

ACA Cast: Answer the Phone so a Debt Collector Can Help

Consumers facing hardships have a better chance of resolving them when they communicate with debt collections professionals.

Speaker 1:

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Kim Coghill:

Hello everyone, I'm Kim Coghill with ACA International in the Washington, DC office. On today's episode of ACA Cast we'll discuss hardship programs and how debt collection professionals work with consumers. My guests today are Scott Hearn, president of Universal Fidelity in Katy, Texas, and Kenlyn Gretz, CEO of Americollect in Manitowoc, Wisconsin. So for Kenlyn and Scott, we have the COVID-19 crisis. It's been difficult for a lot of people who've lost their jobs, or maybe just been temporarily laid off and interrupted with some of their income. So just wondering what you do when a consumer contacts you and says, "I've lost my job, I don't have money for bills. Help me." How do you handle that? Scott, we'll ask you first.

Scott Hearn:

Well, that's a question that we face quite often, especially with everything going on in our economy today. One of the first things that we do is we inform the consumer that they do have options. Oftentimes a consumer may not realize that they have options on an account, although it has already reached the stage of collection.

Scott Hearn:

The first thing that we really try to do beyond that, is try to determine what is the consumer's intention for the debt. Assuming that they were employed and able to make payments on the particular account, once we've determined what the consumer's intentions would be, then we inform the consumer that we do have several different options, one of which, including being, putting a temporary hold on an account. If they are facing a financial difficulty due to losing their job or losing employment, we are able to put accounts on hold for a period of time, especially because of COVID-19.

Scott Hearn:

And the other thing that we're able to do is we're able to alter any sort of payment arrangements that we could normally take on an account, accepting smaller payments or even payments that are coming in less frequently.

Kim Coghill:

So Kenlyn, I know you work in the healthcare space, is there anything different that you all do? How do you handle it when somebody has a medical debt that's huge and they just can't pay it?

Kenlyn Gretz:

Right, well, especially if they lost their jobs. So of course the first thing we do is we wish them luck with compassion. At Americollect, our theme is ridiculously nice collections, it's trademarked. And so we've been around since 1964. But the first thing that we'll do is reassure them that we're going to have this conversation so we're going to throw out options. In healthcare, we want to make sure that if they had insurance, that it was actually filed with insurance. And the main reason for that is because timely filing. So sometimes those calls of despair that the consumer picks up the phone and they're like, "Oh, I've got to talk to a collection agency," turn out to be calls of "my goodness, we discovered that the insurance didn't pay what they were supposed to pay, or maybe the insurance had a question of coordination of benefits."

Kenlyn Gretz:

And so our staff is trained to have compassion, but then move into the, "Hey, did the insurance pay what they were supposed to pay?" Then also probably other options that the consumer might have, but also in healthcare we represent many non-for-profits and they offer financial assistance. And so we would talk to them about what the client is offering for financial assistance, maybe give them information on how to check if they qualify. We'd ask them to stay in touch with us and remind them that when they get back on their feet, that we can work with them. And again, this is always a sense of relief. We explain to them that when an account is listed with our office, it's not immediately placed on their credit file. And like, Scott, just like what you were saying, we'll give them extensions. And right now with the COVID-19, our process currently is right now, any new accounts that get listed with our office are being held from the credit file.

Kenlyn Gretz:

We just don't know what their situation is and we want to give the consumers the benefit of the doubt. So it's all about compassion, making sure that the right insurance company paid and then offering payment plans, if it's necessary and also offering the financial assistance that our clients might be using.

Kim Coghill:

Well, how, from both of you, how do you all determine whether a consumer qualifies for a hardship program?

Kenlyn Gretz:

I can handle that one. This is Kenlyn and so when the consumer talks to us, I mean, we would have no way of knowing if they qualify for a hardship program if the consumer doesn't pick up the phone, give us a call based on the statement that we have sent them, or return our phone call, or just generally answer the phone call.

Kenlyn Gretz:

So the idea that consumers should avoid collectors is probably a bad idea in general. There's fear...but the fear that they're hearing is fear from the one-off case of some particular company, pretending to be a collection agency, abusing consumers. That's not who ACA International is, and that's not who their membership is. So, when we learn of their situation, when the patient tells us about their situation, and we look at it and say: "they might be eligible for our [hospitals or medical providers] charity and financial assistance programs." We'll look at the data service and we'll look at the particular client – and ask if the patient qualifies? Are there other specific programs that the client might have? And then offer up direction on how that patient could dig deeper into finding out.

