model works – or showcase a culture of hastily made, uncorrected mistakes.**

#### Homework

- Check your Month End Wizard and review the Credit Balance report and production and collections numbers with your team.
- Limit permissions as needed to protect your business financially.
- And most importantly, use your software data to actually manage your office! It's all in there – the good, the bad, and the ugly.

Until next time,

**Angie**

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Let's clean up your Credit Balance Report starting today!  
I look forward to working with you and your team!  
Click the button below to get started.

**I'm Ready!**



Angie Skinner is a nationally recognized Coach, speaker and author, specializing in dental practice profitability. She is a member of the National Speakers Association, and a Continuing Education provider through the AGD's P.A.C.E program. [Email Angie](#) [About Angie](#)

