ACUPUNCTURE Today

GENERAL ACUPUNCTURE

Bill With Confidence: Learn What to Collect

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Q: I am trying to understand what I may collect from my patient when there is insurance. Do I have to accept the amount allowed by the plan or may I collect up to my billed amount? Please note, I am not a member of any insurance plan.

A: This is often a misunderstood practice with lots of misinformation. Let's start with, "What is insurance?"

Understanding the Contract

Insurance is a contract between the patient and the insurance company, the insurance company is simply making a payment for services or care on behalf of the patient. This payment is based on that contract, and that contract may have many variables depending on the plan and cost of the plan.

This contract is not with the provider, the straightforward explanation is — the insurance is making a payment towards the services provided on behalf of the patient. This payment generally is not for the full amount of services but is based on the contract, which will/may have a deductible and a percentage of coverage payment.

Understanding Payments

Payment is on behalf of the patient and is towards the services provided. There is rarely an insurance plan that pays 100 percent. This percentage of payment is the most misunderstood belief of the payments made by insurance.

For instance, a provider verifies the plan pays 80 percent and assumes the payment will be 80 percent of the billed amount. Not so fast, the 80 percent is not necessarily 80 percent of what was billed, but what they allow. If you bill $100 for services but the plan only allows $75 that means they will pay 80 percent of $75 or $60. Meaning the non-paid balance is $40.

Reasonable Fees

For clarification all plans pay based on a reasonable and customary fee. Even if you have a plan that states it pays 100 percent, it is still limited to what they deem as reasonable. If you bill $500 for a single set of needles, no plan will pay that amount. However, they will pay the percentage of what they determine as reasonable for that service. And this is where the confusion lies.

Based on the example above you may collect the full $40 that was not paid, or are you limited to collect only $15 which would be 20 percent of the $75 allowed rate? The answer is — you may collect $40.

There is no contract between the provider and the insurance to limit what the provider may charge or collect, as such you may collect to their full billed rate.This amount is referred to as "coinsurance" which is the patient's share of the costs of covered services.

When a non-contracted provider charges a rate higher than the allowed rate of the plan the patient is liable for the entire difference and this is balance billing.

Meaning you may collect any amount not paid by the plan. You need not "write-off" any amounts of your fees, as you have no contract to collect less than your billed amount, or the usual and customary amount.

Understanding the Anti-Kickback Statute

The routine write-off billed amounts, when not contracted, would be a violation of the "Anti-Kickback Statute." To be specific, this is what the Office of Inspector General indicated in there Advisory Opinion 8-03:

"If a physician's office routinely fails to collect the patient's portion of the care, it is considered a violation of both the Anti-Kickback Statute (AKS) AND the False Claims Act. OIG and the Department of Justice recognize that there are cases of financial hardship and make allowances for those unable to pay. They also recognize when a physician makes a reasonable effort to collect from a patient, but does not receive payment. It is the *routine waiver* of the patient responsibility that can cause serious consequences."

Consequently, it is not only reasonable to collect the balance to your billed amount, but the non-collection would be a violation. However, this assumes that you are not contracted with the plan.

Contracted Limitations

When you are contracted you will have limitations as to what may be collected or billed. This could be a co-payment which is a fixed dollar amount that the patient is liable for when they seek care with a contracted provider.

For instance, let's say you bill $100, but as a contracted provider they allow only $50 with a $15 co-payment. In this example the plan would pay $35 and the patient $15, for a total payment of $50. The $50 difference for the billed amount is not collectible, as the contract rate you have limits the amount you may collect from the plan and the patient.

This may be why a person may seek care from a contracted provider, as it requires less out-of-pocket to the patient. In fact, contracted or PPO plans encourage their insureds to use participating providers by having less out of pocket costs for co-insurance, co-payments or deductibles.

But as you note that you are not participating in the plan and the patient is liable for any amounts not paid by their plan. The good news is there are benefits paid by the plan and I assume your rates are fair and reasonable based on your cost of business.

When you bill $100 for a service and the plan pays $50 the patient should be satisfied that they are getting this valued service of $100 service and only having to pay $50 out of pocket.

Do Your Homework

Before you join any plan do the simple math of your costs to provide the service. PPO or contract plans may pay as little as $25 per visit, which are often inclusive with any co-payment.

Ultimately you can provide and deliver this service at this rate, and maintain the practice financially. A practice cannot survive in the long term doing a $100 worth or services for $25, unless they can be delivered in such an efficient manner that the office sees four times the amount of patients.

PPO contracts can generally only work well for the provider when the services can be provided at a higher volume to make up of the lesser reimbursement for the services.

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