

# The Journal of the Michigan Dental Association

---

Volume 106 | Number 3

Article 9

---

3-1-2024

## Dentistry and the Law: Charges for Missed Appointments and Interest on Past-Due Accounts

Dan Schulte JD

Kerr Russell, dschulte@kerr-russell.com

Follow this and additional works at: <https://commons.ada.org/journalmichigandentalassociation>



Part of the [Business Law, Public Responsibility, and Ethics Commons](#), [Dental Public Health and Education Commons](#), [Entrepreneurial and Small Business Operations Commons](#), [Health and Medical Administration Commons](#), [Health Law and Policy Commons](#), [Human Resources Management Commons](#), and the [Leadership Commons](#)

---

### Recommended Citation

Schulte, Dan JD (2024) "Dentistry and the Law: Charges for Missed Appointments and Interest on Past-Due Accounts," *The Journal of the Michigan Dental Association*: Vol. 106: No. 3, Article 9.

Available at: <https://commons.ada.org/journalmichigandentalassociation/vol106/iss3/9>

This Monthly Departments is brought to you for free and open access by the State & Local Dental Publications at ADACommons. It has been accepted for inclusion in The Journal of the Michigan Dental Association by an authorized editor of ADACommons. For more information, please contact [commons@ada.org](mailto:commons@ada.org).

# Charges for Missed Appointments and Interest on Past-Due Accounts



By Dan Schulte, JD  
MDA Legal Counsel

**Question:** I have a full practice. When patients don't show up, or cancel at the last minute and I'm unable to fill the appointment with someone

from our waiting list, it costs me money. This is becoming more frequent. I want to begin collecting deposits from patients when appointments are made. The deposit would be applied to the amount due following the appointment. If the patient is a no-show or cancels the appointment less than 24 hours in advance, the deposit would be forfeited. Can I do this?

**Answer:** There is no law making such a policy illegal. However, you should consider some things before implementation. First, review your participation agreements. They typically prohibit you from collecting anything from patients enrolled in their plans other than co-pays and deductibles. This may not be deemed a breach of a participation agreement if the deposit is collected in advance and later applied to a co-pay or deductible arising from the appointment. If the deposit is forfeited, you will very likely be deemed to have breached a participation agreement. It would be wise to obtain approval of this policy from the insurers and dental plans with which you participate.

Second, you should provide the details of this policy in writing to the patients it will apply to, and post it on your website. You should consider providing patients with a receipt for the deposit, which reminds them that the deposit will be lost if they are a no-show or fail to cancel far enough in advance. Finally, the amount of the deposit should be reasonable and commensurate with the actual amount lost from a no-show or last-minute cancellation.

**Question:** Can I institute a policy requiring patients to pay interest on past due accounts? If so, what interest can I charge, and how can this be implemented?

**Answer:** A patient may be charged interest to compensate for delayed payment of a fee for services rendered, so long as the interest charge is agreed to by the patient. In order to establish such an agreement, you must provide advance written notice to patients setting forth the terms. The terms should include the amount of interest and when it commences. Although it is not legally essential that the patient sign a document acknowledging this agreement, it is preferable to avoid a dispute. By law in Michigan, the maximum rate of interest that may be charged pursuant to an oral agreement is 5%. If there is a written agreement, the maximum rate is 7%.

As an alternative to charging interest, you could consider offering a time-price differential incentivizing patients to pay up front or within a specified time — for example, offering a discounted fee to patients who pay up front or within 30 days. Such a time-price differential arrangement should be in writing and posted on your website. Like charging patients a deposit, you will need to check your participation agreements and make sure they do not prohibit you from offering discounts. It is a best practice to make sure the amount of the time-price differential is reasonable. See the example in the box on this page. Note that the interest rate on the example is 7%; if no patient signature is obtained, the rate could be no higher than 5%. ●

All fees and other charges for services rendered and devices supplied not paid at the time of service shall bear interest at a rate equal to 7% per year.

I acknowledge and agree to pay the interest charge noted above.

\_\_\_\_\_  
Signature of Patient

Date: \_\_\_\_\_