Dynamic Chiropractic

BILLING / FEES / INSURANCE

Third-Party Fee Reductions

Samuel A. Collins

Q: I have a personal-injury claim in which the third-party insurer reduced my fees by about 25 percent. How can I fight this? It seems to be happening much more often.

A: This type of reduction by third-party payers is common; they seem simply to be "testing the waters," so to speak, to see if the doctor will tolerate the reductions. The insurer also will note some phantom fee computation or survey, which it never seems able to produce. Though you did not state this in your inquiry, I would venture that the amount you billed is your standard fee and, in fact, likely has been so for many years. It is common among chiropractors to utilize the same fees for many years without ever adjusting for inflation or other cost factors.

This being stated, I must make an assumption that the fees billed are your normal rates and are not based only for personal-injury cases. In other words, you bill the same fee for all insurance patients who are not part of a managed care plan. I also assume your fees are commonly paid at the rates you bill. It is interesting to note that it is not unusual to find insurance carriers will reduce your fees as third parties, while conversely, when they are the first party such as Med-Pay or PIP, they will make no reduction. If my assumptions are correct, it can be stated that these fees are indeed your usual fees.

The next element would be to make sure the fees are customary and reasonable. This means fees should be in the approximate range for what other chiropractors or similar providers of similar services bill in your area. This is almost always true, but you should do some informal inquiries in your area about average fees and verify that yours are not exceedingly higher. Once this is established, you can determine your fees are usual, customary and reasonable.

Now it is time to use this information and gather evidence to rebut the insurance carrier's assertion that your fees are unreasonable. Secure the EOBs from other payers (personal injury, health insurance, etc.) that show your current fees were paid in full or at least accepted as full and reasonable. I suggest gathering at least six or so, removing all the patient identification information. These EOBs will be direct evidence of your fees and that the services were, and are, billed at a level that is usual, customary and reasonable based on the payments received. Also be diligent and look for an EOB from a particular carrier that was a Med Pay or PIP payment, as it most likely has no reduction.

You then send these EOBs to the insurer along with a rebuttal letter highlighting the validity of your submitted fees as being reasonable and customary. If you would like a copy of a sample letter for this purpose, e-mail a request to me and I will forward it to you via return e-mail.

This approach is very successful, as many insurers have taken the approach to deny or reduce simply to see if the doctor will respond, and will make further payment adjustments upon receiving additional information. In my opinion, carriers are banking on the fact that 75 percent of offices typically will not respond in this type of circumstance and accept the reduction as the cost of business. In such cases,

the insurers "win" by default on 75 percent of the claims.

Do not fall into the 75 percent; your work is valued by your patients and should be compensated appropriately. But remember, you cannot go into a store, state the fee for bread is too high and expect a reduction just because your "fee survey" indicates such. Again, for a copy of the sample letter to send to insurers, contact me at sam@hjrossnetwork.com.

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