

Part B Insider (Multispecialty) Coding Alert

Practice Management: Consider Charging Patients Who Stall On Copays, Deductibles

A monthly "statement fee" can be an alternative to interest

Every practice has had patients who aren't indigent, but who take their sweet time paying copayments and deductibles.

Going after these people costs your practice money, so allowing them to owe the same amount for months seems like a waste. Some practices choose to charge these patients interest or finance charges on their copayments and deductibles. This action is acceptable, say experts, as long as you follow these rules:

1. Pay attention to usury laws in your state. Each state has laws that dictate how much interest you can charge people who fall behind on payments, says **Stanley Szelazek**, senior principal at **Account ABILITY Physician Practice Management Consulting Services** in Lake Worth, FL. (You can find out the legal interest rate in your state by going to www.lectlaw.com/files/ban02.htm.) States issue a usury limit, termed a 'general usury limit,' that is the rate one person or corporation can charge to another. You cannot charge the higher interest rates like banks or credit card companies can without a special banking, pawnbroker or other license.

In addition to a general usury limit, many states have a 'legal rate.' So if your practice's financial policy indicates you reserve the right to charge interest, but doesn't specify a precise rate that you'll charge patients, you should abide by whatever your state specifies as the legal rate.

2. Disclose your interest charges up front. You can't charge patients interest unless you let them know about it when they come into your practice, says **Martin Neltner**, president of **Neltner Billing and Consulting** in Independence, KY. You should make full disclosure of all charges and fees, so the patient can't claim you misled him.

3. Give the patient some breathing room. Don't start charging interest right away, Neltner advises. Wait 10 or 20 days after the patient fails to pay the copayment or deductible, then start charging interest. Patients won't take kindly to practices that charge interest just because they forgot their checkbooks one day.

4. Consider a "statement fee" instead. Patients may be more comfortable with the idea of paying a monthly fee to cover the costs of the practice sending them statements. Especially for a patient who works out a payment plan with a practice, it makes sense to charge \$15 or \$20 a month for the monthly statements the practice has to send out, says **Francesca Hartop**, a consultant with **Yost Engineering** in Portsmouth, OH.

Monthly statement fees are a lot easier to administer than interest payments, and less likely to upset patients. Plus some patients will give you a credit card to set up monthly charges for their statement fees, and others will pay up their outstanding balance right away to avoid the monthly fee, Hartop notes.