

BUSINESS

Adding patient administrative fees must be done sensitively

Practice Management. By VICTORIA STAGG ELLIOTT, amednews staff. Posted July 5, 2010.

Asking for modest fees to cover administrative expenses or to reduce patient behaviors, like missing appointments, might appeal to physicians with increasingly strained bottom lines.

However, experts say adding fees must be given careful thought -- they can alienate patients and you could spend more money trying to collect them than they ever bring in.

"If you're not careful, these fees can mess up your accounts receivable," said Lori Foley, a principal consultant with the Gates, Moore & Co. in Atlanta. "You want to make sure you're not creating unintended consequences."

Some experts say fees work best not as something you intend to collect, but as a deterrent to behaviors that can needlessly cost your practice money.

Before setting fees, experts said, physicians need to do two things.

One is to review insurance contracts to ensure that any proposed fees are not in violation. For example, a fee for filling out patient-requested forms might not be possible if that work is spelled out as being part of the contract.

This can be particularly problematic if the fee covers something that an insurer might feel is part of a visit. "If the physician can complete the form during the physical, that is usually part of the examination," said Jerrie Weith, director of AMD Health Care Services in St. Louis. So a fee to fill out school physical forms might be disallowed.

Some fees may not be allowable under Medicare or Medicaid. Or an insurer may require physicians to notify patients in writing about the addition of any new fees.

Fees for filling out forms may be charged on a per-page or per-event basis. A no-show fee may be different rates, depending if a missed appointment was a short acute care visit or a longer new patient intake.

"You don't want to make it so cost-prohibitive that patients cannot get something they truly need," Foley said.

Experts also suggest that you communicate clearly to patients the price, and the reasons why a fee is being charged.

Communicating fee information can be done by adding notices to printed statements, and posting signs in waiting and exam rooms. Other options include notices on the practice website, or recorded information played when people phone the office and are placed on hold.

Experts advise giving patients several months notice before implementing any change and providing staff with scripts to help them answer questions. An explanation of why a fee is being imposed also could make patients more agreeable.

"You have to prepare your staff to be confident enough to answer patient questions. That is probably one of the most important things," said Mary Pat Whaley, practice administrator of Halifax Regional Medical Center in Roanoke Rapids, N.C. She said her practice is discussing the possibility of implementing fees for form completion.

In determining whether to charge fees, experts say, practices should discuss whether the intent is to make extra money, or use the fees to offset other costs. For example, a fee to discourage missed appointments, or a fee for failing to have the co-pay at the time of visit, can be more effective in preventing the costs of lost time or sending out statements than as a source of revenue themselves, experts said.

"Patients will remember that they left their checkbooks in the car or figure out a way to get to the ATM to avoid a statement fee," Weith said.

Allen Greenlee, MD, a Washington internist, said he has had success in collecting fees from patients of his two-physician practice.

He said his practice was having trouble covering costs and was spending more and more time filling out paperwork. So he sent a letter to patients asking for a voluntary annual administrative fee of \$35 per patient to allow him to continue taking insurance.

Dr. Greenlee said he received two letters from disgruntled patients. But approximately 3,500 patients paid, although they receive no additional services for the money. Some paid more than he asked.

His practice also charges returning patients \$25 for a missed visit. New patients who are no-shows receive a bill for \$50.

"We're trying to keep the fee to the minimum needed to get by," Dr. Greenlee said. "There's so much primary care doctors do that is not covered. This is a way to try to keep financially solvent."

Dr. Greenlee said he's not sure if he will do this again next year. However, at least he now knows that his patients understand the need for fees. "A lot of our patients are aware of the problems with primary care reimbursement."

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