HIGH DEDUCTIBLES AND HEALTH SAVINGS ACCOUNTS

Members need to be aware of a national trend toward higher deductibles for both in-network and out-of- network providers. This is the insurance industry's newest strategy for cutting cost. Plans are shifting greater financial responsibility to the patient by increasing their co-insurances and copayments.

High Deductibles

Out-of-network providers are alerting us to some of the following situations:

> Empire Plan, which covers New York State employees, has seen its out-of-network deductible jump from $388 to $1000 at the beginning of 2012.
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> Patients on other plans have reported deductibles of $2000, $2500 and even $3300.
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> Blue Cross Blue Shield which formerly paid 70% out-of network ($129.50) has reduced the reimbursement to $38.00.

In addition, in-network plans such as Aetna, Cigna and Blue Cross Blue Shield are also charging higher and higher deductibles.

According to a survey by the Employee Benefit Research Institute, enrollment is growing in "consumer-driven health plans" (CDHPs) and "high deductible health plans" (HDHPs) with 16 percent enrolled in an HDHP in 2011 compared to 14 percent in 2010. The report adds that "individuals in CDHPs and HDHPs continue to be more likely than those with traditional coverage to exhibit cost-conscious behaviors. They are also more likely to be engaged in wellness programs, citing their access to health promotion programs, health risk assessments, and the opportunity to take advantage of incentives to participate in such a plan."

Health Savings Accounts

A related development is the prevalence of Health Savings Accounts (HSAs):

These were created under the Medicare Prescription Drug Improvement and Modernization Act of 2003. In 2011 35% of organizations in the U.S. provided HSAs, up from 29% in 2007. HSAs are accompanied by a high deductible health plan, significantly reducing an employee's out-of-pocket insurance premium. And HSAs enable non-Medicare beneficiaries to make annual tax deductible contributions, indexed for inflation, into a qualified health savings account. But, according to Franklin Rooks, Jr., PT, MBA, Esq., the provider should be aware of the payment risk with HSAs. Unpaid deductibles are a frequent source of bad debt for medical providers and are often beyond the reach of creditors.

He states that providers should identify whether the patient has a high deductible plan and if possible whether any of the deductible has been met. The provider may want to collect payment from the patient at the time of service. Before doing this, providers should ensure that this would not violate the

terms for their participation agreement with the insurance carrier. Payment plans may be useful to facilitate regular payment in amounts that the patient can manage.

The bottom line is that you need to attend closely to the details of the patient's insurance coverage at the time of the initial consultation. (See one member's approach below.) Have the patient call or go online to learn what their costs will be. If necessary check on this together in the session. Make sure you understand how much of the deductible the patient has yet to spend down, agree on a weekly fee, and clarify for how long the patient will be responsible for this fee before the insurance company starts paying. Monitoring the patient-responsibility portion of the account should warn of any trouble signs.

Helen T. Hoffman LCSW

Chair, Vendorship and Managed Care Committee

4/12/12

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Model letter suggested by member Michele Frank, LCSW

Fees and Insurance

Welcome to my office. Please read this agreement and ask any questions you may have before signing.

Where my fees are concerned, my sessions, both individual and conjoint, are approximately 45 minutes in length. **Please have your payment ready at the beginning of the session so that session time is not taken up with check writing, etc. I do not take credit cards at this time.**

Fees are payable at the time that services are rendered. I am a contracted provider in your insurance panel, and in taking your insurance, you agree to the following terms:

1. You are responsible to verify with your insurance company: the amount of your co-pay and any initial or remaining in-network deductible. You are also responsible to ascertain whether or not you require pre-authorization. If you prefer, we can call your insurance company together at the end of our session to verify details. You are responsible for paying the amount of your co-pay at the beginning of each session.
2. If you have a high in-network deductible, you are responsible for payment in full of my weekly contracted fee. Upon receipt of written affirmation from your insurance company confirming you have met your deductible, I will review what refund of overpayment, if any, is owed to you.
3. You are responsible for staying on track of the spend down of your varied medical expenses accrued over the calendar or benefit year of your insurance. To stay on track, you can establish an on-line account with your insurance company.

4. If for any reason you are unable to continue paying for your therapy, please inform me. I will help you consider other options that may be available to you.

I have read this agreement and understand it.

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Patient Name

_____
Date