

Should You Charge Your Patients for “Free” Services?

Leigh Ann Backer

Some family physicians are charging for refills, forms – and even phone calls.

Stung by rising medical malpractice insurance rates and declining reimbursements that have them working more and earning less, family physicians are looking for new sources of revenue. Some have responded by finding niche services to offer their patients. Others are simply finding ways to earn more for the work they're already doing – by charging patients directly for services payers won't reimburse them for.

Completing forms, responding to patients' telephone calls, refilling their prescriptions and e-mailing with patients are just some of the services that family physicians are billing to patients – and getting paid for.

“My time and expertise are valuable, and if I don't value it, no one else will,” says Anette Mnabhi, DO, a solo family physician in Montgomery, Ill., who has been charging patients for phone consults and various other services for more than a year.

Kathy Saradarian, MD, whose solo family practice is in Branchville, N.J., has a similar rationale for the fees she began billing patients for earlier this year. “I was staying hours after the office was closed, with staff, just responding to messages and requests. My medical opinion is my job; why was I giving it away for free? I just felt it was time that those patients creating the extra work and costs should start having to pay. No other professionals give it away for free involuntarily. And how many of my patients would stay late and work “off the books” for their boss?”

This approach is not without its risks. Billing patients for services they're not accustomed to paying for is sure to strain doctor-patient relationships that are already stressed by payer-imposed requirements. On

the AAFP's practice management e-mail discussion list, where this is a frequent topic of conversation, family physicians worry that if they were to start charging patients for the extra services they provide, their patients might make life even more difficult than usual for their staff, or leave the practice, or complain to their health plans.

But physicians who charge for these services say that nearly all their patients have paid without question. For example, Alan Falkoff, MD, of Stamford, Conn., says 98 percent of his patients have accepted the policy he instituted in his four-provider practice in June 2003. Falkoff charges patients for a comprehensive list of services on an a la carte basis, as well as an annual administrative fee and a per-visit malpractice surcharge. (See “Extra fee' models” on page 44 for more information about each of these arrangements.) ▶

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Covered in FPM Quiz





Some physicians are charging patients for services they have not traditionally billed for.



The list of services includes consulting with patients by phone and e-mail, refilling some prescriptions, completing forms, making photocopies and others.



Some physicians report that patients are paying these fees without complaint.



Noncovered services can be billed to patients, unless the physician's contract with the payer prohibits it.

Covered, noncovered or bundled?

Of course payers take a dim view of charging patients additional fees for services associated with covered benefits. The problem is that many of the services that physicians see as fair game are regarded by payers as “bundled,” or included with the payment made for other services, such as an office visit.

“You can always charge for a noncovered service, unless the health plan considers them to be bundled into a covered service – and this is sometimes moderately metaphysical,” says Alice Gosfield, JD, a health care attorney in Philadelphia and member of the *FPM* Panel of Consultants. For example, most health plans don't pay for telephone calls, and they do not allow physicians to charge patients for such calls, because the plans consider payment for these calls to be bundled. Refilling prescriptions outside of an office visit is also often bundled, Gosfield says.

The same principle applies for Medicare, says William D. Rogers, MD, director of the Physicians Regulatory Issues Team at the Centers for Medicare and Medicaid Services (CMS). If the service is unrelated to a service that has been billed to Medicare, the physician may bill the patient. If the service relates to a service that has been billed to Medicare, payment is likely to be included in the practice expense for the primary procedure, so the physician should not bill the patient, Rogers says. “The practice

KEY POINTS

- Family physicians are increasing their revenues by charging patients for services payers won't reimburse them for.
- Payers prohibit physicians from billing patients for services associated with covered benefits, but in some cases allow them to charge for services that are not among those that the plan covers.
- You should review your contracts and check with your payers to determine whether you can charge patients for the services you have in mind; some are regarded by payers as “bundled,” or included with the payment made for other services, and therefore not separately billable.

expense component of the Medicare physician fee schedule reimburses physicians for administrative and overhead costs,” he says. In March, the Office of Inspector General for the Department of Health and Human Services issued an alert on concierge care that reminded doctors that physicians participating in Medicare “are subject to civil money penalties if they request payment for already covered services from Medicare patients other than the applicable deductible and coinsurance.” The alert cited a recent settlement with an internist who agreed to pay \$53,400 to resolve his liability for violating his assignment agreement with Medicare by asking his patients to pay a yearly fee of

\$600 for services he said were not covered by Medicare. The services included “coordination of care with other providers,” “a comprehensive assessment and plan for optimum health and extra time spent on patient care.” The inspector general charged that many of the services included in the fee were in fact covered by Medicare.

