

Young: Kinn's The Administrative Medical Assistant, 7th Edition

Chapter 22: Professional Fees, Billing, and Collecting

TEACH Study Guide Answer Key

Vocabulary Review

1. Jesse has an **account balance** of \$464, which represents the total amount she owes after her insurance paid a portion of her bill.
2. Mrs. Ramone has a **credit** on her account for an overpayment, so the office manager sent her a check for that amount.
3. Robert's mother is the **guarantor** of his bill, because she promised to pay the full amount for her son.
4. Julia had to **instigate** collections proceedings on several accounts last month because the patients had not made payments as promised.
5. One of the tasks Pamela enjoys is **posting** payments that arrive in the mail to patients' accounts.
6. **Debit cards** are used more and more often for payments in the physician's office.
7. An organization under contract to the government to handle insurance claims from providers is called a **fiscal agent**.
8. Mrs. Richland called the office to get the balance on her **account**.
9. The office staff has been debating whether they should continue to offer **professional courtesy** to other healthcare providers and their staff members.
10. A business **transaction**, which is any exchange or transfer of goods, services, or funds, must always be recorded.
11. Anna made several **disbursements** for various bills that were due last week.
12. Dr. Taylor's fee **profile** is a compilation of the fees he has charged over the past fiscal year.
13. The Peete family was considered **medically indigent**, because they could not afford medical care even though they were able to pay basic living expenses.
14. Deb sometimes confuses a credit with a **debit**, which is a deduction from a revenue, net worth, or liability account.
15. Jessica totaled the **receipts** for the day, which came from patient and insurance payments.
16. State Farm is considered a **third-party payer**, because Bethany's injuries were sustained in a car accident and State Farm will pay her medical bills.
17. Dr. Martin reviewed his fee **schedule**, which is a compilation of pre-established fee allowances for given services or procedures.
18. The balances due to a creditor on an account are called **payables**.
19. The Blackburn Clinic uses a computer to determine patient account balances, but June remembers when they used a manual **pegboard system**.
20. When Madelyn received the denial from Mr. Paul's insurance company, she wondered if he had paid his **premium**.

Skills and Concepts

Part I: Fee Schedules and Billing Forms

1. Examine the fee schedule on the next page and answer the following questions.

Answer:

- a. What is the charge for a consultation?—**\$250**
- b. What is the charge for a 99203?—**\$60**
- c. Why is the charge different for a 99213?

Answer: 99203 is the charge for a new patient; 99213 is the charge for an established patient.

- d. What is the most expensive procedure on the list? CPT code—**93015**
- e. Which injection is more expensive, insulin or vitamin B₁₂?—**Insulin**

Use the same fee schedule to complete the billing forms in Work Products 22-1, 22-2, and 22-3. Circle the codes and fill in the charges for each patient. Assume that all the patients have a previous balance of zero.

2. *Work Product 22-1:* Marilyn Westmoreland, established patient, straightforward, penicillin injections (75 mg), diagnosis—acute tonsillitis.

Answers:

- 99212—\$48; 90788—\$30
- Total Fees: \$78
- Diagnosis code: 463

3. *Work Product 22-2:* Jane Wells, consultation, high complexity, ECG, diagnosis—chest pain.

Answers:

- 99245—\$250; 93000—\$55
- Total fees: \$305
- Diagnosis code: 786.50

4. *Work Product 22-3:* Paula Johnson, new patient, detailed, Solu-Medrol injection IM, diagnosis—osteoarthritis.

Answers:

- 99203—\$60; 90782—\$23
- Total fees: \$83
- Diagnosis code: 715.90

Part II: Ledgers and Computing Patient Balances

Work through the following information and record it on the ledger cards presented in the corresponding work product pages. Use one ledger for each exercise.

