

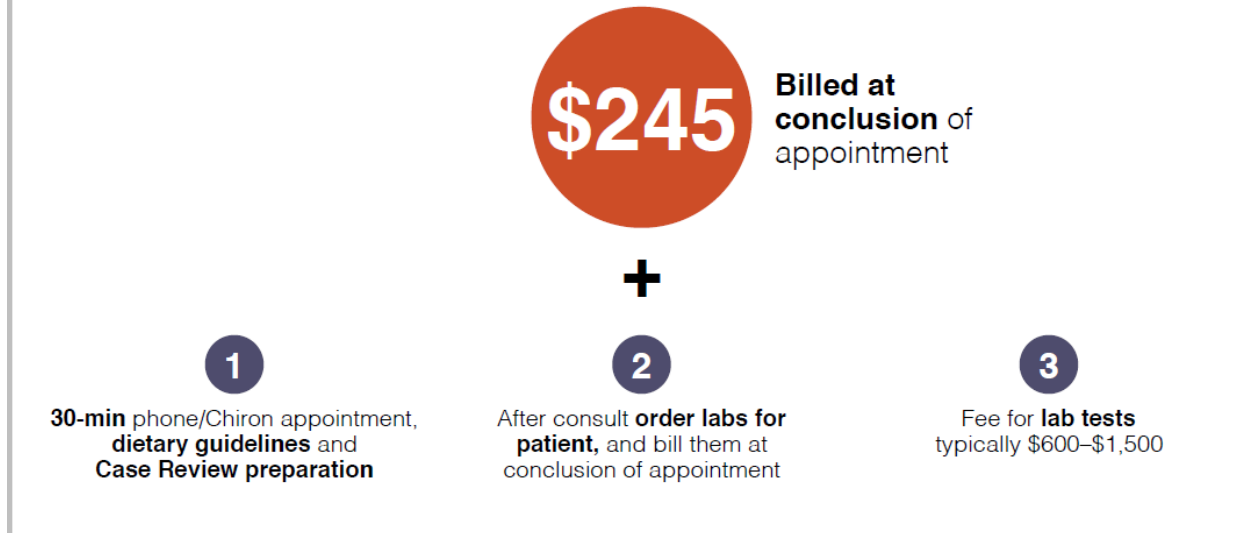
# PM Billing and Insurance - Part One

Hey, everybody. In this unit, we're going to talk about billing and insurance considerations in a functional medicine practice. In this presentation, we'll start with a general introduction, and then Laura, one of our staff members from California Center for Functional Medicine, will go through all of it step by step in a screencast so you can see exactly how it works.

As you know, the practice model I've advocated is a cash practice that doesn't accept insurance. That's how I've practiced from day one, so it's what I have experience with. There are, of course, some functional medicine practitioners who are practicing in a more conventional setting and do accept insurance. The advantage to this, of course, is it makes functional medicine, or at least the aspects of it that are covered by insurance, more accessible. The disadvantage is that most insurance companies don't cover functional medicine testing and treatment, so if you're only accepting insurance, you'll be quite limited in what you're able to accomplish. In this presentation, I'm going to cover billing and insurance issues from the perspective of the cash practice because, again, that's what I know and recommend.

Let's start with billing. In a cash practice, it's a fee-for-service model where fees are collected at the time that the service is provided. I've tried other ways of doing this in the past. For example, at one point, I charged the entire fee for the Case Review process, including the appointments and a standardized set of labs upfront. In part, I did this because my wait list was so long, and I needed a way of establishing who was ready to commit upfront. However, over time, I've just moved to a simpler model of collecting fees at the end of the time that the service is provided, for example, at the end of an appointment, and I've found that that works best overall. It works better for cash flow, and it eliminates misunderstandings and difficulty, so that's the way I would suggest doing it if you're just starting out.

