Dynamic Chiropractic

BILLING / FEES / INSURANCE

Billing Secondary Insurance

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Q: Our office has some confusion when it comes to billing a secondary insurance; could you please give us a protocol to follow? Also, what about auto insurance coverage and med pay (personal injury protection) that is specifically secondary to health insurance - so-called "excess med pay." How do I make sure we get payment on this type of claim?

A: Secondary insurance coverage is quite common for many, if not most, insurance patients, considering that most households now have two income earners and likely dual insurance coverage. This means one insurance will act as the primary and pay according to its plan benefits (e.g., deductibles, co-pays and percentages), and the secondary will then, according to its provisions, make payment based on what the patient owes after the primary has made payment.

It is imperative to clarify which carrier is primary and which is secondary when completing the insurance verification process. (For the specific protocol on verifying insurance, see my column in the Sept. 28, 2006 issue of *DC;* www.chiroweb.com/archives/24/20/08.html). Following this verification, bill the primary insurance as you would bill any insurance. Once the payment and explanation of benefits (EOB) have been received from the primary, the secondary then can be billed.

The same bill prepared for the primary will be sent to the secondary insurance, but this claim will have the secondary insurance information. The primary insurance information will be placed in block 9 of the CMS1500 a-d. But most importantly, this billing will have attached a copy of the EOB from the primary insurance. When the secondary carrier receives the billing, it will pay according to the balance owed by the patient as specified by the EOB of the primary insurance.

Therefore, billing a secondary insurance is no more complicated than essentially sending the secondary the EOB from the primary, along with a copy of the complete bill. The time frame for payment of a secondary insurance will be the same as with any insurance claim, which in most states is approximately 30 days.

Now, to address your second question: Med pay (called personal injury protection in some states) is the part of the auto insurance policy the patient purchases that covers their medical costs attributable to an auto accident. Med pay is the type of coverage that is most coveted by health care practitioners, as it makes direct payment to the provider - unlike third-party (at fault) insurance, in which the provider must wait for the case to settle and be paid from those proceeds, either from the patient or their attorney (if they have one).

However, there is a current trend for many auto carriers to offer a cheaper version of med pay, called "excess med pay." This is a policy that will pay the provider directly, but the provider must bill the patient's primary health insurance first and med pay then makes payment based on what the primary has not paid for. This would be done in the manner similar to the above scenario. Once payment is made from the health insurance, the entire bill with the EOB from the health insurance is sent to the med pay carrier, which will pay the charges that were in excess of what the health plan allows.

Bear in mind that if the primary insurance plan is one that the provider is a member of and there are write-offs or other reductions of charges, med pay will not be responsible for the amounts above what the primary insurance allows. In this manner, med pay is never responsible for what the patient is not responsible for. Therefore, if the total charges per visit were $100 but the health insurance carrier only allowed $25 per visit, with the patient having a $5 co-pay, excess med pay would only be liable for $5, as that is what the patient balances per visit in consideration of the doctor's participation with the primary insurance.

The good news is that in this scenario, most primary health plans allow the provider to balance bill for the entire billed amount when the third party settles with the patient. Be sure to verify with the specific plan you are a member of, and inquire if it allows balance billing upon settlement of the claim. Also note that some states have statutes which do not allow balance billing above what is paid under the primary insurance on auto-related claims, when the primary health insurance is a plan the doctor participates in - even when the third party settles.

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