

Doctor's offices are asking for more than your co-pay during your visit

New software allows some practices to quickly determine a patient's share of healthcare costs.

By Francesca Lunzer Kritz

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Leave time to stop by the ATM before your next visit to the doctor. These days, you may have to fork over a lot more than just the co-pay before you leave the office.

A growing number of physician practices are using software programs, some developed by health insurance companies, that can immediately access a patient's insurance information and let the patient and the medical practice know precise co-pay rates, whether a deductible has been paid up and the exact or estimated dollar amount the insurer will pay once the doctor's office submits the bill. Armed with this information, often referred to as "real time claims adjudication," office managers can, and sometimes do, ask patients to pay those costs at the time of service.

"At this time of year, when few people have yet to pay off their deductible, patients who go into the doctor's office packing a \$10 or \$20 bill to pay the co-pay may be surprised when they're handed a bill sporting a far higher number," says Marc Halley, president and chief executive of Halley Consulting Group of Columbus, Ohio, a physician practice management firm with clients in several states.

Kati Spencer, 39, a public relations executive in Tempe, Ariz., recently visited a medical center in Scottsdale for a cortisone shot to relieve pain in her hip. The hospital determined that Spencer's \$2,600 deductible had not yet been met and asked for full payment of the \$2,000 fee for the injection. (In the end, the hospital accepted a 10% deposit and sent the bill to Spencer's insurer to see what share it might yet pay.)

From a doctor's financial perspective, such moves make sense. Just as the economy is affecting other industries and individuals, it's also affecting physicians trying to meet their overhead and administrative costs. "Being more fiscally efficient and proactive may be the only way they can stay open and continue to see patients," says Jeffrey Luther, president of the California Academy of Family Physicians and associate director of the family medicine residency program at Long Beach Memorial Medical Center.

About 13% of physician revenue comes from patients themselves, not insurers, says Mark Rukavina, executive director of the Access Project, a health insurance resource group in Boston. Adds Halley, that's likely to rise as more consumers opt for lower-premium, but higher-deductible insurance plans -- requiring consumers to pay out hundreds to thousands of dollars before insurance kicks in.

Even fees paid by patients with lower-deductible plans can be just as important to a practice's bottom line, says Janice Young, a healthcare analyst with research firm IDC in Framingham, Mass. That's especially the case now that patients are often being asked to pay a larger percentage of the actual cost of care.

Under the more common practice of contacting insurers first and then billing patients, physicians typically don't send out bills for the patients' share until about 40 days after the visit, Young says - adding that 30% of those bills go unpaid.

Further, says Dr. Dev GnanaDev, president of the California Medical Assn. and chief of surgery at Arrowhead Regional Medical Center in Colton: "The labor cost for sending out a single bill is \$8 to \$15, which makes it understandable that a doctor might opt for a more efficient system."

But GnanaDev, Luther and other physicians worry about the effect these new payment strategies may have on doctors' relationships with their patients, especially if the requirement to pay up front comes as a surprise.

Although there are no industry statistics yet for how many people are being asked to pay an estimated or full share of the cost at the time of each visit, a growing number of private companies and health insurance plans have developed software systems that can -- in a matter of minutes -- spit out the amount a patient owes or is likely to owe for that day's visit. The companies are, in turn, providing or selling these systems to physicians.

According to an article this summer in Coverage, the magazine published by the trade association America's Health Insurance Plans, those insurers include UnitedHealthcare, Humana and Highmark, which collectively serve millions of patients in Southern California. "This is an emerging trend," acknowledges Robert Zirkelbach, a spokesman for the trade association.

Down the road, Zirkelbach says, insurers likely will enable their members to get online estimates - pre-treatment -- of their share of a physician visit or hospital stay. In 2007, Preferred Health Technology Inc., a subsidiary of Blue Cross Blue Shield of South Carolina, began selling a system nationally that estimates the patient's share for any insurance provider, and asks patients to leave a credit card on file that can be billed when the cost is confirmed. Other systems work in similar ways.

Young suggests that patients ask how billing is handled so they know whether to expect the charge or ask to make other payment arrangements. (See Your Money / Your Health for tips on how to handle these new, larger medical bills.)

Even doctors and hospitals who don't ask for payment upfront may be trying to jump-start faster patient payments.

Dr. Ava Shamban, a Los Angeles dermatologist, has her staff ask patients for insurance details when they call to confirm appointments.

And some UCLA Health System specialty practices contact a patient's health insurance company several days before a visit or procedure. If a deductible has not yet been met, payment may be asked for at the time of the visit.

But don't be reluctant to inquire about an accommodation in paying your bill if you're asked for payment earlier than you expected. "I'd have an ethical [issue] with a physician who says he won't see a patient because he can't afford to pay up front," says Christopher Stanley, the regional medical director for UnitedHealthcare in Colorado.

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