REVENUE CYCLE MANAGEMENT Q&A

Utilizing Credit Card Preauthorization to Optimize Revenue

■ DAVID E. STERN, MD

With the continued rise of the cost of healthcare and higher out-of-pocket costs to the patient, urgent care centers are finding more patients struggling to pay their deductible. The process of billing patients for deductibles and other patient responsibility can be a long, drawn-out procedure resulting in significant costs, delays, write-offs, and slower collection time for the urgent care center. The traditional method of sending out patient statements and waiting and hoping for patients to pay is costly and inefficient. Contacting insurance companies prior to the patient visit to determine deductibles and copays does not work well in the urgent care center, as phone representatives are generally unavailable to take patient inquiry calls in a timely manner, causing your front desk staff to spend excess time on the phone rather than assisting patients. While utilizing online help may be quicker than a phone call, payer websites are often incomplete.

In the past, a few clinics have solved this problem by writing down patient credit card information along with a signed release to charge the card for the remaining balance when the Explanation of Benefits (EOB) is returned. The problem with this solution is that storing credit card information is noncompliant. Retaining copies of patient credit card information leaves the clinic exposed to a large risk for credit card fraud by a thief or dishonest employee.

There is, however, a compliant way to receive the same functionality. Some practice management systems give the clinic the ability to scan a credit card at the time of visit and then receive payment when the EOB is returned weeks or even months after the patient visit. The information is held electronically—and compliantly—by the vendor that provides merchant services to the clinic, mitigating the clinic's vulnerability to fraud from stored patient credit card information. Better yet, some practice man-

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agement software systems offer fully integrated functionality allowing all billing of patient credit cards to be automated in the system.

When the patient registers at the clinic, they complete preauthorization forms that permit the clinic to charge the credit card for the balance due from the patient after insurance processes the claim. The patient's credit card is then swiped and the credit card information is stored with a secure independent sales organization (ISO) for a set amount of time, typically 90 days. This generally allows enough time for the payer to return the EOB to the practice. Upon receipt of the EOB, the clinic can charge the amount that is the patient's responsibility, up to the maximum amount preauthorized by the patient. If the patient responsibility is greater than the preauthorized amount, then the patient should receive a statement for the remaining balance. In most cases in the urgent care setting, a preauthorized reserve of $250 fully covers the patient responsibility.

Clinics that have implemented these systems have seen an increase in collections in the first month after receipt of the EOB. In addition, average savings on statements have been realized in the range of $1 per patient visit.

When staff are properly trained on the process and how to effectively communicate the benefits to the patients, and as the use of credit card preauthorization becomes more commonplace in the urgent care center (and overall retail environment), our experience has been that patients will become as comfortable providing preauthorized payment information as they are when checking into a hotel room or renting a car. Thus, credit card preauthorization is a powerful tool to drive down healthcare collection costs and optimize clinic collections by providing timely and efficient collections of amounts deemed patient responsibility. Check with your software vendor to see if this functionality is available. ■

David E. Stern, MD, is board-certified in internal medicine. He was a director on the founding board of UCA and has received the organization's Lifetime Membership Award. He is CEO of Experity (formerly DocuTAP and Practice Velocity), which offers industry-leading SaaS EMR solutions, patient engagement technology, radiology over-read services, revenue cycle management services, and a robust analytics suite.