

Optometry Coding & Billing Alert

Reader Questions: Get to Know Capitation Contracts

Question: I'm confused about what capitation actually is and how we bill under capitation rules. Can you explain?

Washington Subscriber

Answer: Capitation is a reimbursement method in which the payer reimburses the provider a fixed amount per month for every member of the health plan panel to whom they provide some type of service. The payer reimburses you at set intervals throughout the year -- monthly, quarterly, semiannually, or annually -- as set up in a capitation contract.

Under capitation the contracted payer reimburses you based on the number of patients covered in the contract (by head) rather than by the number of services your physician provides. You get the same amount whether you see a patient once or 20 times.

Under capitation, you have to track services for the panel and will probably have to submit claims, even though the payer won't pay you on a per-claim basis. There will likely also be services that are not covered by the contract and for which you will be paid in addition to the capitation fee, such as flu shots.

Pointer: Be sure to review your explanations of benefits (EOBs) even though you're not getting reimbursement on a claim-by-claim basis. The payer could still inaccurately process your payments even when you're paid on the capitation system.

-- Answers to You Be the Expert and Reader Questions reviewed by **David Gibson, OD, FAAO**, a practicing optometrist in Lubbock, Texas.