



BILLING / FEES / INSURANCE

## Fee Schedules and Charges

Samuel A. Collins

Q. What is a fee schedule and how can I know what I am allowed to charge?

A. A fee schedule lists all the services you offer and the prices you charge for your services. It also defines any payment reductions you accept. It should be available to all your patients and something they should receive, or at least view. If you have a contract with an insurance company (managed care or PPO membership), the carrier determines the fee, which generally is less than your normal rate. The trade-offs, of course, are that there will be increased referrals from the relationship and increased volume.

Any fee schedule should encompass the following four basic tenets:

- Reasonable
- Defensible
- Consistent
- Publicized

**Reasonable:** Your best protection against being found guilty of inequitable fee pricing is to charge a reasonable amount. In other words, is it a price that is fair and equitable for the level of the service provided?

**Defensible:** Indicates there is a rational explanation for the fee schedule if it were scrutinized. In other words, the fees are set at a level based on some tangible factors such as the level of service and its relative value to other services. Cost of goods and services in your surrounding area is a factor. If you are in a higher rent area, fees are greater for that reason alone.

**Consistent:** Fee schedules must be consistent. Fees should be the same for everyone - insurance companies, private-pay patients, etc., but you can *accept* different amounts for payment in some instances. Your fee schedule must define the reductions you accept (financial hardship) and be consistent in how you apply them. (Special note: California law does allow a cash discount for those uninsured or underinsured.)

**Publicized:** Fee schedules should be made public to patients and the general public upon request (and available to insurance companies, etc., as needed). You should post your fee schedule in your lobby and/or give to new patients.

Fees vary, of course, by location and are based on numerous factors, but essentially are based on cost of living for the respective area. Many states have mandated fee schedules for workers' compensation. As that is a legislated fee schedule, your regular fees should be no less than what is allowed under workers' compensation. However, these amounts can be significantly less than what is reasonable for claims other than workers' compensation. However, workers' comp fees can be a good starting point,

since no carrier can state fees are too high if they are at a state-mandated level

There are several resources available by which you can ascertain typical fees for your region. For example, *Medical Fees in the United States* provides fees and conversions. *Chirocode Deskbook* also has a fee calculator as part of its package. Both of these resources utilize the Relative Value Unit (RBU) and Relative Based Relative Value System (RBRVS) to determine fees, and also have regional variations based on costs of goods and services for the respective region.

Do not fall victim to unwarranted fee reductions from insurance carriers. Many of you are undercharging for your services on at least a few, if not most, of your codes. At the very least, you likely do not have a consistent and defensible fee schedule, which means you are losing money.

OCTOBER 2008