



The Ambulatory M&A Advisor

Business, Legal & Transactional Updates and Insights on Ambulatory Care Centers

Decoding the Billing Process: Urgent Care vs. Primary Care Billing

Written by Brigitte Graf | Aug 27, 2014 | 0 Comments

Owner operators of urgent care centers have several available options when it comes to the ways in which they bill for the services they provide. Some might wish to bill strictly as urgent care, while some might explore the option of billing as primary care, and thus take on a panel of primary patients.

With the different rates of reimbursement as well as the difference in the types of services a center must be capable of providing, choosing to bill one way or another will inevitably carry pros and cons. Because of this, it's important to understand what exactly goes into billing either as urgent care or as primary care.

Urgent Care

Urgent care billing takes a variety of different forms. According to Dr. William Gluckman, President and CEO FastER Urgent Care, a growing number of centers are choosing to use global contracts under the billing code S9083.

By using this code, urgent care providers receive the same amount of reimbursement for a runny nose as they would for a heart attack or other serious case.

"The theory is that it all washes out in the end," Dr. Gluckman said. "Insurance companies like it because they know what their utilization is of their patients and they can better cost estimate what they're going to be spending on urgent care services. From a provider's perspective, it all depends."

Under a global contract, a center that typically treats minor illnesses and injuries will do much better than one that deals primarily in more serious cases where a higher amount of money must be spent on medical equipment and treatment. However, there are certain advantages that are generally realized by all centers that utilize this type of billing.

"The provider can have sort of a guess of what their income is going to be," explained Dr. Gluckman. "It makes coding easier because it's a single code, you don't have to worry about coding all the specific procedures with all the appropriate pending. You just use the single code and that's it. It's all-encompassing. There's a convenience factor there, there's an ease factor, and generally there's less opportunity for the insurance companies to make mistakes and question your charges as well. So, from a cash flow perspective there's a benefit."

Prior to this rise in the use of global contracts, urgent care billing was commonly done as 'case rate' billing. The founder of Urgent Care Integrated Network in Phoenix, AZ, Dr. John Shufeldt, says he was always an advocate against case rate billing.

"For one, you often have providers who say well if I'm only getting paid X, I'm not going to document as I should because no matter what I write down, I'm getting X," he said. "It does not give the physician or the provider the level of documentation needed to defend themselves if there's ever an issue over the care."

Another reason why Dr. Shufeldt isn't a fan of case rate billing is that because of scant charting due to the above-mentioned scenario, plans tend to be ratcheted down during negotiations.

"Many plans are going back to case rates and many urgent care providers like those because it's easier to bill, there's less to do, there's less magic in it," he said. "I've always advocated for documenting the complete history in a physical as appropriate and billing and coding appropriately based on the care that's delivered and the medical decision making."

Urgent Care Billing as Primary Care

Primary care in and of itself is an entirely different concept from that of urgent care.

"Primary care is looked more to as a medical home," said Vice President of Revenue Cycle Services at Premier Health Consultants, LLC, Tamara White. "That's your physician who knows your history, who's maintaining any chronic conditions, managing your routine care; they are doing all those things for you. Urgent care is episode based, problem focused. It's a whole different beast."

There are several reasons why an urgent care center owner operate would like to pursue billing as primary care, according to Dr. Shufeldt. One of these relates to the cost savings to the patient.

"Many patients feel it's unfair to have to pay twice as much in a copay for urgent care," he said. "We think the higher copay is actually discouraging patients from using urgent care. At the end of the day, with primary care, they make get the same amount from a plan, but the patient would have less payment responsibility."

Copays at urgent care centers are generally higher because the cost of operating an urgent care center are typically higher than that of a conventional primary care office, according to Alan Ayers, Vice President of Corporate and Market Development at Concentra Urgent Care.

"Not only does the urgent care center pay retail rents for its high-visibility, patient-accessible location, but the urgent care incurs much higher staffing costs due to extended evening/weekend hours and staffing to the ebb and flow of walk-in traffic which is less predictable than scheduled appointments," he said. "In addition, urgent care centers have more advanced capabilities including x-ray and rooms for minor procedures like casting and suturing that require equipment and supplies typically not used in primary care."

White noted that from an urgent care standpoint, copays are usually \$10-\$20 more than the average primary care copay.

Taking in primary care does present certain obligations to the urgent care center as well.

“Today, an urgent care would say they want a primary care contract and want to be assigned a panel of patients,” said Dr. Shufeldt. “For those patients, the center would collect a primary care copay and whatever else would be appropriate for billing. The obligations that come along with that are to manage all the chronic medical conditions and all the follow-up as needed for those patients.”

Fulfilling these types of obligations for primary care patients might be uncharacteristic of an urgent care provider.

Another reason for an urgent care center to bill as primary care, according to Ayers, would be if the center intends on treating Medicaid populations.

“Medicaid, in some states, is set up as a ‘primary care medical home model’ and thus does not differentiate urgent care from primary care,” he said. “In fact, Medicaid may impose upon urgent care centers requirements that are really intended for primary care such as hospital admitting privileges and 24-hour on-call coverage that just don’t apply to an episodic-walk-in model.”

Determining Which Direction to Take

One of the bigger challenges that urgent care center owner operators face involves getting insurance carriers to understand exactly what urgent care is.

“For those carriers that are still fee for service, they may be reimbursing at a similar rate to a family physician or an internist in the office,” said Dr. Gluckman. “Well, that internist has less hours, less staff to pay, probably doesn’t have x-ray machines, probably doesn’t have all the in office lab services that urgent cares provide, doesn’t stock some of the essential splinting materials and other items that an urgent care center provides. Overhead for an urgent care center is much greater than that of an office, and the skill that’s required to perform some of these procedures is also greater, thus we should be commanding a higher reimbursement than a typical office.”

The reasons for billing one way or the other typically hinge on the state of the market in which the center is located.

“If you’re in a market that has a primary care shortage and you can get better rates from the plan on the urgent care business if you accept the primary care panel of patients and you have the ability to do it, I think that’s a great entry point into the marketplace,” Dr. Shufeldt said. “What we are finding is in a lot of markets out there, the plans believe they are saturated with urgent care.”

Because of this, some centers might choose to enter into a market as primary care and then slowly build into an urgent care capacity. Some practices start as family practice and then transition into urgent care facilities by extending hours, adding capabilities and changing signage to “urgent care.”

“The reason why dual urgent care/primary care practices would want to be contracted as primary care—despite lower reimbursement—is that longitudinal and chronic care patients won’t want to pay the higher urgent care co-pay for regular visits with their PCP and also because insurance often won’t reimburse urgent care centers for preventive and routine care like vaccinations and annual wellness physicals—which should be done in a primary care office,” Ayers said.

However, all things taken into consideration, there is really no one-size-fits-all type of answer. Dr. Shufeldt feels that the best way to make the decision between urgent care and primary care billing comes from a well thought-out strategy.

“It really pays to sit down with some body and spend a few dollars to get your contracts done properly and to think through your strategy,” he said. “For example, in contracts to primary care providers there are obligations that you may not be used to as an urgent care physician. If you’re not set up to do certain things, or your EHR does not handle the notifications, you’re going to be upside down. If you miss something, the excuse, ‘Well, I’m only an urgent care,’ is not going to save the day.”

© The Ambulatory M&A Advisor 2014