Kenlyn Gretz:

We don't actually do the qualifications. That's not our role as a collection agency. Our clients want us to give them the information and direct them on where to go because they have particular processes. And each client is just a little bit different. Scott, how about the industries that you serve? What do you do to help consumers, at least give them direction or help them qualify for any type of hardship programs that might be out there?

Scott Hearn:

Well, Kenlyn, you said it previously. We try to give the consumer the benefit of the doubt. It's very difficult to verify if someone is actually being truthful with you. So you actually have to trust in what they're saying. And we reflect back on previous conversations that we've had with a particular consumer or even their payment history that they've had with our company or the most recent payment they've made to our client, to kind of get an idea of the type of payer that they were before. And then we have to take that information and put it together to come up with the best decision.

Scott Hearn:

But at the end of the day, it really comes down to giving the consumer the benefit of the doubt and trusting in what they're telling you. I think that that's one of the ways that you can build a good relationship with the consumer, because throughout the process of the debt collector talking with the consumer regarding a delinquent balance, it's a learning process on both sides of the telephone. You have the debt collector, who's trying to really learn about the consumer and what it will take to resolve that balance. And then you have the actual consumer that's on the phone with a debt collector, trying to find out what will they need to do to resolve the balance. Generally, I think people really have the desire to resolve the obligations they have. It's just finding a suitable avenue to be able to do that.

Kenlyn Gretz:

You know Scott, you bring up a good point about the resolution of an account. And I think so many times consumers and regulatory bodies think that collection agencies, our idea of resolution is simply collecting money. And that's just not so. When we talk to consumers on the phone, they need different types of resolutions. And for one person, that resolution might be a payment plan. For another person, it might be charity care or financial assistance. For another, who knows what? They're so far in debt that bankruptcy might be the right answer for them. It might be an installment loan for others.

Kenlyn Gretz:

I pulled this data just last week. In the year of 2019, our organization canceled more accounts for charity care than we did for bankruptcy. So in 2019, I think we canceled 69,000 accounts for charity care and 63,000 for bankruptcy. And then when you look at the gross dollars that were canceled, the dollars that were canceled, 33 million for charity care, 21 million for bankruptcy. And so those charity dollars wouldn't have come through to the consumer if the collection agency, Americollect wouldn't have been involved. And so this resolution isn't just collecting money, it's the right situation for the right person. And without them communicating with us, they wouldn't have that idea or understand how to resolve an account. So good point on the resolution.

Kim Coghill:

So Scott, just wondering from outside of medical, are there other types of hardship programs that your organization or other organizations similar to yours would offer for, let's say, people who have auto loan debts or credit cards or any of the other number of debts that could be out there?

Scott Hearn:

Sure. There's your general payment plan that most collection companies will communicate to the consumer. And those guidelines are typically put in place by the collection company and the creditor themselves, being able to accept payments over a longer period of time. There's also the option to potentially accept a lower amount to settle an obligation. Now, when you talk about settling an account, that's an area that can be confusing to a consumer at times. But one thing I can say about that is, as a consumer is hurting for income right now, a lot of the clients are also hurting for income and typically may be a little more flexible or a little more negotiable with the settlement amounts that they're able to accept to resolve the account.

Kim Coghill:

And just with the COVID-19 crisis, just wondering what kinds of changes have you all seen in the past couple of months due to COVID-19, in terms of consumers being in more trouble financially, or are you all having to develop more hardship relationships or what has changed with COVID-19?

Kenlyn Gretz:

So this is really interesting. I just looked at these. You would think that consumers would go into hiding when they have a pandemic like this. And so we regularly monitor the percentage of inbound phone calls that we get, compared to outbound. And what's really interesting is that we saw a lull in inbound phone calls between our last two weeks of March and the first week or two of April, but it's gotten back to normal now, which is really interesting. I think that what our consumers are saying, "you know what? I was really afraid because I didn't know what was going to happen. And now I've settled into sort of settled in." And a lot of those inbound phone calls are consumers saying, "I've been meaning to take care of this debt. I better pay off my accounts so I can get my credit healthy again in the case, this pandemic goes a little bit longer than I anticipate and I need to access my credit."

