

Internal Medicine Coding Alert

Reader Question: Billing for Professional Courtesy

Question: Is it appropriate to bill the insurance portion of a patients bill to the payer, while writing off the co-pay? Our physicians have asked that we do this for other physicians and their family members that they treat out of professional courtesy.

Anonymous CA Subscriber

Answer: Insurance-only billing, billing third-party payers for their portion of a medical service without collecting co-pays from the patient, is inappropriate and, according to Medicare, is fraud, advises Stephenson.

If you do this for Medicare patients and are caught, the practice can be fined up to \$10,000 per incident. They are serious about pursuing this, he adds.

If commercial payers discover that a practice has not been collecting the co-pays, they will usually just decide that the amount they have been paying for a service is the total charge for that service and reimburse their contracted percentage of that, he adds.

Their reasoning is that if you are willing to accept only their portion of the payment, then that must be what the service is actually worth, he explains. If your contract with a payer says it will reimburse 80 percent of the charge, and they discover you have not collected from their members, then they will just pay for that level visit at 80 percent of what their portion had been, which is actually 60 percent of the original charge.

In addition, the payer may pursue legal action against the practice for breach of contract.

When you contract with a plan, you agree to collect certain fees from their members, he says. If you fail to do that, and bill the payer for the charges as if you had, that violates your agreement.