

Waiving Patient Financial Responsibility Is Prohibited

Compassionate providers may sometimes feel compelled to waive or discount copayments, cost shares, or deductibles. But they should think twice: such actions violate both their contract with USFHP and TRICARE® policy.*

According to the Department of Health and Human Services, Office of Inspector General, “It is unlawful to routinely waive copayments, deductibles, coinsurances, or other patient responsibility payments.” This applies to health care and services paid by Medicare, TRICARE/ CHAMPUS, and any other program paid partially or in full with federal funds. It also includes professional courtesy as well as “take what insurance pays” (TWIP) policies. Waiving or discounting out-of-pocket costs for USFHP beneficiaries is considered fraud and abuse.

In the healthcare industry, a discount is a reduction in the normal charge based on a specific amount of money or a percentage of the charge. To comply with government and insurance policies, any discount must apply to the total bill, not just the part that is paid by the patient. For example, if a patient owes a 20% copay on a \$25 charge (\$5) and the physician applies a discount of \$5, then the charge is reduced to \$20, and the patient must pay \$4, and the insurance company will pay \$16.

*According to the United States Code, Title 10, Sections 1079 and 1086



The practice of discounting has been interpreted as a fraudulent misrepresentation of physician charges. Providers can be fined or face other legal proceedings for waiving or discounting patient cost shares. It can also result in USFHP refusing to pay claims, removal of the provider from the network, or suspension of USFHP authorized provider status. Loss of authorized provider status can also cause a provider to be banned from other federally funded government programs such as Medicaid and Medicare.

Physicians should be extra cautious in bestowing professional courtesy, including discounts and waivers. They should also take care that professional courtesy is not linked to referrals, either in reality or in appearance. Detailed documentation of a patient’s financial hardship or failed good-faith collection efforts should be kept.