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Doctors Seek Fees at Time Of Service

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When Nicole Atkinson, 29, of Baltimore scheduled the first obstetrics appointment of her pregnancy last year, she knew the experience would come with its share of surprises. But Atkinson wasn't at all prepared for a financial one: a request to pay up her full deductible -- \$600 -- before the doctor would see her for the exam.

"So, I fired her," says Atkinson, who then switched doctors to one who charged only a co-pay for each visit.

But if Atkinson decides to have another baby, she may not be able to avoid that balloon payment. More and more physicians are asking for the patient's share of that day's medical fees, including any deductible set by the insurer, at the time of the visit.

"It's a paradigm shift from what most consumers are used to at their doctor's office," says Red Gillen, a San Francisco-based analyst with consulting firm Celent, who last month published a report on doctors seeking upfront payment from their patients. Gillen says that until recently, insurers paid so much of the cost of medical care that medical providers, including doctors, labs and hospitals, focused their fee recovery efforts on the companies. But in the past few years, Gillen says, employers and insurers have shifted more costs to consumers in the form of higher co-pays, higher co-insurance and higher deductibles, making those payments an increasingly large share of doctors' incomes. According to Gillen, consumer out-of-pocket spending as a percentage of all health-care spending rose to 12 percent last year, and is expected to continue rising.

A survey published by the Kaiser Family Foundation in September, found that 18 percent of people who responded were covered by insurance plans with deductibles of at least \$1,000, up from 12 percent the year before. "Until now," Gillen says, "insured patients would see a doctor, leave a co-pay and then watch a series of insurance and physician envelopes come through the mail over weeks to months, until finally one detailed the actual amount, if any, to be paid by the patient." Now, largely through new software programs that assess both a patient's insurance coverage and the day's charges, those weeks to months are often collapsed into just minutes for an estimate, or even a full adjudication of the bill.

Owe, say, \$90 for a sore throat checkup with at least that amount of a deductible still to be paid, and an increasing number of practices will request \$90 that day, plus a co-pay if your insurance includes one.

At one doctor's office, just blocks from the White House, a video screen in the waiting area tells patients that if they don't have their insurance card, the practice would be happy to "reschedule your appointment." That practice also asks that the co-pay be coughed up before the patient sees the doctor and calls patients in arrears to a window in full view -- and earshot -- of other waiting patients.

Those are more draconian measures than many doctors follow. But few providers let patients head home these days without either some payment or a definitive plan for how to pay their share of the bill.

Increasingly, patients get a printout sometimes before but more likely after the medical visit detailing the full cost and the patient's share, including any outstanding deductible. The estimate software has been created by some private firms, but also by a growing number of insurers including some Blue Cross plans, UnitedHealthcare and Humana. In April, Cigna, which has half a million beneficiaries in the Washington area, will be rolling out "The Estimator," software that estimates a patient's financial responsibility, usually by the time he or she has changed into street clothes. Cigna's forms suggest that a doctor ask for no more than half of a patient's estimated bill at the time of care, but every practice can set its own rules.

"Most firms rely on estimates, rather than definitive bills, because there could be additional charges related to the visit that can't be anticipated, such as an extra lab test on a biopsy, for example, and there can be a lag in communicating deductible payments between other physicians and the insurer, says Lori Logan, head of new products for Cigna.

At Virginia Physicians for Women in Richmond, for example, pregnant patients pay their deductible in six installments. "But during that time we also check to see if they've paid that deductible to other health-care providers and may have to issue some refund checks," says David Knapp, the practice business manager.

"The new billings systems are works in progress, with many different practices among health-care systems for now," says Celent's Gillen. At Washington Hospital Center, for example, the financial office uses a care pricing system, says hospital spokeswoman Paula Faria, which determines the co-insurance, but not the deductible. The deductible is still determined in a phone call to the insurer.

"This combined information is gathered prior to preregistration and is presented to the patient," says Faria, who adds that "once a patient has a clear idea of what their coverage will cover and what their cost will be, a meeting with our financial counseling office is arranged."

Mark Rukavina, executive director of the Access Project, a health-care advocacy group in Boston, says finding out how much patients owe right away, rather than hanging in limbo for weeks to months, is a positive.

What's bad, he says, is that not all providers have let their patients know that payment, or payment arrangements, are expected at the time of care. "That's usually not a pleasant surprise in this economy," says Rukavina, who worries that subtle intimidation could push some people to put bills on an already weighed-down credit card or even avoid care altogether.

Last week a Kaiser Family Foundation tracking poll of more than 1,200 adults, completed in mid-February, found that 53 percent surveyed had put off some form of medical care, including physician visits, because of cost concerns.

William Dolan, a trustee of the American Medical Association, and an orthopedic surgeon in Rochester, N.Y., says the AMA has no policy on patients being asked for payment at the time of care but suggests that doctors give patients warning weeks before implementing a new payment policy and that providers be "fair and reasonable" in helping patients make payment arrangements.

One payment option will be a credit card. "It's a myth that people only use their credit cards for flat-screen TVs," says Tim Westrich, a research associate who specializes in credit issues at the Center for American Progress, a D.C. think tank. "If you're already financially stressed, a credit card could be your only pressure valve," Westrich says.

But some guidance on use of the cards for medical expenses, especially unexpectedly higher ones, could help prevent extra charges and higher interest rates. Rukavina advises patients to never use a credit card that must be paid up monthly unless they are prepared to do so. If they don't pay on time, a \$30 flu shot can cost an extra \$30 or so for the late fee, plus trigger higher interest rates.

Celent's Gillen says that as consumer share of medical expenses increases, he expects banks to issue interest-free health-care-specific credit that might be linked to payrolls for deductions and even offer discounts for users. (Some health-care-only cards exist now but are generally intended for elective health expenses such as Lasik and plastic surgery. They generally start with 0 percent interest but trigger a percentage increase if payment is late or missed.)

One bright note for people who use credit cards to pay their medical expenses: The Federal Reserve has issued rules prohibiting excessive fees or interest rates on credit cards, effective next year. Similar legislation is to be introduced in Congress within the next few months and, if passed, could take effect before the Federal Reserve's rules.

The AMA's Dolan suggests asking about payment practices when you make your appointment, so that you know what to expect. Increasingly, though, billing staff won't be waiting for you to bring up the subject.