Component II: Administrative

Module C: Medical Office Finances

Topic 1: Professional Fees and Collections Credit

Statement of Purpose
To prepare the learner with basic knowledge and skills to identify criteria of establishing professional fees and customer credit; to identify the laws and regulations that affect follow-up and collection procedures.

Student Learning Outcomes
Upon completion of this topic, the learner will be able to:

1. Spell and define key terms.
2. Identify criteria for establishing professional fees.
3. Explain a physician's fee schedule.
4. Distinguish the different fee policies.
5. Identify information needed on patient registration form to establish financial responsibility.
6. Identify ways of providing patients with financial responsibility information.
7. List various methods and plans of payment.
8. Identify practice procedures for collection of fees, late payments, old debt, and time frame for legal action.
9. Discuss provisions of the Fair Debt Collections Act.

Terminology
1. Adjustment
2. Billing
3. Collection agency
4. Copay
5. Fair Debt Collections Practices Act
6. Fee contract
7. Fee for service
8. Fee schedule
9. Geographical Practice Customer Index (GPCI)
10. Health Maintenance Organization (HMO)
11. Medicare
12. Participating provider
13. Power of attorney
14. Preferred Provider Organization (PPO)
15. Preferred provider
16. Professional courtesy
17. Resource Based Relative Value (RBRVS)
18. Responsible party
19. Relative Value Unit (RVU)
20. Third party payer
21. Usual, Customary, Reasonable (UCR)
22. Workers' Compensation

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Content Outline/Theory Objectives	Suggested Learning Activities

Objective 1
Spell and define key terms.
  A. Review the terms listed in the terminology section.
  B. Spell the listed terms accurately.
  C. Pronounce the terms correctly.
  D. Use the terms in their proper context.
	A. Games: word searches, crossword puzzles, Family Feud, Jeopardy, bingo, spelling bee, hangman, and concentration.
	B. Administer vocabulary pre-test and post-test.
	C. Discuss learning gaps and plan for applying vocabulary.
	D. Review acronyms

Objective 2
Identify criteria for establishing professional fees.
  A. Medicare service fees calculated on five factors
    1. Service intensity.
    2. Time needed for service.
    3. Skills needed to perform service.
    4. Practice's overhead.
    5. Practice's malpractice premiums.
  B. Resource based relative value scale (RBRVS).
  C. Usual, customary, reasonable (UCR).
  D. National conversion factor.
  E. Geographical practice customer index (GPCI).
  F. Relative value unit (RVU).
  G. Fee for service established by the individual doctor or practice.
  H. Adjustments.
  I. Preferred provider/participating provider.
	A. Lecture/Discussion
	B. Assigned Readings
	C. Internet research to compare two geographical areas and the conversion factor in fees charged/paid.

Objective 3
Explain a physician's fee schedule.
  A. A physician may have multiple fee schedules
    1. Fee schedule set by government sponsored insurance programs
      a. Medicare.
      b. Medicaid or MediCal in California.
      c. CHAMPUS, CHAMPVA, Tricare.
    2. One fee is set by the physician for their private paying patients or cash patients.
    3. Fee schedule set by companies that physicians have contracted with
      a. Health Maintenance Organizations (HMO).
      b. Preferred provider organizations (PPO) and related organizations.
      c. State regulated agencies
        1) County programs which may or may not be affiliated with mediCal.
	A. Lecture/Discussion
	B. Assigned Readings
	C. Prepare fee schedule showing fee and adjustments for each contract or circumstance
	    1. Insurance companies.
	    2. Cash paying patients.
	    3. Professional courtesy.
	    4. Special needs.

2) Workers' compensation. B. The fee schedule should be presented and discussed with the patient (depending on their status) prior to their visit or at registration. This avoids misunderstanding between the patient and the physician office. Verification of this discussion should be placed in the patient's medical record. C. Insurance companies set a physician's fee profile based on the billing history established by the physician and the usual customary fees of similar physicians with the same specialty in the same zip code.	

Objective 4
Distinguish the different fee policies.
A. A fee policy is an understanding of what a basic fee will be and how it will be paid or collected. Fee policies are set for the following category of patients
    1. Patients paying cash.
    2. Patients with medical coverage.
    3. Patients with special needs.
    4. Professional courtesy to medical colleagues and families.
B. A contract is established with a third-party payer and without prior knowledge of the patient. In the contract the physician agrees to accept a set fee per patient with the addition of the patient's co-payment or deductible. The fees to be paid vary with the contract.
	A. Lecture/Discussion
	B. Assigned Readings
	C. Invite a local contracting group representative to speak to the class explaining the contract process.
	D. An alternative would be to have a copy of a contract and explain and display the wording to give the students a better understanding of the terms.

