

Dermatology Coding Alert

READER QUESTIONS: Consider a Financial-Hardship Policy

Question: Is it OK for our practice to not collect a copay or deductible from a patient who is having financial difficulty?

Texas Subscriber

Answer: The answer depends on whether you can prove (or more accurately if the patient can prove to you) that the patient is in financial hardship.

Routinely waiving deductibles and copayments can violate several federal laws and regulations, including the federal False Claims Act, anti-kickback statutes, and compliance guidelines for individual and small group physician practices. It may also violate payer contracts and could result in your removal from a health plan's provider panel.

Ask for proof: A beneficiary may tell you that he is unable to pay, but a review of relevant financial records could reveal otherwise.

Gather information from the patient that supports his financial need, including tax returns, checking account statements, and savings account statements.

If the patient truly has financial hardship, you can write off the amount of the bill that's owed. Make copies of the proof supplied by the patient and keep them in your office. The physician should write in the medical record that the charge for that particular date of service is being written off, due to proof of financial hardship that is in the patient's file.

Document that you have done an individualized assessment of financial need to support his financial- hardship claim. The determination of financial hardship applies to that visit only.

HIPAA concern: To limit the number of people in your office who see the patient's financial information, experts suggest that you don't keep the financial proof of hardship in the patient's chart. Instead, consider keeping it in a locked file, possibly in the office manager's office. Make a note in the patient's chart that financial information has been obtained, but don't include details.

Good faith: If you cannot establish financial hardship, CMS requires that you make a "good-faith attempt" to collect money from a patient. Your practice can establish for itself what constitutes a good-faith effort, such as sending two bills, followed by two phone calls and a final notice. Submit documentation of your efforts to Medicare, notifying them that you were not able to collect money from the patient.

The answers to the Reader Questions were provided and/or reviewed by **Barbara J. Cobuzzi, MBA, CPC, CPC-H, CPC-P, CHCC**, president of CRN Healthcare Solutions, a coding and reimbursement consulting firm in Tinton Falls, N.J.