



# Are There Any Restrictions on an Urgent Care Provider Charging a No-Show or Cancellation Fee?

**Urgent message:** When holding a time slot that could go to another paying customer, it's common for service businesses to charge no-show or cancellation fees. With many urgent care centers moving to online registration and queuing systems, could this be a solution for maximizing throughput in urgent care as well?

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*Please provide at least 24-hour notice if you are unable to keep your appointment. Patients who fail to show for their scheduled appointment without notifying the office within 24 hours of their scheduled appointment time will be subject to a "No Show/Cancellation" fee of \$25.*

These policies are becoming commonplace at healthcare facilities everywhere. That's because no-shows and last-minute cancellations can negatively impact a facility's revenue and disrupt the practice's schedule. Missed appointments are a source of deep concern for every practice.<sup>1</sup>

Many primary care and specialty practices have a policy of charging a fee for missing an appointment (or a fee for cancelling with less than 24 hours' notice). This fee can range from a modest \$25 to upwards of \$100.<sup>1</sup> However, there's no CPT code for the cancellation penalty—without this code insurance can't be billed. As a result, a patient's insurance company won't reimburse the fee, which is usually imposed upon patients.

This is also an issue with online registration. Patient no-shows average roughly 20%.<sup>2</sup> Another study found that between 23% and 34% of patients don't show up for their doctor's appointments.<sup>3,4</sup> This means lost ca-



capacity of the urgent care provider.

One innovative provider, ZOOM+Care, offers thousands of same-day in-person and virtual appointments in Seattle and Portland, requiring patients to register online and include a credit or debit card number when doing so. Cancellations are permitted up to 1 hour before a scheduled visit. However, if a patient cancels less than an hour before the appointment, a \$99 fee applies.<sup>5</sup>

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## Discussion

Other industries, such as hotels, airlines, and restaurants, have managed the no-show issue by taking a credit card and charging a cancellation penalty through their smart phone apps.<sup>6</sup> Arguably, the public is growing accustomed to this practice.

Now, more urgent care centers are moving towards online registration. This changes the paradigm from the traditional walk-in operation to requiring patients to reserve a time, check-in, and register online. Operationally, this process improves productivity of the urgent care by aligning patient throughput with the doctor's capacity, which is measured in patients per hour.<sup>7</sup>

With the increased demand on all healthcare services, but particularly urgent care centers, reducing the rate of no-shows can be an important factor in the success of the business. Urgent care owners should understand the acceptable parameters of a policy for charging a no-show or cancellation fee.

### The AMA Provides Specific Guidance

The AMA's Code of Ethics permits physicians to charge patients for missed appointments and/or appointments cancelled with less than 24 hours' notice if: 1) the patients are properly made aware of the policy; and 2) the policy is applied to all patient groups.

Ethics Opinion 8.01 provides: "A physician may charge a patient for a missed appointment or for one cancelled 24 hours in advance if the patient is fully advised that the physician will make such a charge."

In addition, any charge must be legal pursuant to state and federal law.

### The Amount of the Fee

The AMA does not dictate the amount of the fee, so it's left to the operator's discretion. However, as one author writes, "(It) is important that the charge reflect a missed business opportunity, and not the amount the practice would have received had the patient not canceled or missed the appointment."<sup>8,9</sup> Reasonable charges have typically been intended to be used as a deterrent rather than a penalty or an attempt to generate revenue.<sup>10</sup>

But again, the no-show policy must be consistent for all patients, regardless of payer, and the fee structure should be included in the agreement for services signed by the patient.<sup>11</sup>

### A Written Late Fee/No-Show Policy

Urgent cares should provide a written policy that requires the patient's signature prior to rendering services. This written policy can include the requirements of the

AMA and can state:

1. The patient's insurer or CMS will not cover the fee for late cancellations, missed appointments, or late arrivals because they are not covered services
2. By signing the agreement, the patient is consenting to financial liability for missed or late appointments; this should be explicit
3. Missed or late appointment charges are reflective of a missed business opportunity (eg, "When you do not show up for a scheduled appointment, you are taking an appointment slot that could have been used for another patient")
4. The amount of the cancellation fee

### Takeaway

Urgent care centers are permitted to charge a patient with a fee for a last-minute cancellation or if they're a no-show.

Urgent care centers may reduce their no-show problem by emulating other industries that include cancellation penalties. However, these fees must be reasonable, and the patient must be made aware of the policy, which also must be applied to all patient groups. Urgent care owners will need to weigh the deterrent effect vs the attempt to penalize a patient, which may in itself affect business if the policy is known in the community. Ask legal counsel about applicable state laws. ■

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