

## Optometry Coding & Billing Alert

### Build a Better Business: Part 2: Don't Let Patients' Financial Hardship Become Yours

#### A clear financial hardship policy might prevent some write-offs.

You have a head start on understanding how to ensure you'll get paid when dealing with patients suffering financial hardship. But there's more to know about creating a winning hardship policy to keep your deserved payments rolling in, despite economic hard times.

In *Optometry Coding & Billing Alert*, Vol. 8, No. 2, you learned the difficulty your office could face with a patient who can't pay his copay or deductible. You discovered that you can't simply write-off a patient's balance, and garnered tips on how to make the patient prove financial hardship.

Next step: One important element to dealing with a patient's financial hardship is to have a written policy that informs the patient of your hardship policies. Read on to learn how to create a winning hardship policy, and offer payment plans to patients.

#### Create a Financial Hardship Policy

Your practice should have a compliance plan in place that contains a specific policy for patients who ask for a financial write-off of coinsurance or deductible due to financial hardship. Include this information in the financial policy that all new patients in your practice receive.

Your financial-hardship policy should specify what circumstances must be present to consider a financialhardship write-off (such as level of income or disability) and the criteria of proof from the patient (such as income tax return, limited income due to long-term disability, etc.). Be consistent in applying this policy to all patients, warns

Barbara Colburn, director of operations for Lakefront Billing Service Inc. in Milwaukee, Wis.

You may also decide to have patients sign a financial hardship agreement stating that they have asked for and have met the criteria for a financial-hardship write-off. Then list the items of proof that the practice reviewed as part of the agreement. The person in your practice who is authorized to approve the write-off should also sign the agreement.

#### Offer Discounts Carefully

Keep in mind that discounts can also apply to other patients who either don't have insurance or use non-par payers. You aren't required to charge a full fee to all patients without insurance. You can offer incentives such as prompt payment discounts or time-of-service discounts, for instance.

This would mean that if the patient pays on the date of service, you can offer them a rate that can be as low as or below what you accept from private participating payers. "A financial policy should be in place and signed by all patients that explains any and all discounts the practice will consider," Colburn says.

Be consistent: If you decide to offer this kind of discount, be aware that you also need to offer it to third-party payers as well. You don't want to offer a bigger discount to uninsured patients than you are offering to payers, however. "It could be misinterpreted as a kickback, or a violation of the Stark Act, the Anti-Kickback Statute, or the False Claims Act," warns **Steve Verno, CMMC, CMMB, NREMT-P**, a medical billing consultant and educator in Orlando, Fla. You could then be getting your practice in hot water, or risk burning bridges with payers and patients.

### Recognize a Write-Off in 6 Steps

You've offered discounts, payment plans, and more, but you still haven't received payment from a patient. You may be forced to do a write-off at this point, says Verno. Your practice is justified in writing off a patient's balance in the following situations:

1. The cost of collecting a balance is more than what the patient owes. For example: A patient's balance due is \$3 after all insurance payments. The administrative cost to bill and collect is at least \$15 per statement. "You don't spend \$15 to collect \$3," Verno says.
2. The provider uses all available methods to try to collect, including submitting the account to a collection agency.
3. The patient files for bankruptcy. This does not automatically initiate a write-off, however. The court could discharge the debt or establish a payment plan based on available assets. If you do receive a discharge of debtor notice, you can then write off the debt.
4. If the patient has Medicare, but there is no signed Advanced Beneficiary Notice of Non-Coverage (ABN) form on file for the specific date of service, and thus there is no GA (Waiver of liability statement on file) modifier on the claim, you will not be allowed to balance bill. So if Medicare won't pay the claim due to medical necessity, you will be forced to write off the charges.
5. If the terms of your contract with the insurance company state that you cannot balance bill the patient if a claim is denied and there is no way to appeal or correct it. The process may follow a similar outcome as in bullet point 4, resulting in a write-off.
6. The patient proves financial hardship, using the criteria mentioned in part one of "Don't Let Patients' Financial Hardship Become Yours" in the Vol. 8, No. 2 issue of Optometry Coding & Billing Alert.