

Psychiatry Coding & Reimbursement Alert

Collections: Improve Your Copay Collections with Proper Policies in Place

Obtain signed financial responsibility form as insurance against nonpayment.

You might often experience issues with collecting copayments from your patients. This will not only affect relations with your patients but will also hurt your profits. While the problem is an unavoidable part of the industry, you can cut down on lost income by having a clear copayment policy.

If you don't have policies in place that you follow with few exceptions you could have trouble collecting your practice's rightful reimbursement from the patient.

Check out these expert tips for setting copay policies that are fair to the patient and profitable for your practice.

Notify Patients of Copay Ahead of First Visit

Ideally, your patients should already know about copays before they set foot in your practice door for the first time, says **James P. Bartley, MS, Med**, practice administrator for Women's Healthcare of New England, an ob/gyn practice in Norwalk, Conn.

His practice informs the patient of copays at least twice before the patient sees the provider: Once on the phone and once in writing.

Phone: When the patient is setting up her first appointment, it's a good idea to let her know about your copay policies, so there are no surprises when she reports to your office.

Signed document: "We send out all the admin stuff HIPAA [Health Insurance Portability and Accountability Act] forms, insurance data, etc. well before the patient's first appointment, so the patient is prepared," Bartley explains. Along with the administrative paperwork, the practice also includes a financial responsibility form for the patient to read and sign.

The financial responsibility form does not have to be a long document; in fact, it should be short and sweet. "[The form] should be very basic, saying 'I understand that if my insurance company doesn't pay for any or all parts of a service, I am financially responsible,'" Bartley says.

At Bartley's practice, the provider will not see the patient until she signs the financial responsibility form. This method ensures that you have a signed document on hand in case you need it.

Consider Practice Culture When Deciding on Collection Time

There are two different schools of thought on the best time to collect your copays.

Harlene S. Stevens, CPA, a manager at Nisivocchia LLP in Mt. Arlington, N.J., thinks it's best to collect copays upfront. "I always advise clients to collect the copay before the patient sees the physician," says Stevens, who specializes in consulting on financial matters for healthcare practices. "There's a little bit of time built in before the appointment, and it's a good time to collect."

If you wait to collect until patients check out, "they might be thinking about other things, like what the doctor has just told them, and they could forget about [the copay]," she says.

Bartley's practice has taken the opposite tack, collecting copays post-appointment, although "we've talked about doing collecting upfront," he explains.

Rationale: "I think it's a service issue. If you go to any other business, you pay when you're done," Bartley explains.

Best bet: There are solid cases for collecting pre- and post-appointment. Consider the culture of your practice, and the amount of resources you have for collecting copays, before deciding when to collect from patients.

When you settle on a copay collection time, however, stick to it to improve patient relations. If you frequently change policies, patients will begin to notice, and it might chip away at patient confidence in the practice's financial operations.

Set Boundaries for Noncompliant Patients

When a patient says he cannot make the copay, your practice's response should vary by situation. No matter how you handle it, however, you need to continue pursuing the copay via other means. Bartley says his staff must deal with nonpayment problems "every day, but there's never a black and white answer as to how to handle it."

"It's situational," Bartley continues. "Some people are sick, they're having problems, and they can't pay at that moment and you don't want to get into a confrontation."

Best bet: If a patient can't pay at the time of service, give him an envelope and tell him to mail payment in right away. "Tell the patient 'We'll make a one-time exception,'" Stevens says. You can also present the patient with information about how to pay online, if your practice offers the option.

Bartley agrees with Stevens, opting to give patients who don't pay a self addressed stamped envelope and telling them to pay as soon as possible.

Caveat: Each time you let a patient leave the practice without paying, you compromise your financial responsibility agreement with the patient. "The policy is the policy, and you should stick to it whenever possible," Bartley says.