The rules vary from payer to payer, however, and they can be hard to discern. Most health plan contracts don't include a list of covered services, much less information about what services are bundled. The CPT manual provides some clues, but health plans aren't bound to follow CPT to the letter, and many don't.

Rogers suggests that where

“EXTRA FEE” MODELS

Family practices have hit upon a variety of ways to charge patients for noncovered services:

Some simply charge a la carte fees for extra services. One, at least, adds a malpractice surcharge in much the same way other businesses have taken to adding fuel cost surcharges or security fees and the like to their charges.

Some practices charge all patients an administrative, management or membership fee to defray the costs associated with services the physician provides outside the office visit, such as referral management, preauthorizations, forms and phone calls. The array of services varies but must be designed so as not to conflict with health plan contracts. Billed per visit, monthly or annually to active patients.

Some practices offer patients value-added services, such as access by phone 24/7 or regular e-mail contacts in return for an optional access fee. The access-fee model is the little brother of the boutique or concierge practice, in which patients pay a significant fee for “premium” care. These practices usually don't accept insurance, and their panels are quite small.

Medicare is concerned, physicians consider whether the service is one physicians have traditionally charged for. "If it's not, then you probably shouldn't charge patients for it without checking with the payer. It might be a bundled service," he says.

The best way to determine whether you're on solid ground is to call each health plan you contract with and ask about each service you're interested in charging separately for. For information about Medicare, contact the carrier in your area. Get in touch with your state Medicaid agency to find out what you can charge separately for under the terms of Medicaid.

Coverage determinations will vary by payer and even across a single payer's multiple plans, says Allan M. Korn, MD, senior vice president and chief medical officer for Blue Cross and Blue Shield Association in Chicago. "For services that aren't governed by an agreement with an insurance company, that is, they're not covered services or bundled, then certainly it might be appropriate for the physician to expect the patient to pay," Korn says. He recommends that physicians contact their plans to find out what's permissible.

Falkoff went a step further, hiring an attorney to review his contracts and determine whether the charges he now implements were a violation of his agreements with payers. They concluded that his contracts don't prohibit it. "Most if not all of the plans either don't want you to do this or are lukewarm about it," Falkoff admits. Yet when

a patient complained to one of the plans Falkoff contracts with, the plan told the patient that the charges were legal and not a violation of their contract.

Some physicians learn by trial and error what their payers will allow. Earlier this year, after implementing a charge for refilling prescriptions without an appointment, one physician received a letter from a Blue Cross Blue Shield plan telling him that doing so violated his contract. The letter encouraged him to have the patient come in so that an office visit could be billed. The charge for the office visit was significantly higher than his \$5 prescription refill charge.

WHAT THEY'RE CHARGING FOR

- School forms
- Camp forms
- Sports participation forms
- Disability forms
- FMLA forms
- Life insurance forms
- Paperwork for patient assistance programs
- Referrals
- Phone consults initiated by patients
- E-mail consults
- Refills or prescription changes handled outside of an office visit
- Copies of medical records
- Preauthorizations
- No-shows

A broader definition of fee-for-service

A number of family physicians are successfully testing the boundaries of their contracts with payers and their patients' willingness to pay. They're charging for a variety of services that insurers won't pay for, and they're managing the transaction in different ways. Most identify a few services to charge for and set an a la carte price for each. The services include the following:

- **Photocopies.** State laws limit the amount that physicians can charge so contact your state AAFP chapter or medical society for guidelines. Some physicians charge patients from 25 cents to 75 cents per page, more for other requests from nonphysicians. Saradarian has provided this service for free for most of her 14 years in practice, but says she can no longer afford to absorb the cost. "With HMOs, patients change doctors practically every year. That's a lot of chart copying."