Kenlyn Gretz:

And so we're seeing a great deal of consumers be responsible. And it's weird, when you listen to these phone calls, the consumers are extremely thankful that we're there to help them resolve these accounts, get their credit filed, mark the account as paid in full, add disputes, add conditions. So one of the things we do is, if the consumer tells us that they're experiencing some sort of harm or economic hardship because of this, we add a particular specialty comment code to the credit file to explain to the credit grantors in the future that this person told us that they were harmed. Now we don't ask for any verification or anything like that. It's as simple as that, "Hey, listen, I'm struggling right now and because of COVID-19." And so we add the comment code AW to the account and go from there. But it's really interesting that consumers realize that we are a resource to them.

Kim Coghill:

And just one more question for Scott, how have things changed in your business due to COVID-19?

Scott Hearn:

You know Kenlyn, we've actually experienced something very similar. Around the middle of March, we experienced a significant reduction in inbound communication, but it kind of, towards the second week of April, that kind of picked back up to normal. And I'm quite surprised myself that the negative effect that we have been feeling, is it was very short lived, and it seems like things have gotten back to normal. And one of the things that we've done internally with our staff is, with so many people being confined to their homes and being asked to quarantine and to, yeah, really shelter in place almost, the thing that we've asked our agents to do is, if you're talking to someone and they want to talk about the weather, or they want to talk about anything that's going on, give them that extra few minutes of conversation because you may be one of the only people they talk to that day, because not everybody has a big family that they live with, or has a large social network of people that they communicate with often.

Scott Hearn:

So if you can be the little ray of sunshine in that person's day via communication, then do it because that can really go a long way, not only for the reputation of our industry, but it can go a long way for that person as an individual.

Scott Hearn:

Well, anecdotally, I've heard that ... I'm just looking at our business intelligence dashboard here, and I haven't looked at that, for our average handle time for connection, it looks like it's pretty consistent between February and March and April. I'm not saying that it's taking any longer or not to handle it, but that's interesting. One of my collectors said that consumers are more friendly, which is really interesting. And I think ultimately, how you view the pandemic and your position on it, some people feel a little subdued, you know what I mean?

Scott Hearn:

So they probably really feel relieved when they can call a ridiculously nice collection agency and not have to worry about an agency not being so nice to them. Which again, my point on that one is that's not who ACA International members are. And I think that's why ACA, International and becoming a member of their organization is important because of the standards that we set for the agencies that are members. So good question.

Kim Coghill:

Yeah. Great, great information. Before we close, would either of you like to add a closing remark, any additional thoughts?

Scott Hearn:

Sure. You know, the one thing that I would say is if you're a consumer and you're receiving a phone call from a debt collector, answer the phone. It's nothing to be afraid of. It's the avenue of communication that can really help both the debt collection company and the consumer understand what options are out there and find a potential solution to the debt that's owed.

Scott Hearn:

It shouldn't be a scary situation. If you're dealing with a company that's putting you in that situation, more than likely they're not an ACA company, they're not a company that's doing things the right way. And unfortunately, there are some of those companies that exist. I would say by and large collection companies out there are doing business the right way and are doing business in a way that, they want to

help consumers and they want to help their clients. But oftentimes the consumer has a wrong type of idea about what their experience is going to be like. So answer the phone, have that communication, and somebody will be there to work with you to find the solution.

Kenlyn Gretz:

You know, Scott, I think that's a really good point that what you might see as a one-off news story on the media is not really what happens at collection agencies. And I encourage you to pick up the phone and have a conversation with a collection agency. Oftentimes people, consumers, forget that we are the messenger. We didn't establish the problem. We're educating on you on how to resolve the bill or the account out there. And sometimes we get placed as the blame for the problem. And ultimately we are not, we're just the messenger, the communicator between the creditor and the consumer. And give us a try, pick up the call, pick up the phone and give us a call. And you know what? Our industry, we want to hear if there's anything not going as it should be going, and we monitor that through all monitoring programs. And, and so, I just hope that everybody stays safe and we can get back to normal real soon with this.

Kim Coghill:

Thank you both for that wonderful information. Thank you and have a great day.

Speaker 1:

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