## Billing for Initial Consult



At the time of this recording, these are my current fees. The Initial Consult is \$245. It's billed at the conclusion of the appointment. That includes the 30-minute phone or Chiron appointment, dietary guidelines, and Case Review preparation. My current hourly rate for existing patient appointments is \$350. You might notice that the Initial Consult is 30 minutes, but it's billed at more than my prorated hourly rate. This is to cover the staff time for setting up the new patient, the follow-up phone call that we do, and all of the other aspects that are involved in establishing the new patient in the practice. You need to consider this in your pricing of the Initial Consult and other initial appointments.

After the IC, or Initial Consult, you'll also order labs for the patient, and these are billed at the conclusion of the appointment when they are ordered. The fee for labs ordered during the Case Review process is typically between \$600 and \$1,500, depending on the complexity of the condition and the level of diagnostics required.

# Billing for Case Review

**\$950** Current Case Review **fee**

+

1

Report of findings and  
60-minute in-person  
consult

2

Follow-up **labs** and  
**supplements**, also billed  
after Case Review

My current Case Review fee is \$950, and this includes the report of findings and a 60-minute in-person consultation. Again, you'll note that the Case Review is billed at a significantly higher rate than my hourly rate of \$350. This is because the Case Review includes time spent preparing the report of findings, which is outside of the hour-long appointment, and then the considerable time spent by the staff on onboarding a new patient. When I first started out, I think I charged something closer to one-and-a-half times my hourly rate, but now it's closer to three times my hourly rate to reflect a greater level of experience and expertise that I've acquired over the years. In addition to the Case Review fee, you'll also likely order follow-up labs and treatment after the Case Review, and this is also billed at the conclusion of the appointment.

The fee for supplements that are prescribed as part of your treatment plan after the Case Review is typically \$150 to \$300, sometimes more depending on the complexity of the case.

## Billing for Follow-ups

**1**  
Appointment fees

**2**  
Supplements

**3**  
Labs

All billed at  
conclusion of  
appointment

Follow-up appointments are billed in the same way at the conclusion of the appointment. Supplements and labs are added to the invoice and billed as part of that entire appointment as well.

## Cancellation policy: Clear and consistent

**48**  
Hours

**Our policy**  
for most  
appointments

**50%**  
Appointment  
fee

**First  
cancellation  
charge**

**100%**  
Appointment  
fee

**Second and  
subsequent  
cancellation charge**

**1**  
Week

**Case review  
cancellation  
period**

It's very important to have a clear cancellation policy and to be consistent with it. For most appointments, we have a 48-hour cancellation policy. If they cancel 48 hours or more in advance, there is no charge. If they cancel inside of this window or don't show up, they are charged 50 percent of the full appointment fee on the first occurrence, so we give them a little bit of a grace period there. They are charged the full appointment fee thereafter. For Case Reviews, the policy is a little different, since all of the clinicians at CCFM have such long wait lists, and they are scheduled many months in advance. When we had a 48-hour cancellation policy for Case Reviews, it was difficult to fill the spot when someone cancelled. You can't just shoehorn another Case Review into that spot because they take a lot of time to prepare for, and, of course, all of the labs have to be back, etc. At the time of this recording, our cancellation policy for Case Reviews is one week, meaning in order to get a full refund, the patient has to cancel a week or more in advance barring any kind of emergency or illness. Our cancellation policy is articulated in the client agreement that we're going to provide to you as a handout.

**Financial Responsibility and Authorization for Payment:** I/we understand that payment for all services, treatments, products and other fees will be required at each visit and after each other service related matter and authorize California Center for Functional Medicine to charge all outstanding balances to my/our credit card indicated below. I/we authorize this credit card (and all substituted credit cards) to be used to guarantee and pay for late cancellations, missed appointment, and/or unpaid balances including those related to office visits, telephone/e-mail consultations, charges for products and supplements and miscellaneous costs. I/we agree that if the credit card on file does not accept the charge, I/we will immediately make payment to California Center for Functional Medicine for the amount due and will provide an alternative Visa/MasterCard account number upon request if my/our current credit card account is over limit, canceled or expired. I understand that fees may increase periodically based on costs relevant to the medical practice.

