



**Waiving Co-Payment Collections/Deductibles when employees
are also patients of the practice**

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I think we can call agree that collecting co-pays and deductibles is an important part of valuing the services that healthcare practitioners provide.

Co-pays, despite what most people believe are **NOT JUST** a cost sharing method to off load a portion of the insurance carriers' required payment onto the patient in exchange for lower monthly premiums. The creation and thought process that goes into the deductibles, co-pays and co-insurance is a well thought out actuarial symphony designed to also create a psychological barrier for the patient to NOT use their health insurance. The insurance carriers have priced this "non-use" into their premium models, and they expect and contractually require doctors and facilities to collect these payments, or be in violation of their contract.

And yet, we still hear about practices that *routinely waive* their patients' deductibles and co-pays because the **patient is also an employee of the practice.**

Besides the obvious loss of revenue, let's discuss another reason not to routinely waive deductibles and co-pays. **Ever hear of something called the Anti-Kickback Statute?**

Here is the skinny...

When a provider waives co-pays and deductibles for members of a Federal Healthcare Program, it could implicate the Civil Monetary Penalties Law (42 U.S.C. 1320a-7a(a)(5)) and the Anti-Kickback Statute (42 U.S.C. 1390a-7(b)(b)). For private payers, the participating provider agreements often require the collection of the patient's cost sharing amount. Under PA Law, a claim could be brought under the Insurance Fraud statute (§ 4117).

We can almost assume, you are saying... but... what about Employee Courtesy?

Before getting into the details of why waiving polices for employees, which might seem like a great idea as a very low cost “benefit” or “perk” ... we need to talk about employees as a whole. Here’s a little known fact, employees quit and sometimes they resign because they feel they were wronged during their time of employment. **And** employees will sometimes point a finger at their past employer for questionable “billing practices.”

With this in mind, now think about your attempt to do something “nice” for your employees which could backfire on you when not properly crafted.

So what if you are of the mind-set that the employees of the practice are not going to abuse the system or point out any questionable billing practices... what then? *Hmmm think about it this way...* You, as the employer, receive plan design options from your Broker annually for the group medical plan with deductibles ranging from let’s say \$0 to \$5,000/ family coverage.

You choose, as the EMPLOYER (not practice owner) to offer benefits, and select the \$1,000 deductible plan. It lowers the premium you pay as the employer by cost shifting \$1,000 out of pocket to the employee and their family right? But wait, you have a policy of waiving the deductible, and then nicely “requiring” all employees to come in for care. You have now effectively received a premium reduction for a deductible that you never planned to collect and this could be construed as a possible violation of the Anti-Kickback statutes, a violation of your employer contract and a violation of the provider contract.

In fact there have been cases in which local Blue Cross entities have done massive recoupments as well as filed criminal charges for large family, primary care, physical therapy and chiropractic offices, which can more easily have routine repetitive visits, for using just this tactic. Don’t let that happen to you.

Now what? Before you create any Employee Handbook policies that give your employees a waived or reduced fee, or create a Standard Operating Procedure for deductibles, co-pays and co-insurance collections for your practice, you should contact McCloskey Partners, LLC for assistance with setting up these practices to avoid the potential for fines and penalties.

Contact McCloskey Partners, LLC today at 215-716-3035 x 0 or services@mccloskeypartners.com to discuss your practices current policies and procedures.

Check us out at <http://www.mccloskeypartners.com/our-services.html> Or follow us on social media.