

TIME OF SERVICE DISCOUNTS

History

Over the years there has been a quest on the part of doctors & clinics on how to pass on the costs of increased operational expenses due to more staff and doctor time. These new costs came about due to the additional insurance processing requirements. These additional expenses have also been known as the "hassles and hoops" burdens. Historically, providers and financial administrators implemented a separate fee schedule in their offices to compensate for the additional practice overhead costs (example: a new person added to the staff whose task is to get "authorizations" from third party payers). The business rationale was that these additional costs had nothing to do with patient care, and that were needed to reflect the costs associated to 3rd party payer requirements. What developed was a "dual fee schedule" attempting to reflect an equity in fees associated directly with patient care. It seemed like a logical way to pass-on costs that had nothing to do with patient care.

On the other side of the equation, insurance companies and/or third party payers have a quest. They seek for ways to control their costs. They are looking for assurance that the services on the claim form were provided were "medically necessary." Their objective is to meet the terms of their contracts with patients or employers in the most cost effective way possible.

Facts

"Laws in most states now preclude providers from 'increasing fees' when billing third parties, even though the cost of billing has greatly increased over the years. Michigan statutes and a court case involving a Michigan chiropractor make it dear that differences in fees based upon method of payment is illegal. Some states such as Florida, do not have specific laws that prevent such increases. In those states where there is no law on this subject, insurance carriers have argued that it is fraud (to them) to maintain dual fee schedules." -Robert P. Sherman, Esq., NACA-Attorney

The basis of the allegations of Fraud and Abuse for having more than one fee schedule is rooted in the Medicare program. Medicare policy mandates that their payment is determined by the lowest of either the Medicare Fee Schedule (MFS) or the lowest fee schedule in the doctor's office. For example, if the Medicare schedule for a specific service was \$30 and the doctor's lowest schedule was \$15, Medicare legally claims the \$15 as the proper fee. Additionally, if a non-participating doctor in the Medicare program charges more than their "Limiting Charge" it is consider aberrant and subject to fraud and abuse fines and penalties.

Assessment

Usage of the term "Cash Discount" fee schedule is inappropriate and discouraged. It is based on the type of payment, "cash." Most payments come in the form of checks or credit cards. Cash discounts invite allegations that we are increasing fees billed to insurance carriers..

Instead of offering a cash discount, we offer our patients, attorneys, and insurance companies the Time of Service (TOS) fee schedule. Payment at time of service reduces costs for all parties. Under this scenario, the patient chooses to submit their charges to their insurance carrier. The amount submitted reflects the TOS fee schedule, and not the clinic's regular fee schedule.

Discounts to hardship cases are not only proper, but they are legal if documented properly. Even the Medicare program acknowledges this propriety. Medicare policy permits exceptions, and a waiver to deductibles and coinsurance is allowed as long as it is "not routinely and consistently" done.

California passed a law in 1998 confirming the propriety and legality of providers giving hardship discounts in the public interest. The bottom line of this state law was to negate the allegations of fraud and abuse from 3rd party payers who wanted the lowest fees charged in an office.

Dual fees schedules are now a thing of the past. We are now in new reality era of multiple fee schedules. Today's offices have many and diverse schedules for Medicare, Worker's Compensation/Industrial, Managed Care, and other contractual arrangements.

Payment At Time of Service is a program of sharing the reduced overhead costs with patients and the insurance industry. It is non-discriminatory and is in the public interest.

Our TOS Plan

1. This clinic establishes a "Standard" fee schedule each year. This STANDARD FEE includes the routine practice overhead expenses for the additional associated claims processing, collection and follow-up services.
2. We then establish a "Time Of Service" (TOS) Discounted Fee Schedule. This schedule is the lowest schedule for those who prepay or pay in full at the time of service. It passes on the savings of reduced overhead costs to our patients, attorneys and insurance companies.
3. This TOS fee schedule is available to all, providing they pay at or before their Time of Service. Regarding TOS payment, patients, attorneys and insurance companies all have an equal opportunity to participate in reducing health care costs and to share in the savings. Payments can be in any form: check, cash, credit card, debit card, etc. However, all must met the same expectation and standard: Prepayment or Payment At Time Of Service.

Agreement and Understanding

By signing below, you, the patient, agree that you have read and understand the above policy. You also agree that by pre-paying or paying at time of service, you are entitled to be billed using the discounted fees associated with the clinic's TOS discount. You also agree that should you not pre-pay or pay in full at the time of service, you and/or your attorney, and/or insurance company will be billed at the clinic's STANDARD FEE. It is understood that by checking the YES box and signing below, you agree and understand to the above stipulations concerning the use of this clinic's TOS Discounted Fees.

☐ NO, I have read the above, and DECLINE to take advantage of the TOS discount at this time.

☐ YES, I have read the above, and ACCEPT the advantage of the TOS discount, and AGREE to abide by the above stipulations.

Signature _____ Printed Name: _____ Date: _____