

## Part B Insider (Multispecialty) Coding Alert

### Reader Question: Know When It's Ok to Write Off a Patient's Bill

**Question:** We have had a few patients who don't pay their bills, even if we offer discounts, payment plans, and credit card processing. How can we know when it's okay to write off these charges?

Codify Subscriber

**Answer:** Unfortunately, every practice will encounter a non-paying patient at some point. Your practice may be justified in writing off a patient's balance in the following situations:

1. The cost of collecting a balance is more than what the patient owes. For example: A patient's balance due is \$3 after all insurance payments. The administrative cost to bill and collect is at least \$15 per statement. You typically won't spend \$15 to collect \$3.
2. The provider uses all available methods to try to collect, including submitting the account to a collection agency.
3. The patient files for bankruptcy. This does not automatically initiate a write-off, however. The court could discharge the debt or establish a payment plan based on available assets. If you do receive a discharge of debtor notice, you can then write off the debt.
4. If the patient has Medicare, but there is no signed Advanced Beneficiary Notice of Non-Coverage (ABN) form on file for the specific date of service, and thus there is no GA (Waiver of liability statement... ) modifier on the claim, you will not be allowed to balance bill. So if Medicare won't pay the claim due to medical necessity, you will be forced to write off the charges.
5. If the terms of your contract with the insurance company state that you cannot balance bill the patient if a claim is denied, the process may follow a similar outcome as in bullet point 4, resulting in a write-off.
6. The patient proves financial hardship. Your practice should have a compliance plan in place that contains a specific policy for patients who ask for a financial write-off of coinsurance or deductible due to financial hardship. Include this information in the financial policy that all new patients in your practice receive.

Your financial-hardship policy should specify what circumstances must be present to consider a financial hardship write-off (such as level of income or disability) and the criteria of proof from the patient (such as income tax return, limited income due to long-term disability, etc.). Be consistent in applying this policy to all patients.