



## Steps toward providing point-of-care pricing and collecting from patients at the time of service

Patients are becoming increasingly responsible for paying at least a portion of the cost of their medical care. Most patients have, at minimum, a copayment due at the time of an appointment, and many patients have other financial obligations, as well.

Given the growth in patient financial responsibility for care, it is critical for physician practices to successfully collect patient payments. Collecting payments at the time of service—when the patient is still in your office—is the vital first step in any effective patient collections strategy. Asking patients to pay what they owe at the time of service will increase your practice's cash flow, decrease accounts receivable and reduce billing and backend collection costs. Your patients will also benefit, as collecting payment at appointments will eliminate uncertainty about future invoices. In addition, timely collection with face-to-face interactions at the point of care can also increase patient satisfaction.

### How to implement point-of-care pricing and time-of-service collections

Having a plan and process in place will help your practice successfully collect payments from patients during office visits. Your staff will need to understand insurance contracts, as well as verify insurance eligibility to obtain patient-specific information on copays, coinsurance and the remaining deductible. In addition to calculating patient financial responsibility, your staff will also need to be skilled in discussing insurance and payment issues with patients and clear in explaining your practice's payment policy. Follow the **seven steps** below to collect accurate payments from patients at the time of service.

- 1) Understand your insurance contracts
- 2) Establish a payment policy and communicate it to your staff and patients
- 3) Verify insurance eligibility
- 4) Calculate the patient's financial responsibility
- 5) Educate patients on health insurance plan provisions and related payment issues
- 6) Secure payment from the patient
- 7) Document the patient payment and submit claim

#### Step 1: Understand your insurance contracts

Make sure you adhere to the terms and conditions of your managed care contracts before starting to collect from patients at the time of service, as some payer contracts prohibit providers from billing patients prior to the completion of the payer's claims processing. Review your contracts for specifics to ensure that they allow your practice to provide price determinations at the point of care and collect from patients at the time of service.

There are certain questions you will want to ask payers before starting to collect patient payments during office visits. AMA members can access a [sample template letter](#) to use when verifying payer contract terms and conditions pertaining to point-of-care pricing and collecting from patients at the time of service.

#### Step 2: Establish a payment policy and communicate it to your staff and patients

Creating a payment policy for your practice and communicating it to your patients ensures that payment expectations are clear and that your patients will not be surprised by time-of-service collections. At the minimum, a payment policy should indicate:

- **when** patients are expected to pay,
- **how much** will be due at the time of service (e.g., total bill for self-pay patients; copay and deductible for insured patients),
- **how** patients can pay (cash, check, credit or debit card) and
- **what** actions your practice will take with patient nonpayment.

Be sure that your payment policy references issues related to point-of-care pricing and collecting patient payments at the time of service. Access this [sample payment policy](#) from the American Academy of Family Physicians to assist you in creating a policy that meets your practice's needs.

After establishing your practice's payment policy, make sure that all of your staff is aware of the policy and its provisions. Everyone in your practice must adhere to and accurately communicate your payment policy. If you have any concerns about consistency in the handling of patient payments, you may wish to appoint one or two staff to manage patient collections.

Your payment policy must be clearly communicated to patients. Many practices provide a copy of their payment policy to new patients at the first visit, in addition to posting a copy by the reception desk. Frequent reminders of the policy are also recommended. For example, your staff can remind patients that payment will be due at the time of service during calls to schedule appointments. This information can also be included in your practice's appointment-reminder recording.

### **Step 3: Verify insurance eligibility**

The electronic health care eligibility benefit inquiry and response standard transactions and operating rules make it possible for physicians to determine patient financial responsibility and collect payments at the time of service. The Health Insurance Portability and Accountability Act (HIPAA)-mandated operating rules for the eligibility transactions require that health plans include information about a patient's financial responsibility, including copayment, coinsurance and patient-specific remaining deductible, in the eligibility response. Using this information will enable your practice to calculate the patient's financial responsibility at the point of care.

Your practice can optimize the utility of the electronic transactions by checking eligibility the day or night before the patient's scheduled appointment. Once you've determined the amount that the patient will owe for the specific visit, call the patient to remind them of the upcoming appointment, explain and confirm the payment details and seal the deal with a promise for payment at the time of service. Be sure to perform electronic insurance eligibility requests the night before or on the day of service to determine the most up-to-date copay, coinsurance and remaining deductible amounts.