• *Ledger 1 (Work Product 22-4)*

Patient name: Meagan Joy Reynolds

Address: 5534 Joe Pool Lake Road #233

City: Cedar Hill State: Texas Zip: 75884

Home phone: 972-334-0423 Cell phone: 972-331-0934

E-mail: meaganjoy@internet4.com MR# REYM3341

Account Ledger							
Entry #	Date	Reference	Service	Charge	Payment	Adj	Current Balance
1	4.12.XX	CK#7110	NP, X-rays	375.00	375.00	0	0
2	4.21.XX	---	Surgery	7500.00	0	0	7500.00
3	4.30.XX	CK#7261	OV	150.00	150.00	0	7500.00
4	5.2.XX	Prudential CK#617761	ROA Ins	0	6200.00	0	1300.00
5	5.3.XX	CK#7313	ROA	0	300.00	0	1000.00
6	5.14.XX	CK#7512	OV	75.00	50.00	0	1025.00
7	5.27.XX	SW United CK#8710	ROA Ins	0	800.00	0	225.00
8	6.2.XX	CK#7915	ROA	0	125.00	0	100.00
9	6.17.XX	CK#8116	OV, lab	352.00	150.00	0	302.00
10	6.20.XX	CK#8411	ROA	0	100.00	0	202.00
11	6.26.XX	CK#8626	OV	85.00	50.00	0	237.00
12	6.30.XX	---	OV	85.00	0	0	322.00
13	7.5.XX	Prudential CK#721146	ROA Ins	0	276.00	0	46.00
14	7.18.XX	SW United CK#9210	ROA Ins	0	124.00	0	<78.00>
15	7.31.XX	Refund CK#9425	Refund	0	0	78.00	0
16							

How much was the refund check?

Answer: \$78.00

• *Ledger 2 (Work Product 22-5)*

Patient name: Zachary Paul Staley

Address: 2324 Hill Avenue Plaza

City: Grosse Pointe State: MI Zip: 48230

Home phone: 313-445-9987 Cell phone: 313-565-6623

E-mail: zachattack@aol.com MR# STAZ9823

Account Ledger							
Entry #	Date	Reference	Service	Charge	Payment	Adj	Current Balance
1	6.6.XX	CK#126	NP	215.00	15.00	0	200.00
2	6.12.XX	Permian CK#21617	ROA Ins	0	180.00	0	20.00
3	6.15.XX	CK#214	OV, lab	128.00	15.00	0	133.00
4	6.15.XX	CK#217	OV	70.00	15.00	0	188.00
5	7.7.XX	Permian CK#36171	ROA Ins	0	142.00	0	46.00
6	7.7.XX	---	Adj	0	0	7.00	39.00
7	7.26.XX	CK#310	OV	156.00	15.00	0	180.00
8	8.1.XX	---	OV	70.00	0	0	250.00
9	8.16.XX	Permian CK#41217	ROA Ins	0	102.00	0	148.00
10	8.21.XX	Permian CK#42168	ROA Ins	0	55.00	0	93.00
11	8.30.XX	CK#561	ROA	0	40.00	0	53.00
12	9.6.XX	CK#587	OV	70.00	15.00	0	108.00
13	9.9.XX	CK#620	ROA	0	40.00	0	68.00
14	9.9.XX	Permian CK#53121	ROA Ins	0	98.00	0	<30.00>
15	10.3.XX	CK#681	ROA	0	20.00	0	<50.00>
16	10.3.XX	Refund CK#9999	Refund	0	0	50.00	0

How much was the refund check?