It's also important to have a section about patient responsibility for payment in the client agreement. This essentially says that the patient is responsible for payment of all services, treatments, products, and other fees and that you are authorized to charge all balances to the credit card they provided when they registered. It also states that the card can be used to charge for late cancellations, missed appointments, and other costs so that you can enforce the cancellation policy. Finally, it states that fees are subject to change without notice. That can sound like kind of scary language, and some patients have objected to it, but what it essentially allows you to do is to raise your fees. As a general rule, I think every time that I've ever raised my fees, I've sent an email or a notice to my patients at least 60 days in advance as a courtesy, and I recommend that you do that as well, but just from a legal or contractual standpoint, you want to be able to reserve the right to raise or lower, if you choose to, your fees, so it's important to have that clause in there.

**Insurance Responsibility and Claims Management:** I/we acknowledge that California Center for Functional Medicine strongly recommends that all patients maintain health insurance coverage. It is my/our responsibility to know my/our plan benefits and to obtain insurance advice from my/our own licensed insurance agent, broker or human resource professional. Given the uncertainty that pervades insurance decisions, I/we agree that California Center for Functional Medicine is not responsible for any information related to my/our insurance that turns out to be incorrect. I/we agree that California Center for Functional Medicine is not obligated to take action on my/our behalf against an insurance company related to any insurance claim or payment. I/we understand that I/we will receive a superbill or claim form showing the cost and nature of services and it will be my/our responsibility to submit the claim to the insurer.

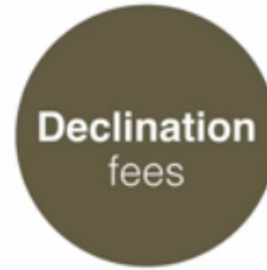
I/we understand that California Center for Functional Medicine does not participate in insurance plans or accept assignment from any other payer including employers or insurers. I/we will be responsible for all charges and fees incurred for treatments or services rendered, even if my/our insurance company determines that any services are non-covered or excluded. I/we understand that insurance reimbursement may not be available for some services. My/our insurer may not pay for office visits, telephone consultations or emails including but not limited to circumstances where the focus of the consultation is on prevention, education, wellness, nutrition advice, herbal medicine, etc. Some of the lab tests that are ordered, particularly those that are used in support of wellness consultations or are kits sent to labs using innovative approaches to diagnostics, may also not be reimbursed.

You should also have an insurance responsibility and claims management section. This states that we don't participate in insurance plans or accept assignment from any other payor, including employers. That means the patient is responsible to pay for the service, as we mentioned on the last slide. They are also responsible for knowing their insurance plan and benefits. Given the diversity and the complexity of these plans, and the fact that we work with patients from all over the country, CCFM is not responsible for any insurance-related info that turns out to be incorrect. We do our best to advise patients based on our experience, but we can't take responsibility if the information that we provide doesn't exactly fit with their plan.

The policy also acknowledges that the insurer may not pay for office visits, phone consults, or portal messages or emails, especially when the focus of the consult is on prevention, education, wellness, nutritional advice, or herbal medicine, which, of course, are all the things that prevent and even reverse disease, as you know, but those are the things that insurance companies don't like to pay for, and that's why they don't often reimburse for functional medicine diagnostics and treatments.

Also, the policy states that some of the labs that are ordered, particularly those that are used in support of wellness, consultations, or kits sent to labs using more innovative, progressive approaches to diagnostics may not be reimbursed. You're just informing the patient of what he can expect as he goes through the diagnostic and treatment procedure with you.

## Chargebacks & declinations



\$25 or 3%,  
whichever greater

Also, it's a good idea to have a policy regarding credit card chargebacks and declinations because these fees can really add up. We charge a flat \$25 fee for a chargeback, and then for declination fees, we charge either \$25 or 3 percent, whichever is greater. The actual amount that we get charged by the credit card company is 6 percent, so we split that fee with the patient. If you're using the MD HQ billing system, it's really easy for the patient to update his credit card info because it uses Stripe as the processor, and Stripe makes that really easy for the patient to do. It's one of the advantages of using the built-in MD HQ billing system, and we'll show you how this works in the demo.