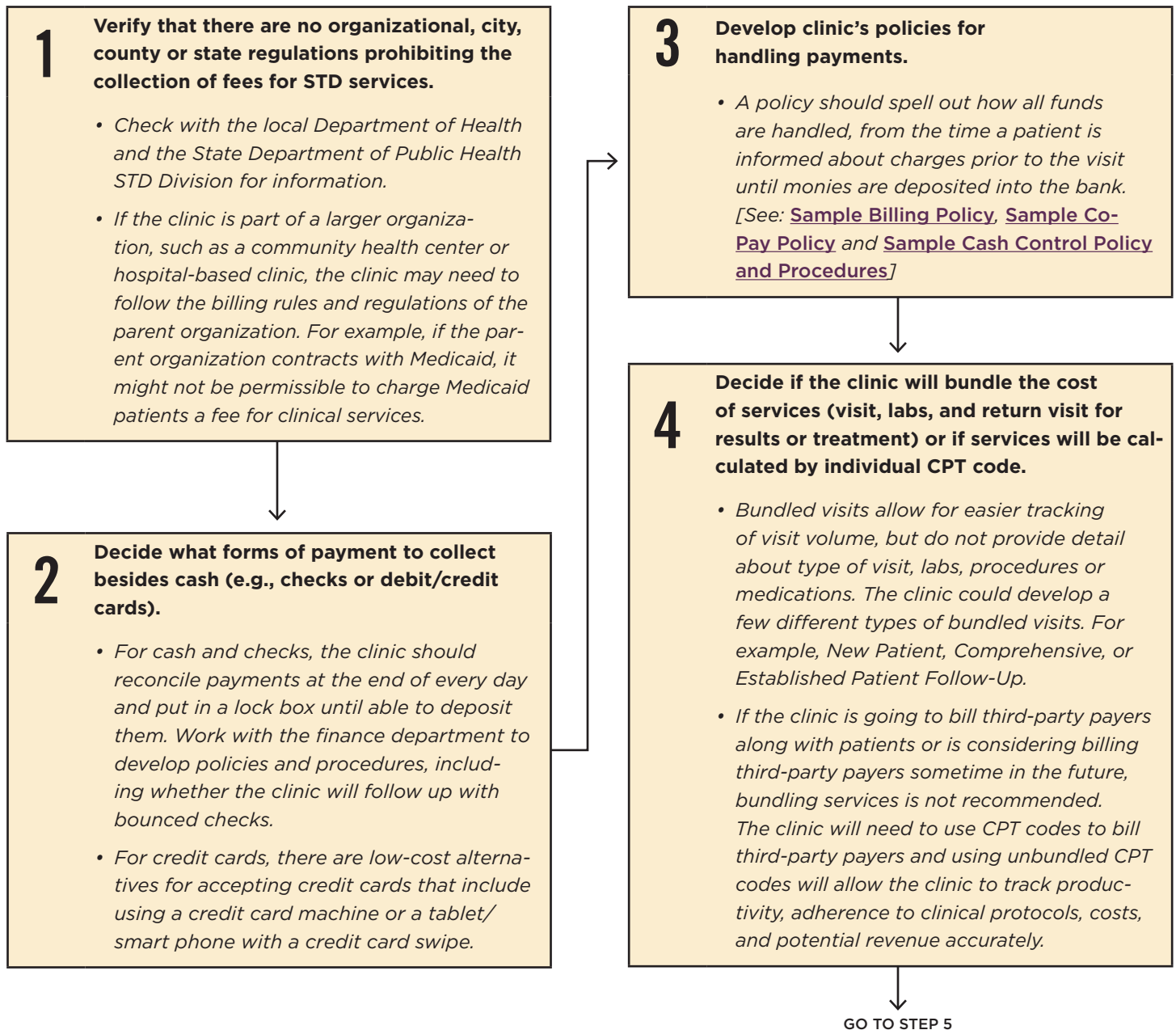


FIRST-PARTY BILLING: IMPLEMENTATION STEPS & CONSIDERATIONS

The purpose of this document is to provide step-by-step instructions to start billing patients for services. Collecting payments from patients is called first-party billing. Depending on circumstances, clinics may choose to bill patients only, or to bill patients and third-party payers. When a clinic starts billing patients, there are two major

decisions that must be made: 1) to have a flat fee or a sliding-fee scale, and 2) for sliding-fee scales, whether to collect self-reported or verified income information. Considerations for both options are presented below. Follow the steps to start first-party billing.



5 Develop Superbill/Encounter Form for services.

- A **Superbill or Encounter Form** allows for tracking charges, payments, and types of services rendered.
- It is the provider's responsibility to code the visit (diagnosis and procedure) on the Superbill.
- All payments should be documented on the Superbill. The daily deposit and the total of the payments on the day's Superbill must match.