- **Forms completion.** Charging patients for standard school, camp and employment physical and disability paperwork is fine, says Gosfield. When handled outside of an office visit, it carries a price tag of \$10 per form to \$15 per page to \$25 per hour. The amount varies from practice to practice and, within a practice, may vary depending on the nature of the form. Patients usually pay less than outside entities. Letters and narrative reports cost more, and it's usually lawyers who request those, so physicians say a higher cost seems especially justified. Some practices even charge for patient-assistance-program paperwork. Deborah A. Sutcliffe, MD, a solo physician in rural Northern

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Payers and physicians may have different ideas about which services are really non-covered and which are bundled and therefore covered.



One physician recently paid penalties to Medicare for charging his patients an administrative fee that included payment for services that were covered by Medicare.



Review your contracts and check with your payers before charging patients for services you think are noncovered.



In some cases, the plan may require that you bring the patient in for an appointment to provide the service so that an office visit can be billed.



Some physicians are charging patients up to 75 cents per page for photocopies.



Some charge by the hour, by the page or by the form for completing paperwork such as school and employment physical forms or disability forms.



Patient-initiated phone consults carry a price tag of \$15 to \$30 in some practices, depending on the nature of the request.



Refill requests that originate apart from an office visit are billed to patients at \$5 to \$10 each, in some cases.

California, says that her fees for forms are only fair and that, by and large, her patients don't object to them. "By signing my name, I am accepting responsibility and risk. It also costs me money in terms of staff effort to pull charts," she says.

• **Phone consults.** Generally only patient-initiated calls are charged for, and prices range from \$15 to \$30. Fees vary depending on whether the call leads to the diagnosis of a new problem or advice about an existing problem or recurrent problem. At Debbie Heck, MD's solo practice in Muncie, Ind., a phone call about an illness that both she and the patient are comfortable treating over the phone, such as a recurrent sinus infection, is priced lower than a call for the purpose of discussing test results that require more than just a few minutes of explanation or that involve a referral or require more tests.

• **Refills requested outside an office visit.** As with phone consults, fees vary depending on the practice and the circumstances, ranging from \$5 to \$10 among the physicians interviewed for this article. Writing multiple new prescriptions for a patient who has changed insurance plans might carry a higher price tag than calling in a prescription for a patient whose antidepressant or antihypertensive medication you're changing or a simple refill or replacing a lost prescription. Heck has been charging for handling refill requests for three years and estimates that she's lost fewer than 10 patients as a result. "Most are pleased to pay the charge rather than wait for an appointment and pay a higher charge." Heck says charging for refills is not uncommon in her area.

• **E-mail consults.** Some physicians who have incorporated e-mail into their practices charge a flat fee per message. Others have tiered rates that vary according to the nature of the message or the complexity of the issue

discussed. Falkoff charges per e-mail contact at four different levels:

- Simple medical problems
- Moderately complex medical problems
- Medication refills and changes
- Questions regarding the results of tests, procedures and consultations

• **No-shows.** Some health plans permit physicians to charge their patients who don't show up for their appointments and don't call to cancel within 24 hours. Medicare allows this as well, as long as the policy applies equally to Medicare and non-Medicare patients. Falkoff charges more for missed physicals than for other types of missed appointments. Some physicians have found this fee especially difficult to collect, however. Steven Johnson, MD, used to charge patients for missed appointments at his four-physician family medicine practice in New London, Conn. "We found that patients never pay this bill. After several billing cycles they were sent to collection and dismissed. Now we just send reminder letters and dismiss patients after three missed appointments."

The systems approach

These fees can add up to a significant amount of additional revenue, so if you're going to charge them, it's important to collect them. And most of the charges are small, so the process has to be efficient or the cost of managing it will exceed the amount you're trying to collect.

Before implementing a new fee structure, it's essential to inform patients of your intentions. Physicians say this will go a long way toward maintaining good patient relations. According to Gosfield, informed consent is also a key to making sure the charges are collectable. Any or all of the following strategies should be used:

- Send a description of the new policy with all patient statements,
 - Have all patients read the policy upon check-in (or upon registration, in the case of new patients) and sign to indicate their acceptance,
 - Post a copy of your payment policies in your reception or waiting area.
- Expect to have to supplement the written policy with other forms of patient education, such as fielding questions from patients. Mnabhi recommends making this the responsibility of your staff: "Do not get in the middle. Tell them about the patients

FPM ARTICLES ON REVENUE ENHANCEMENT

The following articles offer a variety of solutions for building your practice's revenues through better coding and charge capture. Many more are available on FPM's Web site at <http://www.aafp.org/fpm>.

