

## **Dermatology Coding Alert**

### **January Recipe for Billing Success: Write Off Patient Copays and Watch Your Revenue Plummet**

With insurance premiums on the rise, your office might be tempted to assist patients by offering discounts or even waiving copayments or deductibles. However, if you don't proceed cautiously, you could be risking the financial and compliance health of your practice.

"It is not a good practice to do this," says **Jennifer Darling**, owner of BBC Medical Management Services LLC in Dallas. "It's the nice thing to do, but legally not the right thing to do."

**Reason:** Financial arrangements that differ from the billing obligations laid out in your contract with government or third-party payers can result in fraud charges, penalties, and loss of carrier contracts. Additionally, as copayments have increased to \$30, \$40 and \$50, waiving these payments takes a large portion, sometimes 50-70 percent of the insurance allowance.

#### **Look to OIG for Guidance**

A few years ago, the Office of Inspector General (OIG) issued guidance about waiving copays and deductibles, says **Maggie M. Mac, CMM, CPC, CMSCS**, consulting manager for Pershing, Yoakley & Associates, Clearwater, Fla. In the Federal False Claims Act, the OIG identifies three criteria that can result in violation:

- The waivers are routine;
- The waiver is given without regard to the individual patient's financial hardship; and/or
- The provider fails to pass on to the payer its proportional share of the discount.

**Caution:** The OIG will keep an eye out for patterns of routine waivers, and with the exception of hardship cases, you don't want to discount services below the allowable Medicare rate.

**Avoid:** While your physicians may want to extend "professional courtesy," or free/discounted services to other physicians or their families, that practice will only set you up for trouble.

"Providers can get in trouble for giving preferential treatment if they are found out," Darling says. This is a violation under conditions 1 and 2 of the Federal False Claims Act.

#### **Check With Payers First**

**Good advice:** If you encounter a situation in which you think a waiver or discount of fees is legally and ethically appropriate, contact your third-party payer to ensure that the arrangement would be in compliance with their contracts and policies. Look at your individual contracts with the insurance company, Darling says.

Discounts and waivers for Medicare or Medicaid beneficiaries should raise an even bigger red flag. If Medicare finds that you have submitted claims that misrepresent the financial arrangement you made with the patient, you could be facing imprisonment, criminal fines, civil damages, civil monetary penalties, and exclusion from Medicare and state healthcare programs.