Your Patients and Your Practice

Make sure you have a set of financial policies in place regarding your patients.

BY ALAN BASS, DPM, CPC

Practice Management Pearls is a regular feature that focuses on practice management issues presented by successful DPMs who are members of the American Academy of Podiatric Practice Management. The American Academy of Podiatric Practice Management (AAPPM) has a forty-five-plus-year history of providing its member podiatrists with practice management education and resources they need to practice efficiently and profitably, through personal mentoring and sharing of knowledge. To contact AAPPM call 978-686-6185, e-mail aappmexecdir@aol.com or visit www.aappm.com.

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There is still a misconception about salaries that physicians make, with our patients still thinking salaries are like they were in the 1980's and early 1990's.

While I was still in medical school in the early 1990's, the first talk of managed care medicine came to be. If I remember correctly, Hillary Clinton was the first to mention the concept of managed care medicine. I don't think that any physicians out there would have believed that it would take on the shape that it has and that it has become the stronghold that it is.

The alphabet soup of medicine, HMO, POS, ACO, etc., is most likely here to stay. No matter what anyone tells you, independent physicians in any specialty, no matter how hard they work, still have their salaries dictated by someone other than themselves—namely. the CEO's of every insurance panel with which they participate.

I still remember early on, shortly after I purchased my first private practice, I had a visit from the dentist down the hall. After exchanging pleasantries and small talk he asked me a very interesting question. He asked, "why do you accept insurance in your practice?" I thought about it for a second and told him that if I didn't participate in the insurance panels I might as well just close and put a sign on my door "thank you for your patronage". I thought about what he said and how smart dentists are. Years before he and I spoke, the American Dental Association did something that was in fact brilliant. They came up with a campaign that to this day most peo-

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ple continue to follow: brush your teeth twice a day and see your dentist twice a year. What this did for dentists was extraordinary—that campaign almost ensured a steady stream of patients to a dentist's practice. What it also did was to allow dentists to be more in control of their practices and allowed them to dictate what insurance panels, if any, they would participate with. To this day many dentists I have spoken with still don't participate in many insurance panels and patients will pay out-of-pocket when seeing them. Healthcare costs have continued to rise and those patients who pay for dental coverage sometimes can have a difficult time finding a dentist that participates. Just the cost of medical care will cause patients to choose to not pay for dental care and other ancillary services.

For those patients who continue to pay for healthcare coverage, the costs have continued to rise, while coverage for non-preventive services that they may have had in the past have decreased. Employers, who most often bear part of the costs with employees, must make choices about what services for which they will contract. In years past, coverage for items such as durable medical equipment, or coverage for emergency services, may have been covered by payment of a copay. Now many services have deductibles outside of the deductible that patients already pay for their medical coverage. In addition to decreased services and increased deductibles, the co-payments and coinsurances that patients need to pay for are increasing. Years back many patients paid low copayments, such as $5.00 or $10.00. Now it is not uncommon to see patients having copayments in the range of $40.00 to $50.00. This past week I had my first patient with a $100 co-payment!

So, what does that all mean? It means that most practices, while not knowing it, have gone "concierge". In the past, where a larger portion of the payment for the services provided to a patient would come from an insurance company, now a larger portion is coming from the patient.

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What this also means is that a practice must have a good financial policy in place, making certain patients understand their own financial responsibility for their care. Medical practices are becoming more and more like a "collection agency", asking patients for money, that, in the past, they never had to pay. That is why it is incumbent on a practice to ensure that patients understand what they need to pay for.

For instance, I involve patients in finding out about their coverage for orthotics. In addition to patients finding out about the coverage, I also make them understand that there might also be a separate deductible for the orthotics, separate from their "medical" deductible, because it falls under the category of durable medical equipment. For those patients who state, "they were covered in the past", I try to make patients understand that coverage for everything is dictated by the contract the employer takes with the insurance plan. Employers may choose to try and reduce their out of pocket expense and provide a lower level of service than in the past or pass some of the costs onto patients.

Another issue that I have run into is a patient's co-payment. I can't tell you how many times I have encountered patients that don't understand that their visit co-payment is an agreement between them and the insurance company. Patients still don't understand that the payment from them is their contractual responsibility and that the insurance company does not get involved with paying any portion of it.

That leads me to the next practice necessity—having a set of financial policies regarding your patients. If you don't have one, get one! If you need one, contact me and I can provide you with one that I use in my practice. Patients need to understand what their financial responsibility is when it comes to their care. Yes, they normally expect to pay only their copay and then the remainder of the payment is to come from their insurance company. What happens if they have a deductible and have not met it? What happens if they have a co-insurance? These are amounts that a practice then converts from being the responsibility of the insurance company to the patient's responsibility. Patients need to know that they may ultimately receive a statement from the practice that they are expected to pay. Patients need to know that there may be additional fees involved if they do not pay. If these policies are not written and acknowledged by the patient, the practice may run into problems collecting what is rightfully theirs to collect.

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The following information should not be construed as legal advice and you should consult a lawyer with any legal question.

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There have also been times that patients still do not pay their portion of the visit. How do you then collect that? Many practices utilize a collection agency. In 25+ years of practice, I have taken a different approach. I have never used a collection agency but have utilized the small claims court system. When a patient has an outstanding bill with my practice and we have followed the financial policy (that the patient signs to acknowledge they understand it), we will then file the necessary paperwork and pay the appropriate fees to the small claims court in the county where the patient resides. The patient will then receive notification from the court that an action has been filed against them. Shortly after receiving the notice, the patient will normally call the office, possibly stating that they never received the bills in the mail (but they received the notification in the mail from the court), asking why they received the notice. We inform them that there is an outstanding amount owed and that the appropriate number of statements have been sent to them via mail. Most times they will pay, others will argue, but ultimately the patient will pay the outstanding amount, in addition to the fees paid to the small claims court. Those fees are never waived. If patients do not call when they first receive the notice, my office will reach out to the responsible party for the bill approximately 4-5 days prior to the scheduled court date, reminding them about the small claims court date. At that point the bill is normally paid, along with the fees, because patients ultimately know that they have no recourse but to pay the bill. For those patients who do not call, pay, or even show up for their date in small claims court, a judgement is filed with the court, which places a lien against them. This lien will not allow them to do things such as sell their home while this judgement is against them.

These are just some items to make sure your practice communicates with your patients. While patient care is of course vital to your practice, I remind everyone that CASH FLOW is the number one item you need to survive. **PM**

Dr. Bass has been in private practice in Manalapan, NJ for the last 30 years. He is Board-Certified by and is a Fellow of the American Board of Podiatric Medicine and serves on the Board of Trustees. He is also past-President of the New Jersey Podiatric Medical Society and currently serves on the Board of Trustees.