To learn more about implementing electronic eligibility verification in your practice, access the AMA's [Electronic Eligibility Verification Toolkit](#). The toolkit includes a detailed explanation of the HIPAA-mandated eligibility transaction operating rules and provides more information to help your practice leverage these transactions to collect patient payments at the time of service.

### **Step 4: Calculate the patient's financial responsibility**

In order to secure payment from patients at the time of service, you must accurately determine what the patient owes for the provided medical care. You may be able to do this by using your practice management software system, through a health plan's cost estimation tool, through a real-time adjudication process offered by the payer or by manual calculation. For more information on these options, access the AMA's resource, "[How to calculate the price of treatment at the point of care \(POC\).](#)" Whether your practice uses a manual or automated system to perform these calculations, this process will allow you to accurately determine what the patient should pay before walking out the door.

### **Step 5: Educate patients on health insurance plan provisions and related payment issues**

Patients often have difficulties understanding their health plan's provisions and the claims payment process. Even basic health insurance concepts, such as copays, coinsurance and deductibles, may be foreign to some of your patients and make it challenging for them to understand why you are asking for payment at the

time of service. Practice staff should be able to provide basic explanations of general health insurance principles to patients and point them to resources if they require additional explanations. For example, the [glossary](#) section of [healthcare.gov](#) provides definitions of common health insurance terms.

Your staff may also wish to explain how your practice works hard to bill health insurance companies for payment so that patients will not have to pay for their medical care upfront. You can let patients know that your practice will make every effort to seek payment from their insurance company for the contractual amount owed, and that your practice is handling this very complicated payment process on their behalf. In return, patients should provide you with correct and current information regarding their insurance coverage and pay their portion of the total bill while they are still in your office. You may also wish to review your practice's current claims management cycle to determine opportunities for patient education. If your patients know how their health insurance policy works, they will better understand why you are asking for payment at the time of service and will be more likely to pay without argument.

#### **Step 6: Secure payment from the patient**

The right training and preparation will ensure your staff's success in point-of-care collections. Train staff on how to request and obtain payment while the patient is still in the office. Your staff may find it helpful to reference and use verbal [scripts](#) when asking patients for payments. Accurate billing is also critical; your staff should be sure to only bill the patient's financial responsibility due at the time of service, as calculated under **Step 4**.

If the patient is unable to pay the entire balance in full at the time of service, consider offering payment plans or financial arrangements such as automatic withdrawals from a patient's bank account, extending the balance over a short-term period, allowing patients to make payments at each visit for those with frequent follow-up appointments or even contracting with financial institutions where patients may be able to access a line of credit or other available options to cover their medical bills. If you do extend a payment plan to patients, you may still wish to require a minimum down payment at the time of service. Be sure to have the patient acknowledge understanding of your practice's payment policy by signing a copy upon initiating payment plans. **[Note: If you extend credit options in your practice, you must comply with the laws which govern credit arrangements. Check with your legal counsel before implementing payment options.]** Remember, the goal is to collect from patients at the time of service, even if this means customizing patient financial plans or providing other options that are simple, convenient and easy for your patients.

#### **Step 7: Document the patient payment and submit claim**

It is important to properly track all payments received from the patient. Be sure to document the amount the patient owes, the amount that was paid at the time of service and any financial arrangements that were made with the patient. This is a critical step that will enable your practice to ensure that future payments are received on time and for the agreed upon amount. If there are problems with future collections, the documentation will serve as a legal record to verify the patient's financial account history (what was paid and any payment arrangements that were made). Finally, proper documentation of patient payments can reduce hassles with claims processing.

After the patient payment documentation is complete, promptly submit the claim to the health insurer. Access the AMA's [electronic claim submission toolkit](#) for details on how to submit your claims electronically and in a timely fashion. Monitor, receive and reconcile your health plan payments right away through [electronic remittance advice](#) (ERA) and [electronic funds transfer](#) (EFT). Be sure to promptly refund to the patient any amount previously collected at the time of service that was in excess of the patient responsibility amount indicated on the ERA.

Visit [www.ama-assn.org/go/electronictransactions](#) to learn more about how automation can reduce administrative burdens and save your practice money.