Are Cash Pay Patients Good for Urgent Care?

PHOTO: THINKSTOCK

What is a cash pay patient? In today's healthcare marketplace patients are discovering they can score big discounts if they pay in cash for their medical care.

A Wall Street Journal article earlier this year highlighted a cash pay patient who was able to get an X-ray for $70 by paying upfront instead of submitting a claim to insurance and facing a $600 bill. Similarly, the MRI she needed cost $600 in cash or $1,100 under insurance.

As the article points out, the system didn't used to favor patients this way. Healthcare providers used to charge two or three times as much to cash pay (uninsured) patients because they didn't qualify for the lower rate negotiated by insurance companies. Changes to laws at the state and federal levels shifted the tides, and now hospitals are charging higher rates to insurance companies to make up for shortfalls in other areas.

On the surface, cash pay discounts could benefit centers by expediting urgent care billing. If the patient is willing to pay at the point of service, if they don't have insurance or don't want to submit the claim to the insurance company, the urgent care center can collect payment immediately versus waiting 30-60 days or longer for a claim to adjudicate. This option may appeal to more patients as many face high deductible insurance plans, where they wind up paying for more of their medical services out of pocket anyway.

One challenge, however, is that insurance payor contracts require that providers submit claims for service if a patient presents proof of coverage. Once the patient presents an insurance card, staff must bill the plan, wait for the explanation of benefits (EOB), and then bill the patient for any patient financial responsibility on the EOB. (One way to speed up this process is through credit card pre-authorization, which is available through Practice Velocity software.)

Saavy consumers learn that through cash pay if they either eat the expense (or submit the cash bill to insurance for reimbursement themselves) they will save some money. Some centers have patients sign a waiver specifying that they chose to pay for the visit in cash rather than submit the claim to insurance, which helps cover the center if the payor tries to push back.

The key to avoiding this scenario in an urgent care center is to set the cash price for consumers above the highest reimbursing case rate contract. This will disincentivize patients from working around the insurance structure, which could jeopardize the clinic's payor contracts.

Because insurance billing is usually based on a fee-for-service model, with a separate charge for each code and then "contractual allowances" taken based on what insurance actually pays, urgent care pricing is not necessarily logical or transparent to consumers. Especially when any "cash discount" is offered as a "percentage off" total charges. Instead of offering, say, a 35% prompt pay discount which does not signal to patients how much the end visit will cost, many centers bundle services into a tiered, flat-price cash structure that can be advertised. For example:

Visit Tier	Cash Price	Services	Sample Conditions
Tier 1	$150	Provider Visit w/Instant Lab Tests	Sinus Infection, Ear Infection, Flu, Cold, Fever or Fatigue Bladder Infection
Tier 2	$200	Provider Visit w/X-Ray, EKG, Injection, Nebulizer Treatment, or other service.	Asthma, Sprain or Strain, Pneumonia
Tier 3	$250	Provider Visit w/Procedure	Incision and Drainage, Laceration Repair, Foreign Object Removal

Some centers that use tiered pricing publish their pricing online and in the centers in the form of a "menu board." Although the patient can't "choose" the level of service—services are administered based on medical necessity—this structure does set some expectations as to total charges, which eliminates billing surprises after the fact. In the billing department, the center would total all charges the same as they would for insurance billing, and then the "contractual adjustment" would be the difference between the "billed charges" and what's collected from patients at time of service.

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