

Part B Insider (Multispecialty) Coding Alert

PART B MYTHBUSTER: Exercise Your Right To Request A Reasonable Patient Payment Plan -- Here's How

Nominal payments don't create any obligation for you

Myth: If a patient is sending you \$5 per month toward a debt, you can't refer the matter to a collection agency.

Reality: You can send a patient's debt to a collection agency--whether or not the patient is making a token attempt to pay up, say billing and collection workers. If the patient is following a repayment schedule that you haven't approved, then you have the right to insist on a quicker repayment.

How it works: -If a patient is paying a small amount every month that was not approved, we do send them to collections, and the collection agency may or may not report them to the credit bureau,- says **Kay Brown**, a coding specialist in Spring, TX.

You should check your own state's laws, and make sure that your office has policies governing how it handles debts, notes **Chris Felthauer**, medical coding instructor with **Orion Medical Services** in Eugene, OR.

-Most offices have policies in place that show what monthly payments they will accept,- says Felthauer. -If we bill patients, and they send in only a partial payment, it's best to call them to arrange a set plan rather than just accepting whatever they pay.-

You have the right to insist on a realistic payment schedule, Brown adds. She recommends the following schedule:

- A balance of \$250 to \$500: four payments
- \$501 to \$700: five payments
- \$701 to \$1000: six payments
- more than \$1001: up to 10 payments

Note: You, the original creditor attempting to collect a debt, have more rights than a third-party collector, such as a collection agency, says Brown.

Once you've turned over the account to a collection agency, then you should direct all payments to the collection agency, says Felthauer. If the patient sends money directly to your office, you need to notify the collection agency about that payment. Most likely, your contract with the collection agency will specify how you report this payment and explain how the collection agency will obtain its cut of the money.

If a patient starts repaying a debt and then stops after a couple of payments, you still have the right to refer the matter to a collection agency, says **Denise Eickbush** with **Kansas Joint & Spine Institute** in Wichita. She worked in one office that required patients to pay off at least one-twelfth of their balance each month.

Collect Deposit Up Front

Sarasota Pathology in Sarasota, FL collects a deposit based on the overall patient balance, notes Billing Administrator **Poom Nguyen**. For a debt of \$20 to \$500, the practice collects a 10 percent deposit or \$20, whichever is greater. For a debt of more than \$500, the practice collects a 20 percent deposit. The practice considers the deposit the patient's first payment.

Nguyen's practice follows a slightly more relaxed payment schedule than Brown recommends. For example, for a debt of \$501 to \$700, patients have seven months to pay, instead of five. And the billing administrator has the authority to approve a slower payment schedule, such as nine months. Only the practice's management has the authority to slow that down further, such as to 13 months.

Sarasota asks patients to sign a repayment agreement, which specifies that they'll turn in their monthly payment on the 25th of each month. Patients must return the payment agreement with their deposit. The agreement says the patient understands that [the practice] reserves the right to seek full restitution through necessary collection efforts if he/she defaults on this payment agreement.

A patient who has no insurance coverage and is paying his own bill may request a discount on your usual rates. Some practices will give these patients a discount of anywhere from 5 percent to 30 percent, if they pay at the time of service, notes Felthouser.

If a self-pay patient requests a discount for financial hardship, then Eickbush says you should ask for a written request. You can review that and decide whether to discount the balance.

You can ask poor uninsured patients to fill out a discount hardship form, which explains their financial problems, says Nguyen. Patients who are at the poverty level may receive a discount.