

The Insurance Carriers May Not Forgive You If You Forgive Co-Payments

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As a practice consultant, I am frequently asked this question: "The doctor down the street doesn't require that his patients pay their deductibles or co-payments. Should I do the same?" My answer is simple: "Not only no, but hell no!"

The reason for such a stern answer is because Big Brother is watching. Insurance companies keep their eyes on doctors who decline to collect deductibles and co-payments from their patients. Medicare is also very concerned. By not collecting deductibles and co-pays on a consistent basis, the odds are the insurance companies will audit these doctors.

To the insurance companies, forgiving deductibles and co-payments (and not telling the insurance carrier you're doing it) is not an innocent oversight -- it's fraud. You may think you're doing your patients a favor by not collecting their deductibles and co-pays, but the insurer thinks otherwise.

Whether you get into hot water for not collecting deductibles and co-payments depends on three factors:

1. how often you do it, and under what circumstances;
2. whether you paid your bills to make up for your loss;
3. whether the carrier thinks that an investigation could pay off (either by restitution, or by using you as an example to deter other DCs).

What Makes It Fraud?

Waiving insurance deductibles and co-payments without telling the insurer is fraud, because it makes the insurer pay 100 percent of your patient's bill, instead of the 80 percent it is obligated to pay.

If a doctor charges \$100 for a service but is willing to take the insurance company's reimbursement of \$80 as total payment for that service, then the doctor is actually charging \$80 for that service. The insurance company reasons that they should only be obligated to pay 80 percent of \$80, or \$64. The difference -- \$16 in this example -- constitutes an overpayment to the doctor. Multiply it by the volume of patients you see per week/month, and the insurance companies see red.

Forgiving co-payments eliminates the financial incentive for the patient to act as his/her own gatekeeper, resulting in overutilization. Routine forgiveness of deductibles and co-payments often is a signal that other fraudulent activity is taking place.

Insurance companies have learned that doctors who forgive deductibles and co-pays usually inflate their fees, add services that weren't rendered and upgrade the codes for the services they provided. These doctors are making up for their loss and the insurance companies are paying for it. A good example occurred about 10 years ago, when a national chiropractic magazine reported that doctors

who waived their deductibles and co-payments charged the insurance companies four times the average DC's office visit charges.

Will the Insurance Companies Prosecute?

Some insurance companies will take a hard-line position that DCs don't have the right to forgive deductibles and co-payments, even occasionally. However, most insurance carriers tend to look the other way unless it's done habitually.

If you are a participating provider with an HMO, a PPO or an insurance company, you can write off the difference between your fee and the allowable fee. If, in your state, workers' compensation or personal injury insurance has a specific fee schedule, then you may write off the difference between your fee and the allowable fee.

I've also heard of doctors who give their patients a discount regarding their deductibles and co-pays. In this case, the doctor anticipates what he/she can collect from the patient's insurance. The doctor then adds the patient's co-pay to the patient's deductible and tells their patients they will receive a 20% discount if they pre-pay, then figures in a lump sum. In this scenario, the doctor has actually collected 80% of the patient's deductible and co-pay, yet forgiving 20% of these items. Is this legal? Probably not! I don't think the insurance will prosecute anyone collecting 80% of the patient's responsibility.

If you advertise that you do not require patients to pay for these deductibles and co-payments, you are painting a bullseye on your white clinic jacket. To the insurance industry, the advertising of forgiveness of co-payment is a red flag indicator of fraud. In this case, you are loading a gun, pointing the gun at the bullseye on your clinic jacket, and pulling the trigger.

The average fee for defending yourself against an insurance company is between \$25,000-\$50,000. Then you'll have to defend yourself against a governmental agency, attorney general or board of examiners, and your license is in grave danger of being suspended or revoked. Is it worth it? Under no circumstances!

How Can You Protect Yourself from an Insurance Company Misunderstanding about Deductibles and Co-Pays?

- <• Make sure that all financial arrangements are in writing, in detail, and are signed and dated by the patient.

- <• Do not waive the deductible or the co-pay other than verifiable cases of true hardship (a letter from the patient's minister, priest, rabbi, etc.). Obviously, only a very small percentage of your patients qualify for a true hardship. Poor insurance coverage is not an acceptable criteria for hardship. If a high percentage of your patients are declared hardship cases, your claims of hardship will not stand up under investigation.

- <• Attempt to have the patient pay something every visit, i.e. \$10-\$20. Apply this payment toward the deductible and the co-pay. A payment of \$10 once a month is not acceptable.

- <• When your care is completed, make a conscious attempt to collect the balance of the deductible and co-pay. Don't just write the balance off. Send a minimum of three bills to the patient stating their

balance and asking for a payment. Note the date and amount of billing on your ledger card. This will prove to the insurance company you are making an honest effort to collect.

<• Medicare and Medicaid also have very strict guidelines regarding collecting deductibles and co-pays. If you are a preferred provider under Medicare, you must collect the difference between what they allow and what they pay. It's against the law to collect the difference between the fee they allow and your regular fees. You cannot write off the difference.

Today, insurance companies are sending letters to patients asking specifically what their payment arrangements are regarding their deductible and co-pay. If your patients say they don't have to pay for these items, you'll be facing an investigation.

Insurance companies are getting stricter regarding the letter of the law. You will see stricter guidelines and more enforcement of these guidelines as time goes on.

I'm sure the reader sees why my answer to my clients regarding negating the deductibles and co-pays as "Not only no, but hell no!"

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