

Optometry Coding & Billing Alert

Reader Questions: Learn the Do's and Don'ts of Setting Fees

Question: We have several patients who are cash/self-pay patients without insurance. We would like to charge those patients a different fee than we charge the insurance companies for a service. Is this a legal billing practice?

Michigan Subscriber

Answer: You can actually charge anything your provider wants to charge to his patients, except for Medicare patients. With Medicare patients, you cannot charge more than what you are charging other patients.

Beware: While you can charge different fees, keep in mind that if you do, you may end up with several problems, including investigations from some of your payers and less-than-favorable relations with other providers in your area.

Example: You have two private payers, Medicare, Medicaid, and self-pay patients in your practice and you decide to charge the following for a common level-three office visit:

Payer 1: \$75

Payer 2: \$45

Medicare: \$50

Medicaid: \$15

Self-pay: \$100.

Problem 1: Your practice has no idea what your usual and customary charge is for this level of office visit because you're charging so many different fees for the same service.

Problem 2: In this example, you're charging Medicare more than what you charge payer 2, which is against Medicare rules. You could face fraud charges in this instance.

Problem 3: This sort of mixed-fee billing can also put you on the Office of the Inspector General's radar. The OIG could investigate your practice to see if the discounts you're providing violate Stark laws, specifically the Stark Act and Title 18, USC, the Federal False Claims Act.

Problem 4: Payer 1 will eventually discover that you're charging lower fees to other patients and will likely lower your reimbursement, as well as the reimbursement of other providers billing for the same service. This leaves you on shaky ground with your payers, lowers your reimbursement levels, and upsets your colleagues.

Additionally: Your self-pay patients may also find out that you're charging other patients with insurance less, and consider it a discriminatory practice. One may even file a complaint with the state.

Best practice: Experts usually recommend that you charge all patients the same fee, regardless of their insurance, or lack thereof. Your usual and customary fee for a procedure should be more than the highest level of reimbursement you receive from any insurance company for that procedure, experts advise. Charge that fee to every insurance company (and every cash-paying patient). They (especially Medicaid) may not pay you what you charged, but you should avoid hassles if you charge everyone the same fee.

Want to give a self-pay patient a break? Some practices charge a single fee and give a prompt pay discount to self-pay

patients for paying at time of service.

Benefit: The private payers cannot complain that the self-pay patients are getting a more favored status, because your practice can offer the same deal to private payers -- a discount if they pay at the time of service only, so you don't have to bill them or wait for payment.

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