6 Determine if there will be a flat fee for services or a sliding-scale fee based on income.

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|---|---|
| <p>FLAT FEE</p> <ul style="list-style-type: none"> • Pro: Flat fees are easier to collect than sliding-scale fees because no income calculation is required. • Con: Some patients can pay more for their visit than the amount of the flat fee. In this case the clinic is losing potential revenue. Alternately, some patients cannot afford the flat fee and may forego needed care. | <p>SLIDING-FEE SCALE</p> <ul style="list-style-type: none"> • Pro: A sliding-fee scale allow a clinic to have greater control over collections because patients are charged based on their income. • Con: Collecting sliding-fees requires that the clinic gather income information from clients. This takes time and requires staff to be trained and skilled in collecting this sensitive information. Some patients are reluctant to provide income information. |
|---|---|

7 FLAT FEE: Determine fees.

Options include one or more of the following:

1. Consider using 125% of Medicare's fee schedule. Medicare has already determined payment based on cost analysis.
2. Review what other fees are charged at the health department.
3. Assess fees to reflect the clinic's costs or a percentage of those costs.
4. Survey patients to see what they are willing to pay.

GO TO STEP 10

7 SLIDING-FEE SCALE: Develop a sliding-fee scale based on patient income.

- If the clinic wants to provide free services for some patients (for example: patients with income under 100% of the federal poverty level), assess whether it has enough revenue and/or other financial support to afford to provide these services for free.
- Consider whether the top of the sliding-fee scale is still affordable for the clinic's patient population. Most often the top of the sliding-fee scale either matches the actual cost of providing the service or the reimbursement amount from Medicaid/Medicare or another third-party payer. [See: [Sample Sliding-Fee Scale](#)]

GO TO STEP 8



8

SLIDING-FEE SCALE: Decide if the clinic will accept self-declared income or requires documentation, such as pay stubs.

SELF-DECLARED INCOME

- **Pro:** Accepting self-declared income is much easier than requiring income documentation. Patients often do not arrive at the clinic with proof of income. Follow-up activities to collect this information are difficult and labor-intensive.
- **Con:** The clinic runs the risk of patients declaring their income to be less than it really is in order to obtain lower cost care.

INCOME DOCUMENTATION

- **Pro:** Requiring patients to present documentation of income ensures financially equitable treatment to all patients.
- **Con:** If patients do not have any income, they will have no documentation. Collecting previous tax information is burdensome for the patient and the clinic. STD care is episodic and time-sensitive. Patients and clinicians cannot wait for this information to arrive at the clinic before care begins. Confidentiality is also a significant issue with STD care. Patients may be reluctant to allow follow-up contact in order for financial information to be collected.



9

SLIDING-FEE SCALE: Develop an intake form that includes patient family size and income information. Use this information to determine placement on a sliding-fee scale. Train staff to calculate poverty levels and assess fees.

[See: [Sample Income Assessment Form](#)]



10

Train staff to communicate fee policies to patients and to feel comfortable asking for payment for services.

- Begin communicating upcoming changes well ahead of implementation. Post signs, hand out flyers, and tell patients directly about when and why changes will be made. [See: [Patient Communications FAQ](#)]



GO TO STEP 11

11 **Develop a communication plan for informing patients about new billing policies and procedures. When possible, inform patients prior to their appointments.**

- *Develop phone scripts for staff to reference when they are explaining fees with patients.*
- *Provide this information on the clinic's website.*



12 **If payment is expected at the time of visit, decide how to handle financial hardships.**

- *Decide who at the clinic will have the authority to provide discounts. Is it the receptionist, clinician, or office manager?*
- *The receptionist is the staff person who is explaining fees to patients and, thus, hears about the need for a discount. Some clinicians are comfortable discussing fees, but many do not want to discuss money with patients.*



| 13 Decide how to handle unpaid balances. Will they be written off or carried forward and requested at the next visit? | |
|---|--|
| <p>WRITE OFF</p> <ul style="list-style-type: none"> • Pro: <i>Writing off unpaid balances at the end of the day reduces the need for staff follow-up.</i> • Pro: <i>It also reduces the amount of bad debt the clinic is carrying on its Accounts Receivable.</i> • Con: <i>It is not fair to the patients who do pay at the time of service if others do not have to pay.</i> | <p>CARRY FORWARD</p> <ul style="list-style-type: none"> • Pro: <i>Collecting money at the next visit increases revenue for the clinic. It is socially acceptable for charges not paid at the time of service to be billed to patients or collected at a future date.</i> • Con: <i>The clinic will have to develop a tracking system for collecting past due balances. Some clinics keep a copy of the unpaid Superbill in the chart as a reminder to try and collect fees at the next visit.</i> |