

Optometry Coding & Billing 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 whether the patient can prove to you) that the patient is in financial hardship.

Routinely waiving deductibles and co-payments 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.

Best bet: Your practice should have a compliance plan in place that contains a specific policy for patients who ask for a financial write-off of a copay, coinsurance or deductible due to financial hardship.

Your financial-hardship policy should specify what circumstances are present to consider a financial-hardship write-off (level of income or disability) and the criteria of proof from the patient (income tax return, limited income due to long-term disability, etc.). This policy should be consistently applied to all patients.

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 and then list the items of proof that the practice has reviewed on the agreement. The person authorized to approve the write-off should also sign the agreement.

It is not necessary to keep copies of the patient's income tax or other personal paperwork after they have been reviewed; however, a copy of the agreement should be provided to the patient and the original kept in the patient's chart or other appropriate file.

Ask for proof: A beneficiary may tell you that he is unable to pay, but a review of relevant financial records could reveal otherwise. Ask for information from the patient that supports his financial need, including tax returns, checking account statements, and any savings account statements.

If the patient truly has financial hardship, you can write off the amount of the bill that's owed. Document that you have done an individualized assessment of financial need to support his financial-hardship claim. The determination of financial hardship is applicable to that visit or service 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 make copies of the financial proof of hardship. Instead, all you need is a statement certifying the types of information that were received and reviewed and meet the criteria for financial hardship.

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 then a final notice.

Again, your office should determine a policy for collecting a patient's financial responsibility in the practice compliance

plan and apply it consistently.

It is not necessary to submit your collection notes to Medicare or other payers when writing off a patient balance, but you should be able to support the write-off by notes found in your billing system or patient billing files or medical record if asked.