

Part B Insider (Multispecialty) Coding Alert

Part B Billing: Know the Rules About Collecting Deductibles Up-Front

Navigate your way when carriers give you conflicting advice about deductibles, but use business sense as well as compliance know-how

Collecting deductibles from patients has never been more difficult -- between determining whether the patient has secondary coverage and seeking answers on whether they've already met their deductible, you could lose an hour of your time.

Payer confusion only adds more difficulty to the process. One subscriber wrote to the Insider and explained that her carrier told her it was illegal to collect a deductible from a patient before receiving an EOB from the insurer.

Is this accurate? No, says **Joan Gilhooly, CPC, CHCC**, president of **Medical Business Resources, LLC**.

Compliant point of view: "From a compliance standpoint, if the practice knew without a doubt that the patient's deductible had not been met, there is nothing that prohibits the practice from collecting it at the time of service prior to sending the claim to Medicare," Gilhooly says.

Business point of view: Even if it's legal to collect a patient's deductible at the time of service, however, it may not be a good business practice.

"In the distant past, people may not have had secondary payers and it may have made good sense to collect the deductible in January," Gilhooly says. "But now that Medicare pays so promptly and so many people have secondary plans, it's very uncommon to find someone whose deductible you need to collect up-front."

Secondary payers will usually pay you the cost of the patient's deductible, and the secondary payment often arrives at your office before you even receive your Part B reimbursement, Gilhooly says.

Refunds: "Some practices collect the deductible up-front as a rule, especially if they see the patient early in January, and then figure they'll just issue a refund later if necessary," says **Jay Neal**, a coding consultant in Atlanta. "But generating all of those refunds can be a headache when February rolls around," Neal adds.

Not to mention costly: What you collect from the patient up-front probably isn't as much as you'd spend processing a refund, Gilhooly says. "Given the extraordinary expense of processing refunds, I generally recommend that practices don't collect the deductibles, and instead, they should simply wait the two weeks (assuming electronic claims filing) to find out if the patient really does owe any money," she advises.

Even if you can predict what the Medicare EOB will say (which is nearly impossible), the odds of knowing whether the patient will owe you his deductible get worse and worse every day after January first, "and that's before you start to factor in the implications of the patient having a Medigap policy you weren't aware of that would have picked up the deductible for the patient in the first place," Gilhooly advises.

Example: Suppose you see a patient on January 15. She tells you that she hasn't seen any other physicians yet during the year. She also mentions during the history portion of the E/M visit that she performs her glucose test daily and that she just received a new box of glucometer strips the day before, so she is prepared to continue testing her blood sugar.

Reality: Although this patient has not seen a Medicare physician, she probably did pay some money toward her deductible when she ordered the glucometer strips.

"The deductible accounts for all services, including durable medical equipment (DME)," Gilhooly says.

"I once did the billing for a practice that collected a deductible from every single patient they saw from Jan. 1 through Feb. 1," Neal says. "It was their policy and they had no intention of changing it -- until we had to bring in a temp. for a month to help us process all of the refunds."

Bottom line: Determine whether collecting that deductible is really worth your while from a business standpoint before you ask the patient to pay it at the time of service.