Answer: \$50.00

• *Ledger 3 (Work Product 22-6)*

Patient name: Lynn Annette Wilson

Address: 755 South Wheelley #4A

City: Sacramento State: CA Zip: 94203

Home phone: 209-552-5437 Cell phone: 209-553-7789

E-mail: lynnannw@yahoo.com MR# WILL8845

Account Ledger							
Entry #	Date	Reference	Service	Charge	Payment	Adj	Current Balance
1	7.7.XX	CK#1205	OV	125.00	125.00	0	0
2	7.12.XX	CK#1314	OV	89.00	20.00	0	69.00
3	7.19.XX	---	Adj	0	0	9.00	60.00
4	7.23.XX	Aetna CK7611493	ROA Ins	0	85.00	0	<25.00>
5	7.23.XX	Refund CK#5612	Refund	0	0	25.00	0
6	8.1.XX	CK#1517	OV	284.00	20.00	0	264.00
7	8.18.XX	Aetna CK8267484	ROA Ins	0	200.00	0	64.00
8	8.31.XX	CK#1622	ROA	0	64.00	0	0
9	9.12.XX	NSF Fee 30.00	NSF Check	0	0	94.00	94.00
10	9.20.XX	Cashiers Check	ROA	0	94.00	0	0
11	10.15.XX	Cash	Surgery	750.00	20.00	0	730.00
12	2.12.XX	CK#2612	ROA	0	20.00	0	710.00
13	4.10.XX	CK#2711	ROA	0	5.00	0	705.00
14	5.12.XX	CK#2781	ROA	0	5.00	0	700.00
15	7.15.XX	---	Adj	0	0	700.00	0
16	9.12.XX	Check 100.00	To Collections	0	0	0	0

How much was written off of this account?

Answer: \$700.00

How is the payment noted on the account that was received after the write-off?

Answer: Check Mailed to Collection Agency—\$100.00

Completing a Day Sheet

Complete the proofs in Work Product 22-7 using the figures given.

Answers:

Daily Proof—Box One

Arithmetic Posting Proof	
Column E	4309.00
Plus Column A	896.00
Subtotal	5205.00
Minus Column B	1643.00
Subtotal	3562.00
Minus Column C	36.00
Equals Column D	3526.00

Month to Date – Box Two

Accounts Receivable Proof	
Accounts Receivable	
Previous Day	7923.00
Plus Column A	896.00
Subtotal	8819.00
Minus Column B	1643.00
Subtotal	7176.00
Minus Column C	36.00
Accounts Receivable	
End of Day	7140.00

Part III: Short Answers

1. Define the following terms.

Answers:

- *Usual*: The physician's usual fee for a given service is the fee an individual physician most frequently charges for the service.
- *Customary*: The customary fee is a range of the usual fees charged for the same service by physicians with similar training and experience practicing in the same geographic and socioeconomic area. The tendency is growing for fees to be determined by national trends rather than by local custom.
- *Reasonable*: The term *reasonable* usually applies to a service or procedure that is exceptionally difficult or complicated, requiring extraordinary time or effort on the part of the physician.

2. List two billing methods commonly used in the physician's office.

Answers may include:

- Computer-generated statement
- Encounter form
- Typewritten statement
- Photocopied statement

3. What notation should be made under the return address on statement envelopes?

Answer: Address Correction Requested

4. Briefly explain cycle billing.

Answer: The cycle billing system calls for the billing of certain portions of the accounts receivable at given times during the month instead of the preparation of all statements at the end of each month. The accounts are separated into fairly equal divisions, with the number of divisions depending on how many times billing will be done during a month. For example, if the office expects to bill twice a month, the accounts are divided into two equal groups; for weekly billing, they are divided into four groups; and for daily billing, they are divided into 20 groups. Statements are mailed out in these cycles. This system promotes a constant flow of income into the physician's office.

5. What are the pitfalls of fee adjustments?

Answer: Patients may begin to expect that fees will be reduced in all circumstances. They may even doubt the competency of a physician who habitually reduces fees. The family of a deceased patient may suspect that the fee was reduced because the physician knows he or she made an error. A fee should never be reduced on the basis of a poor result or as a means of obtaining payment to avoid the use of a collection agency. A reduction for these reasons degrades the physician and the practice of medicine.

6. What three values are considered in determining professional fees?

Answer:

- Time
- Judgment
- Services

7. Why are estimates useful in patient treatment?

Answer:

- They may help prevent staff members from forgetting that a fee was quoted.
- They may help eliminate the possibility of later misquoting of the fee.
- They may help simplify collection by preventing misunderstanding and charges.

