Optometry Coding & Billing Alert

Build a Better Business: Don't Let Patients' Financial Hardship Become Yours

Discounts and write-offs are options, if you follow these guidelines.

That a patient may have trouble paying his bills because of financial difficulty is a discouraging fact of the modern economic climate. While you certainly remain concerned for your patients' well-being, your job is also to keep your practice financially healthy.

When financial hardship strikes a patient, it's hard to resist the temptation to waive a copay or deductible -- or possibly even just write off the balance.

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

Know When You Can't Waive

The Office of Inspector General (OIG) has issued guidance about waiving copays and deductibles. In the Federal False Claims Act, the OIG identifies three criteria that can result in a violation:

• The waivers are routine.

• The waiver is given without regard to the individual's financial hardship.

• The provider fails to pass on to the payer its proportional share of the discount.

Watch out: OIG regulations aren't your only concern when it comes to collecting copays. Check your payer contracts as well. "Many contracts require that copays are collected at the time of service," says **Barbara Colburn**, director of operations for Lakefront Billing Service and partner in Total Healthcare Strategies in Milwaukee, Wis. "A provider can lose participating status if they fail to follow the guidelines."

Alternative: There are a number of circumstances when it is appropriate to write off a patient's payment, according to **Steven M. Verno, CMBS, CEMCS, CMSCS**, a director of reimbursement in Hollywood, Fla.

Get the Proof You Need

One reason you may be able to write off a patient's copay, deductible, or balance is if the patient meets financial hardship criteria. In order for your practice to accept financial hardship as terms for a debt write-off, the patient needs to be able to prove he is unable to pay. To prove financial hardship, you'll need to ask the patient to provide you with the following information:

• Gross monthly household income, including salaryand wages and any court-ordered payments;

• Other income, including dividends, interest, payments from property rental, support from family members, pensions, Social Security benefits, veteran benefits, unemployment compensation, trusts, and gifts;

• Assets, including cash, all bank accounts, stocks, bonds, real estate equity, and equity in personal property, such as cars and boats;

• Essential monthly household expenditures, such as mortgage/rent, utilities, insurance, and food; and

• Number of dependents in the household (including the patient).

Also request copies of the patient's income tax returns and W-2 and 1099 forms as proof of income to determine whether the patient's earnings meet state and federal poverty guidelines.

Keep in mind, "all documents should apply to all members in the household," Colburn says.

Avoid this pitfall: You also should apply the determination of financial hardship only to the particular visit or service you are billing for at the time, not to any services that occur in the future.

The patient and the physician should also sign a statement detailing that the practice reviewed proof of financial hardship and listing what charges the practice is waiving, experts suggest. Your practice should keep a copy and provide a copy to the patient as well.

Ideally, you should be able to determine the patient's ability to pay starting with the copay, says **Catherine Brink, BS, CMM, CPC, CMSCS,** president of Healthcare Resource Management in Spring Lake, N.J."Copays should be -- must be -- collected upfront before the patient sees the doctor, so the question of the patient's ability to pay can be dealt with before service is rendered," she adds.

Detour: In the event that you cannot establish financial hardship, CMS requires that you make a "goodfaith attempt" to collect money from a patient. This might consist of sending two bills, followed by two phone calls,and a final notice. That cycle is up to your practice's discretion. If you ultimately can't collect, be sure to document your efforts.