

Part B Insider (Multispecialty) Coding Alert

COPAYMENTS: If You Waive Copays Too Much, You Could Be Waving A Red Flag

11 tips for avoiding indigent patient woes

With health care costs skyrocketing, demanding 20 percent of all your charges from your patients seems cruel - especially if they've been hit hard by rough economic times.

But the **HHS Office of Inspector General** and private payers are both on the case of physicians who let too many patients off the hook. If you appear to be using easy-going policies to bring more patients in your door, you could find yourself in deep trouble. Luckily, our experts offer 11 tips to keep your copayment policies kosher:

1) Make a "good faith effort" to collect everything you bill. Also, gather information from your patients to see if they're eligible for a "hardship waiver," advises attorney **Clay Stribling** with **Brown & Fortunato** in Amarillo, TX.

2) Have a written policy. You can't set a number, such as a percentage of patients for whom you'll waive copayments, says attorney **Wayne Miller** with the **Compliance Law Group** in Woodland Hills, CA. Instead, you should "define the circumstances and conditions" under which you'd waive copayments, Miller says.

Circumstances could include patients who are medically indigent and can't afford their care, even if they're employed. The physician could also put in place discounts for patients who pay cash, Miller says. In a high unemployment area, the standard may be different than in a wealthy area.

3) Be more careful with Medicare and Medicaid patients. These patients raise more fraud and compliance worries, Miller warns. But even federal health care beneficiaries can receive copayment waivers if they have demonstrated a financial need.

4) Don't advertise that you don't collect copayments. This includes word of mouth, say experts.

5) Make sure your application form is set up to make it easy to determine whether a patient has financial need. The form should reduce arbitrary decision-making by having clear standards, advises Stribling.

6) Make some effort to verify the financial need information your patients provide. Some providers will perform a credit check on indigent patients, Stribling reports. Others will have patients bring in a bank statement or other documentation. These aren't the only methods you can use, but some external verification is important.

7) Go back every year and audit some copayment waivers, on a random basis, to make sure the patient filled them out properly, Stribling urges. You should ensure your staff isn't granting waivers in questionable cases.

8) Don't let your staff talk out of line. If a patient expresses financial concerns during patient intake, the intake personnel or other staff shouldn't say something like, "All you've got to do is ignore our first three statements, then we'll send you a form and you won't be billed any more," Stribling says. Some office staff routinely give patients this sort of advice on how to game the system, and such loose talk could appear to be an inducement to Medicare patients to join your practice.

9) Don't give patients a financial need form up front unless they ask for it, Stribling advises. You definitely should not make the financial hardship form a standard part of the packet of forms your intake staff hand the patient, he

adds.

10) Go ahead and waive copayments in rare instances to pacify patients. For example, if a patient's been waiting for an hour and expresses frustration, it's okay to waive that person's copayment, says attorney David Glaser with Fredrickson & Byron in Minneapolis.

11) Beware waivers with private insurers. With some private payers, if you waive the patient's copayment, you may have given up your rights to receive payment from that carrier, says Glaser. You also may be breaching your contract by waiving a copayment for a private health plan's patient. Or the health plan may say you've relinquished your claims on it as well as the patient.

In some cases, out-of-network physicians will try to match a patient's obligations for in-network providers, such as charging only a \$20 copayment instead of 20 percent of total charges, notes Glaser. But in this case, you may be signaling to the health plan that you'll accept \$100 as your total payment for all services, since \$20 is 20 percent of \$100.