

Optometry Coding & Billing Alert

Build a Better Business: Avoid Collection Hassles by Getting the Lowdown on HSAs

First step: Review all payer agreements

The number of patients with health savings accounts (HSAs) is increasing, and with the increase in HSA use comes an increase in confusion among billers.

HSAs present collections challenges for some practices, but with a solid understanding of this consumer-driven healthcare trend and expert tips on how to work with HSA accounts, you'll be well-prepared.

Get to Know HSAs

HSAs are personal savings accounts that provide patients with a tax-free way to save for qualified medical expenses. An HSA has to be linked to a high-deductible health plan (HDHP) -- a health insurance plan that has a higher annual deductible than typical health plans and a maximum limit on the annual out-of-pocket medical expenses that the employee must pay.

"Health savings accounts were built as a way to start to re-engage patients and employees into some of the core costs of their health experience and expenses," says **Debra Wiggs, FACMPE**, of Trinity Management Solutions in Bellingham, Wash.

The goal: The government and those supporting HSAs hope that when a patient is faced with the high deductibles, he will play a bigger part in his own healthcare and medical decisions.

Mistake: One original idea about HSAs and HDHPs was that physicians would be able to have a price list for patients, and billers wouldn't have to submit claims to the insurance company.

"That original line of thinking was always dead- wrong," says **Matthew Holt**, author of The Health Care Blog and researcher, generalist forecaster and strategist with Matthew Holt Consulting in San Francisco. "HDHPs operate like HDHPs always have within the framework of insurance and contracted rates." You still need to follow the contract you have with the payer, not set your own prices.

Overcome HSA Challenges

The challenge for billers comes when they try collecting payments from patients who face high deductibles.

Members of the American Medical Billing Association (AMBA) say that HSAs affect their practices two ways, says **Cyndee Weston**, executive director of the AMBA in Sulphur, Okla. "They said the problems are twofold:

"They do have collections issues since a person must typically meet \$5,000 in health expenditures before his plan kicks in and starts to pay anything. Deductibles and other charges are not paid, so that puts the charges into automatic patient responsibility.

"Patients just do not come in for basic healthcare because they can't afford to meet the minimum. They just flat stop coming in and neglect their problems."

Additionally: "Some practices are asking for cash up-front, which tends to mean more patients go to the ER," Holt says. Another issue for practices is that "the advent of HDHPs means that the consumer share of any one claim can be significant, so paying attention to collections is much more important," he adds.

Pitfall: A third problem you should watch for is that patients with chronic diseases and those who are older, with less time before retirement, cannot get the full benefits of an HSA by saving and accumulating money over the years. Chronically ill patients will continually use up their HSAs each year, so nothing will carry over into the next year, and an older patient does not have enough years to accumulate any substantial money.

Follow 4 Tips to Find Success

If you follow a few best practices, HSAs don't have to be a collections nightmare for your practice. Follow these four expert tips for a smooth HSA road:

1. Collect patient information as soon as possible. Be proactive, and make sure you know the patient's deductible before he comes in for a procedure or service. That way you can tell him to be prepared to pay the out-of-pocket cost for the service based on his HSA deductible.
2. Educate patients. Your practice needs to educate patients on two fronts: their payment expectations and the importance of preventive care. Patients who are new to HSAs may not understand their responsibilities with the new coverage.

You should review coverage policies and deductibles with the patients when they register for appointments. Also, patients faced with high deductibles may avoid preventive care, so your practice needs to educate them on the importance of routine healthcare and the ultimate effect on their HSA balances if they should get sick because they ignored preventive healthcare.

3. Know the billing ins and outs. You should understand the payment process for the HSAs you deal with. Learn whether they'll reimburse you as the provider, automatically pay the patient after you submit the claim, pay the patient after he submits receipts, or provide the patient with a debit card that you'll process. The more you understand about the plans before the patients come in, the easier the process.

4. Implement new procedures. You should evaluate your office's processes and see if you can make changes that will help you deal with HSAs and the rules that affect each patient. If you don't collect at the time of service now for those patients the payer directly reimburses, consider implementing that procedure.

You should also consider using real-time adjudication with your payers that support that system, Holt says. "Look for IT solutions that can do real-time adjudication while the patient is standing in the office. There's no time to collect like when the patient is right there, but that requires understanding what the right amount is," he adds.