8. List five general rules to follow for telephone collecting.

Answers may include the following:

- Call between 8 AM and 9 PM.
- Determine the identity of the person with whom you are speaking. If you ask, "Is this Mrs. Noble?" and she answers, "Yes," it could be the patient's mother-in-law or daughter-in-law, who may also be "Mrs. Noble." Use the person's full name.
- Be dignified and respectful. One can be friendly and formal at the same time.
- Ask the patient if it is a convenient time to talk. Unless you have the attention of the called party, there is little to be gained by continuing. If told that it is an inopportune time, ask for a specific time to call back or get a promise that the patient will call the office at a specified time.
- After a brief greeting, state the purpose of the call. Make no apology for calling, but state the reason in a friendly, businesslike way. The physician

expects payment, and the medical assistant is interested in helping the patient meet the financial obligation. Open the call with a phrase such as, “This is Alice, Dr. Wallace’s financial secretary. I’m calling about your account.” A well-placed pause at this point in the call sometimes gets an immediate response from the debtor in regard to the nonpayment.

- Assume a positive attitude. For example, convey the impression that the patient intended to pay and it is only a matter of working out some suitable arrangements.
- Keep the conversation brief and to the point; do not make threats of any kind.
- Try to get a definite commitment; that is payment of a certain amount by a certain date.
- Follow up on promises. This is best accomplished by a tickler file or a note on the calendar. If the payment does not arrive by the promised date, remind the patient with another call. If you fail to do this, the whole effort has been wasted.

9. List four ways that payment for medical services is accomplished.

Answer:

- Payment at the time of service
- Internal billing when extension of credit is necessary
- Internal insurance or other third-party billing
- Outside billing and collection assistance

10. Explain why patients sometimes fail to pay their accounts.

Answers may include the following:

- Lost job
- Emergencies
- Temporary difficulty meeting obligations
- Simple refusal to pay (rare)

11. What is professional courtesy and why is it less common now than in years past?

Answer: Traditionally, physicians do not charge professional colleagues or their immediate dependents for medical care. Professional courtesy often extended is beyond fellow physicians and their dependents. Most physicians treat their own medical assistants, and often their families, without charge and grant discounts to nurses and medical assistants not in their direct employ. The practice is less common today because many managed care plans forbid the discounting of fees, and doing so would be a violation of the physician’s contract with the company.

12. Briefly explain how “skips” can be traced.

Answer: Do not wait until the next billing time to attempt to trace the debtor. Tracing skips is a challenge to any medical assistant. A certified letter can be sent; for additional fees, you can ask the Postal Service to obtain a receipt that includes the address where the letter was delivered. The certified letter may be sent in a plain envelope so that the patient will not refuse to accept the letter because of the return address. If all attempts fail, turn the account over to a collection agency without

delay. Do not keep a skip account too long, because the trail may become so cold as time elapses that even collection experts will be unable to follow it.

CASE STUDY

Read back through the information about Lynn Annette Wilson on Ledger 3. How could the medical assistant help Lynn Annette to keep her account out of collections? What could be said to her during a friendly phone call to encourage her to be regular with her payments? Write two collection letters to Lynn Annette. Make the first letter a gentle reminder. The second letter should express that the account will be placed for collection if regular payments are not forthcoming. Use the stationery provided in Work Products 21-8 and 21-9 to write the collection letters.

Student answers will vary.

WORKPLACE APPLICATIONS

Mr. Sanchez comes to the desk to check out after seeing the physician. When Sarah tells him that his bill is \$95, he complains that he only saw the physician for 10 minutes. The fee is in accordance with the evaluation and management guidelines. Explain the fees to Mr. Sanchez. Use the space below to write what you would say to him as an explanation of his fees.

Student answers will vary.

Use the space below to write a dialogue that can be used to ask a patient for payment as he or she is checking out.

Student answers will vary.