"Understanding When to Use 99211." Hill E. June 2004:32-34.

"Making Sense of Preventive Medicine Coding." Hill E. April 2004:49-54.

"Panning for Gold: How to Find Money in Your Practice." Giovino JM. Nov/Dec 2000:37-40.

for whom you might be willing to make exceptions. When patients bring up payment, refer them to your office staff." If patients don't pay, you can dismiss them from your practice, provided you follow the requirements of the patients' health plan, Gosfield says.

Family physicians who charge for extras in their practices suggest that revising your superbill so that it lists each fee is critical to ensuring that the extra charges get captured. They also recommend adopting these payment practices:

- **Make the patient pay before you complete the service, whenever possible.** This can work if the task involves completing a form. Some practices require that patients pay when the form is dropped off or mailed in, or they require that payment be made before releasing the form to the patient.

- **Bill promptly upon completion of the service.** Complete a superbill at the time of service and mail it to the patient. Make sure the patient's monthly billing statement reflects the amount due.

- **Be selective.** The fact that many physicians sign multiple contracts with varying terms means that the fees that you collect from one patient may be prohibited by the next patient's plan. Ultimately, keeping track of the differences might be as hard as remembering which patients can have their blood drawn in your office and which patients must go to the lab or which patients you can X-ray and which have to go to an imaging center. If you can keep it straight, though, you can save your practice time and effort.

Alternative strategies


Not all physicians are comfortable with the idea of charging patients for these services. But all can agree that something must be done to reform a reimbursement system that doesn't value services that aren't provided in the course of an actual patient visit and that doesn't provide adequate reimbursement for evaluation and management. CMS, private insurers and the AAFP are all exploring options that would allow physicians to be reimbursed for certain non-face-to-face services. According to Kent Moore, manager of health care financing and delivery systems for AAFP, "More and more payers seem willing to pay for online E/M services." A CPT code for that purpose – 0074T – will take effect on July 1 of this year and be published in the 2005 CPT book.

In the meantime, some physicians are increasingly responding to requests for refills, phone advice and help with forms by asking patients to come in for an office visit so that they can collect a co-pay and bill the patient's health plan for the service. This works best if the medical necessity of the visit can be documented, since that will go a long way to determining whether the service is reimbursable. Even when that's not possible, you may still be able to collect from the patient, because the office visit at that point is a noncovered service (for which the patient should be responsible) rather than a bundled service, says Moore. Of course, this is sure to inconvenience a number of patients, compound any access problems your practice may already have and make it harder for a patient more in need of care to be seen.

Another strategy that will go a long way toward reducing the amount of care you have to provide by phone is to make sure patients with chronic conditions schedule visits at medically appropriate intervals, a goal that's easier said than done, and fill prescriptions for the entire time between such visits.

Finally, don't fail to capture charges for the services you already provide. Make sure your staff collects co-pays at check-in, and don't take no for an answer. Charge interest on overdue bills. Don't fail to bill 99211 when you can. At approximately \$25 per service, these really do add up. Even at two a day, it's not hard to rack up \$10,000 in additional revenue over the course of a year. Make sure you're charging correctly for Medicare physicals; they can be lucrative. (See the resources listed to the left.)

The final analysis

Physicians say the result of incorporating extra charges into their business strategy isn't dramatic and that the additional revenue helps mainly to offset steep increases in overhead costs over the last few years, as well as stagnant Medicare reimbursement. For some, it makes the extra hours spent doing paperwork and returning phone calls a little easier to bear. It also brings peace of mind. "I don't think my revenue has increased significantly," Sutcliffe says, "but I do feel it has cut down on some requests, and it certainly makes me feel better." 

Send comments to fpmedit@aafp.org.

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When e-mail consults are charged for, the rates may vary according to the nature of the message.



In many cases, patients can be billed for not showing up for an appointment.



Informed consent is essential for charges like these to be collectable, and systems must be developed to ensure that charges are captured at the time of service.



Reimbursement models that allow physicians to be paid for non-face-to-face services must be developed.