Pitfalls of Waiving Patient Balances

By Erin Cammarata

Many O&P practitioners will tell you that they decided to enter this profession to help people, rather than to make money. We’re business owners who often think with our hearts. One of the ways I see our profession’s empathetic business practices is through waiving patients’ account balances.

There are some occasions when it is appropriate to waive a patient’s coinsurance or deductible. This article, however, focuses on those times it is not appropriate to do so and why it may be detrimental to your company financially and from a compliance standpoint.

When you waive a patient’s deductible and/or coinsurance, you are devaluing the services you provide. For example, if you delivered a device for which your contracted rate is $1,000 and the insurance carrier reimburses 80 percent, then waiving the patient’s $200 balance puts a discounted value of $800 on that service. From the payer’s point of view, your contracted rate should then be $800 since that is what you are accepting as full payment. Furthermore, of that $800, the carrier should and will only pay 80 percent. Your $1,000 service was just devalued to $640. Can your practice afford this devaluation?

Continually waiving patient balances without attempting to collect them is a violation of insurance contracts, can be grounds for contract termination, and can result in the insurer’s refusal to pay the claim. The insurer could also sue the provider for fraud. Violations of contracts with private insurers may be viewed as fraud under the Health Insurance Portability and Accountability Act. Therefore, know the details of each insurance contract prior to waiving deductibles and/or coinsurance. Can your practice risk losing its in-network provider status?

Collecting patient balances can be burdensome to your administrative staff as well as to your patients. However, incorporating some common practices can lessen the burden, increase your revenues, and keep your business compliant with your insurance contracts. First, make patients aware of their balances prior to delivery; this allows patients to make an educated decision about whether or not they can afford the devices. Second, patient balances should be collected at the time of delivery because the chance of collecting the copay and/or deductible decreases by 15-20 percent as soon as the patient leaves your office. Third, offer payment plans for patients who cannot afford to pay their entire deductibles and/or coinsurance amounts up front. When a patient truly cannot afford to pay anything toward his or her device, enact your financial hardship policy. Follow your policy, complete the documentation required, and keep a record of this waiver in the patient’s chart.

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