Objective 5
Identify information needed on patient registration form to establish financial responsibility.
A. The patient registration form serves many purposes
    1. The registration form lists the patient's demographic information
        a. Patients full name, correctly spelled.
        b. Date of birth.
        c. Marital status.
        d. Current address and length at that address.
        e. Telephone numbers at home, work or cell phone.
        f. Name of emergency contact.
        g. Name of person legally responsible for charges.
        h. Patient occupation and employer information.
        i. Name of prior or primary care physician.
        j. Name of person referring patient to facility.
    2. The registration form identifies insurance information
        a. The insurance card and sometimes a second form of identification (driver's
	A. Lecture/Discussion
	B. Assigned Readings
	C. Research the procedures for establishing a Worker's Compensation claim.
	D. Students complete a written and electronic patient registration form.

license) are photocopied. b. An insurance ID card will have valuable information which must be copied. c. Information should be verified immediately. d. A copy is kept in the patient chart and updated on a regular basis. 3. The registration form lists the information for the person financially responsible for the patient a. Name. b. Relationship. c. Employer information. d. Power of Attorney. B. If a third party is involved, such as in an auto accident or workers' compensation claim, the office personnel must establish who is responsible, where can they be reached, and verify financial responsibility. C. Updates should be requested from every patient at each visit. A new form should be completed at least once a year.	
Objective 6 **Identify ways of providing patients with financial responsibility information.** A. Establish immediately what the expectations for payment will be in your facility 1. Letter to a new patient. 2. Signed agreement. 3. New patient orientation. 4. Policies brochure. B. Identify patient payment procedures based on financial responsibility 1. Cash. 2. Insurance. 3. Copays. 4. Credit. 5. Third party payers. 6. Special circumstances. C. Discuss treatment plan, fees, credit arrangements available, installment payments, and collection policies and be sure patient signs written acknowledgment. D. By law, the facility must have the established fee schedule available for patient review.	A. Lecture/Discussion B. Assigned Readings C. Create a patient information brochure or pamphlet with fee and payment schedules outlining the practice's policies and procedures.

Objective 7
 List various methods and plans for payment.
    A. Methods of Payment
         1. Cash.
         2. Check.
         3. Credit card.
         4. Debit card.
    B. Payment Plans
         1. Prepay.
         2. External credit plan.
         3. Monthly installment plan.
         4. Internal credit plan with interest.
	A. Lecture/Discussion
	 B. Assigned Readings
	 C. Research the advantages and disadvantages of accepting credit, external and internal.

Objective 8
 Identify practice policies for collection of fees, late
 payments, old debt, and time frame for legal action.
    A. A patient should be advised of the office payment and collection policies at the onset of the contract or the first visit
         1. Payment due at time of visit.
         2. Monthly billing.
         3. Telephone follow up.
         4. Overdue notice.
         5. Collection, either internal or external agency.
         6. Legal action, small claims court.
         7. Release from practice care.
    B. Collecting from estates, Power of Attorney.
    C. Fair Debt Collections Practices Act of 1996.
	A. Lecture/Discussion
	 B. Assigned Readings
	 C. Create a template for a collection letter to be sent to patients after steps 2-4 have failed.
	 D. Identify process of filing a claim in small claims court.

A. Federal laws dictate limits in methods of collection
         1. Phone calls should be made during regular office hours. Do not call after 9pm or before 8am.
         2. No more than one phone call per week allowed if contact has been made. Failure to reach the party does not allow for daily callbacks.
         3. If an employer requests that calls not be made to the place of employment, calling must be stopped.
         4. Make no warnings that you do not intend to carry out.
         5. It may be difficult to locate a patient who has moved from the area, and almost impossible to collect from one who has left the state.
         6. An attorney or reputable collection agency should be contacted for difficult cases or large sums of money
             a. Collection agency will keep its share per an arranged percentage (50-60%) and will forward the remaining amount to the physician's office on a contracted basis.
             b. If a debtor contacts the office they must be instructed to contact the collection agency.
    B. Remember all information is confidential. Contact of
	A. Lecture/Discussion
	 B. Assigned Readings
	 C. Have students obtain a copy of federal and state collection laws.
	 D. Prepare a script for telephone contact with patient who has not responded to monthly bill.

| any type should only be made with the patient or responsible party.

C. Check for current state laws regarding limitations and changes in the law. | |