

# Dermatology Coding Alert

## Billing Corner: No-Shows? No Problems With These 4 Expert Tips

### No-show fees are one approach, but beware the PR backlash.

These days every dollar and every minute counts. Your practice can't afford to lose time or money due to patients not showing up for appointments. But missed appointments happen. So how can your practice offset the cost?

Start collecting a fee for no-show appointments, so your practice avoids a significant reimbursement loss. Follow these four expert tips to ensure you are implementing a solid plan that will offset your losses.

#### 1. Decide If a No-Show Fee Works for Your Practice

The purpose of a no-show policy is to notify your patients of a possible financial penalty for failure to cancel a scheduled appointment. Missed appointments have an impact on the physician's schedule or the physician's availability to other patients, and can also pose a health risk to the patient.

No show appointments cost the practice real dollars, experts say. But deciding what to do about it depends on your providers, your practice, and your location. In some cases, charging patients a fee when they miss a visit will help your practice offset the lost time and money the open appointment time cost. But in some cases, charging patients a no-show fee could have a negative impact on your patient relations and could result in negative public relations for your practice.

"In a large metropolitan area where there is a lot of competition, this can just upset patients who will then share with their friends and family," says **Charlene Endre-Burgett, MS, CMA (AAMA), CPM-MCS, CPC, CMSCS**, administrator with North Scottsdale Family Medicine in Arizona. "That kind of bad PR can harm the practice. However, there are cases when this would be an excellent way to deter 'no-shows' and works well. I don't think there is a right or wrong way to solve this universal problem; whatever works for each office is the best way."

#### 2. Beware of Payer Policies

Your first step in evaluating whether to charge a fee to patients who do not show up for appointments is to check with your payers. Read the details of your contract or contact your payer rep to see what limitations you may have on billing the patient.

Your contract may give you scenarios of when you can, and can't, bill for a no-show. For example, most payers will not allow you to charge a patient who cancelled her appointment more than 24 hours before the scheduled appointment time.

Pointer: You should also check your state's laws to see if there are any laws prohibiting you from billing for no-show visits.

"I would always suggest that each office check their insurance contracts to verify," says Endre-Burgett. "The only payer that I am aware of [that doesn't allow charging a no-show fee] would be Medicaid. Medicare allows charging for no-shows as long as it is the office policy and done universally to all patients (except Medicaid)."

Key: Even if your contract allows you to bill for no-show visits, that doesn't mean you can bill the payer. You need to bill the patient for the missed appointment.

#### 3. Fine-Tune Your Policy

Once you decide to implement a no-show policy, your practice needs to decide how the process will work. Most practices

allow patients one or two "freebies," meaning that they excuse the first missed appointment and do not charge a fee. You should send a letter to the patient, however, reminding him of your practice's policy on no shows.

Once you've sent a letter reminding the patient of the policy, you should consider charging a fee for additional missed appointments. Then, if the patient begins to consistently schedule and no-show, you have the right to discharge him as a patient after a few offenses.

"As far as how the no-show policy is set up will depend on the philosophy of the physicians/practice," says Endre-Burgett. "Some may provide a first written warning, assess a fee at the second offense, and discharge the patient if it happens a third time. Another policy would be to have a fine for the first no-show increasing incrementally for the second and third."

Don't limit your policy to just in-office appointments either, experts suggest. If your providers perform procedures or surgeries, consider charging no-show fees for those as well. "Perhaps even have a patient provide a down payment that is non-refundable," Endre-Burgett suggests. "That down payment can be the patient's responsibility determined by checking benefit with their health plan."

Set your fee: Your no-show policy should spell out exactly what fee you will charge for a missed appointment. Many practices set one fee for an office visit and another, higher fee, for procedures. "I have found that there is no typical fee," Endre-Burgett says. "Again, it can depend on specialty and location. Some may charge a fixed amount of \$25 or \$50, which won't cover the missed reimbursement. Others may charge the actual amount of the missed visit; for example, a behavioral health professional may charge their normal fee for a one hour counseling appointment."

Be proactive: Sending reminder notices or making appointment reminder phone calls can help alleviate some of your missed appointment concerns. Check to see if your electronic record systems will generate automatic phone or "secure message via your patient portal with a detailed reminder 48 hours before the appointment with an email to send the patient to the patient portal's secure messaging inbox," suggests **Barbara J. Cobuzzi, MBA, CPC, CENTC, CPCH, CPC-P, CPC-I, CHCC**, president of CRN Healthcare Solutions, a consulting firm in Tinton Falls, N.J. "48 hours is recommended to give the patient time to ask for time off from work and still reschedule, if necessary."

Make exceptions: Not every missed appointment is the result of a poorly behaving patient. Emergencies, such as car accidents, do happen, so you need be somewhat flexible. If a patient misses an appointment because she is in the emergency room with her child, for example, you probably shouldn't charge her.

#### 4. Implement a Written Policy

Once your practice develops a no-show process and you are going to start charging for no-shows, you need a written policy that includes information such as:

- If the patient needs to notify you that he is not going to show, and how long before the appointment you expect to be notified.
- Whether you'll charge a fee, and how much that fee will be.

Example: Your policy could state something such as "Failure to give 24-hour notice of cancellation of an appointment or not showing up for an appointment can result in a charge of \$25.00 on your account. This charge is non-covered by your insurance company and is your responsibility. Failure to pay a no-show fee will be treated the same as our policy on unpaid patient balances and will be subject to reporting to a collection agency if unpaid."

Ask your patients to sign and date the form when they first join your practice, as they would do when they initially sign your privacy or financial policies. You can incorporate the no-show policy into your financial policy, Cobuzzi explains.